The Hotel Yearbook 2023

The Uncertainty New Normal

EHL BirchStreet USALI the bench

Welcome to HYB 2023!

Henri Roelings
Founder & CEO, Hospitality Net

Synopsis
Published since 2007, The Hotel Yearbook (HYB) is a family of publications that call upon a wide-ranging group of senior executives, analysts, consultants, and opinion leaders from all over the world to ask, "What lies ahead for the global hotel industry?" In The Hotel Yearbook - whether it is its highly respected annual edition or any of its themed editions, HYB's forward-looking contributors share the key trends and developments that they believe will shape the immediate future of the global hotel business.

I'm very excited to present the 2023 edition of The Hotel Yearbook (HYB). After a two-year hiatus caused by the COVID-19 pandemic, we are thrilled to announce the return of this publication, which has earned industry-wide respect over the past decade and a half. Our newly formed Advisory Board, comprising industry executives, academics, and domain experts, has been assisting us to curate a unique lineup of forward-thinking contributors to share their expert views with us and provide innovative ideas for improving the performance and success of the global hotel industry.

THE UNCERTAINTY NEW NORMAL

As we embark on 2023, it is evident, happily, that the hotel industry has made a robust comeback following the pandemic. Occupancy and price levels have returned to pre-pandemic levels. However, looking further into the future, the success of our industry depends on how agile we are facing the need to innovate, adapting to new market conditions, new guest demands, new staffing challenges, and new sustainability realities. Taken together, these changes have been interpreted by many of us as **the new normal in an uncertain world**.

BROAD INDUSTRY SUPPORT

HYB 2023 features 60 contributing authors representing all angels of the industry. The publication includes articles with edyn, Ennismore, Accor, citizenM, Remington Hotels, Accenture, JD Power, Booking Holdings, CBRE, JLL, HSMAI, Sustainable Hospitality Alliance and HFTP. Recognized thought leaders include Michael Levie, Floor Bleeker, Willy Legrand, Woody Wade, Matthias Huettebraeuker, Simone Puorto, Rohit Talwar, Max Starkov, and Youri Sawerschel. On top of that, we are honored to be including a series of 10 highly relevant insights from leading academics at EHL Hospitality Business School.

I'm confident that this 2023 edition of The Hotel Yearbook will be a valuable source of inspiration for everyone working in the hotel industry.

Thanks to our publication partner EHL Hospitality Business School, our main sponsors Birchstreet Systems and HFTP, as well as HYB supporters The Bench, and Hotel Analyst.

Wishing you an inspiring good read!

Henri Roelings
Publisher, The HOTEL Yeaarbook (HYB)
Founder & CEO, Hospitality Net

Henri Roelings — Founder & CEO, Hospitality Net
Henri Roelings is Founder & CEO at Netherlands-based Hospitality Net. Recognized as a thought leader in global hospitality, Henri has pioneered online B2B publishing in the hospitality industry since 1994, launching brands such as Hospitality Net, WIWIH, PineappleSearch and the HOTEL Yearbook. Henri is an advisory board member of the International Hotel & Restaurant Association (IH&RA), a member of HFTP's International Hospitality Technology Hall of Fame, and received HSMAI's "Top 25 Most Extraordinary Minds in Sales and Marketing" honor back in 2014. Henri graduated from Ecole Hoteliere de Lausanne in 1987.

Hospitality Net — hospitalitynet.org
Acting as a 'neutral' broker and publisher of hotel business information, Hospitality Net is the #1 ranked global website for the global hospitality community. Hospitality Net enables all industry stakeholders to amplify visibility on its platform and connect with the industry globally through a membership business model, unlike any other publishing initiative in the industry. Members include actors throughout the hospitality spectrum - hotel groups, vendors/suppliers, associations, universities/schools, consultants, and event organizers. To learn more, visit hospitalitynet.org.

How digitalization is shaping hotel distribution strategies

Ben Schroeter
Director of Strategic Engagement at Booking.com

Synopsis
The travel and tourism industry has been greatly impacted by the rise of digital technology, particularly in the realm of global presence. In order to attract a diverse clientele, hotels must have a strong online presence and utilize various digital marketing and distribution channels, including OTAs. The growth of digitalization has also helped create a feedback loop through authentic online reviews, which are trusted by 90% of consumers, and facilitated incremental bookings, with online platforms generating 11% of the 2.2 billion nights booked in Europe in 2019.

Since the dawn of the digital age, the travel and tourism industry has been at the forefront. Given the web's ability to obliterate distance and showcase far flung lands, it is a natural home for hoteliers who are looking to attract a global clientele.

The rapid uptick in internet use coincided and, perhaps spurred, another global megatrend: the rise in international travel. International arrivals have more than tripled in just three decades, from roughly 440 million per year in the nineties to over 1.4 billion before the pandemic.

In this context, global digital presence has become mission-critical.

TO BE SUCCESSFUL, HOTELS NEED TO BE SEEN

Attracting guests from abroad can be particularly tricky. There are language barriers and cultural differences that can get in the way. Among many available marketing and distribution channels, online platforms are particularly helpful here, acting as a trusted and transparent conduit for the information travellers need to book a stay.

The figures back this up. In 2019, for example, online travel platforms generated over 111 million of additional nights in European hotel rooms from international visitors, compared to almost 23 million domestically.

YIELD MANAGEMENT

Most hoteliers in Europe manage small or independent operations and don't wake up thinking about their online marketing and digital distribution, but about their guest's breakfasts. Growing and thriving online, for European hoteliers, can often come down to the choices they make over how to spend the available resources. And there are many choices to make.

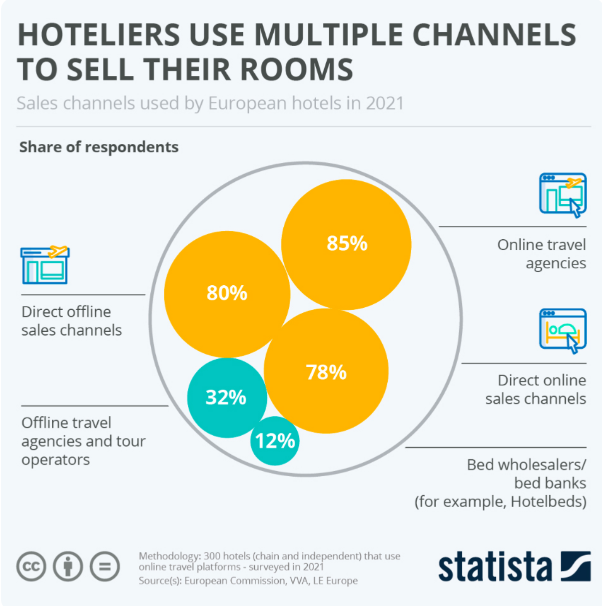
While the direct channel remains dominant – be it an online booking engine, phone call, email or a guest showing up at the hotel door – other avenues, such as wholesalers, traditional or online travel agencies, are available and used by hoteliers to varying degrees.

Every individual business finds a mix that matches their unique circumstances. Importantly, independent academic research from Professor Peter O'Connor finds "a statistically positive effect on profitability for hotels that participated in Booking.com compared to those that did not". On average, the effect was to increase a hotel's return on assets by 2.89 percentage points – a significant improvement in an industry with notoriously tight margins.

NEVER LET A ROOM SIT EMPTY

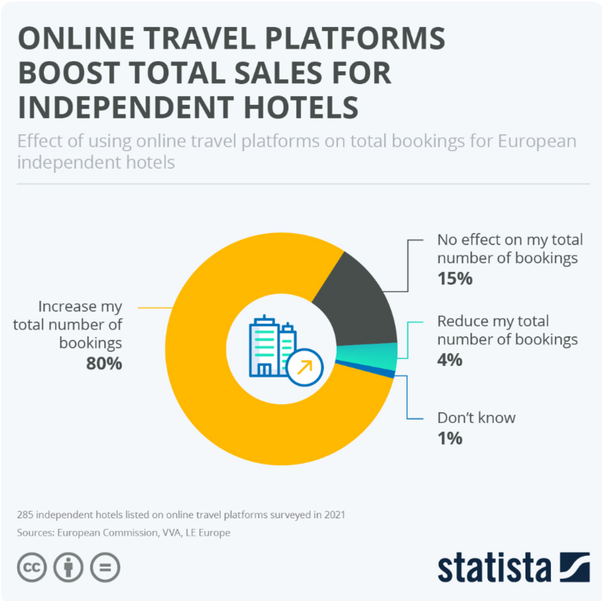
Online platforms not only get you seen, but help to unlock bookings that otherwise would not have happened. This is what we call incremental bookings. If there is one thing to be avoided in hotel business, it's an empty room, and we're happy our digital channels help mitigate this risk.

Taking the pre-pandemic travel market of 2019 as a case study, the figures show that of the 2.2 billion nights booked in Europe, 11% - or 134 million nights – would not have taken place if online platforms did not exist. While the numbers are less stark in 2021, we still see an additional 47 million nights booked.



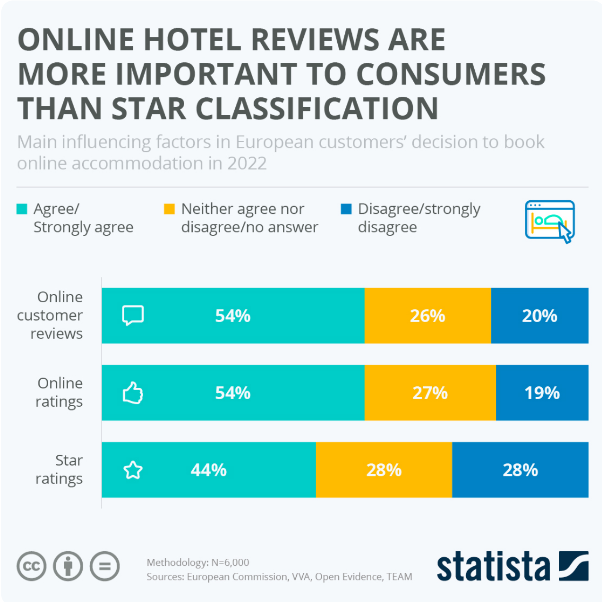
INCREMENTAL SALES

The incremental sales generated by online platforms are widely recognised as an important benefit to and in the industry. For example, in a survey conducted by the European Commission in 2022, 80 percent of independent accommodations agreed that online platforms increase their total number of sales. This shows the symbiotic relationship and win-win nature of the accommodation-platform partnership.



BUILDING TRUST

Authentic online reviews are an indispensable source of information for travellers. According to one study, almost 90% of consumers trust online reviews as much as they do personal recommendations.



By facilitating the amplification of great experiences and stays, online platforms help to create an invaluable feedback loop.

Digitalisation within the travel and tourism sectors has shrunk distances, diminished language barriers, and brought the world closer together. The secret sauce here is trust. Transacting with an unknown entity thousands of miles away is a leap of faith. The customer reviews, which we often take for granted, are the foundation on which this trust is built.

As one accommodation provider put it in a survey conducted by Booking.com and EY-Parthenon: "Guests are more willing to make a booking via a trusted platform that also facilitates the transaction. This especially holds for places they are not familiar with."

FORWARD, TOGETHER

While digitisation of everything is shaping the environment in which European hoteliers operate, it is entrepreneurial freedom that defines their ultimate marketing and distribution strategies. The online direct channel is the fastest growing, but the key to success is the choice and flexibility which the travel-tech marketplace provides, where each accommodation provider is able to find a unique mix of digital and traditional tools that work for them. At Booking.com, we are proud of the role we play in empowering our partners to be more successful.

Ben Schroeter — Director of Strategic Engagement at Booking.com
Ben Schroeter is Director of Strategic Engagement at Booking.com. He is a Competition Economist, Optimist, Marathon Runner, who is always interested in new books, challenging art and inspiring ideas. An avid traveller, Ben had lived and worked in various places in Europe and North-America. He has now settled down with his family in Amsterdam. His academic background includes Master of Science in Competition Economics and Market Regulation from Barcelona School of Economics; Postgraduate Diploma in EU Competition Law from King's College LondonKing's College London; and, most recently, an Executive Program at Stanford University Graduate School of Business, focusing on Strategy Beyond Markets.

Booking.com — booking.com
Part of Booking Holdings Inc. (NASDAQ: BKNG), Booking.com's mission is to make it easier for everyone to experience the world. By investing in the technology that helps take the friction out of travel, Booking.com's marketplace seamlessly connects millions of travelers with memorable experiences every day.

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The Attractiveness of Hospitality Management (Education)

Markus Venzin
CEO, EHL Group

This topic has been at the center of many discussions at EHL Group. In our latest industry outlook, we ask ourselves "How can hospitality reposition itself as an attractive, tech-savvy, sustainable and innovative sector in the face of today's shifting times and changing customer needs?". This is the question that keeps coming up after a few tough years where many old, 'safe' industry assumptions were turned on their head.

BROADENING THE SCOPE OF HOSPITALITY

The term "hospitality" used to be associated strictly to hotels and travel, and was pictured as an industry of adventure and excitement, transcending culture and geography, bringing people together and catering to deeply rooted emotional aspirations.

Today, however, it is often viewed as less attractive to skilled professionals and in need of revitalization. Specifically, the HoReCa sector suffers from a workforce deficit as it is often perceived as less gratifying, lucrative, innovative, and more stressful than other industries. This may be why currently at EHL about half of our Bachelor graduates are highly sought-after to bridge the gap between hospitality and other industries through careers in luxury retail, fashion, private banking, consulting, food and many more, using their unique set of hospitality management skills. The relevance of those skills across all sectors was placed at the center of the evolution of our 130-year-old institution: from Ecole hôtelière de Lausanne into EHL Hospitality Business School.

WHERE IS TRADITIONAL HOSPITALITY HEADING?

Cross-functionality or cross-disciplinarity is key to unlocking the hospitality industry's potential. By integrating AI, robotics, energy and waste management, and the use of new materials it would answer to the call of the new generation for a better, more sustainable and dynamic way of operating. What makes hospitality so complex is also what makes it so compelling; it isn't just one trade, and today one needs to know as much about cooking as about algorithms.

The hospitality industry has been slow to adapt to these new trends and innovations, with leadership often fragmented by design, and change being reactive rather than proactive due to the latency of the widely-used franchise model. With more agile structures, hospitality leaders would be able to further invest in their employees' training and retention, thus making the branch more attractive and profitable.

As positive outliers in the industry have demonstrated, human-centric approaches and profitability go hand-in-hand. We should all take note of these successful models and strive to make a difference in the industry by putting the spotlight on the importance of knowledge and innovation. Young professionals are looking for a shift away from rigid hierarchy systems and towards more innovative, flat and dynamic environments allowing them to demonstrate their knowledge. So let's try to give them exactly that.

In short, the hospitality industry has the potential to offer a wealth of opportunities for those who pursue a career in it. By highlighting the valuable competencies and opportunities for innovation and entrepreneurship, and by valuing individuals as much -if not more than- other industries, the hospitality trade can attract the most brilliant talents and continue to grow and thrive. The global travel and tourism industry is back on a growth path. Working together, educators and employers can create traction and help the industry move forward, because there will be no shortage of job opportunities.

THE « JE NE SAIS QUOI » OF OUR HOSPITALITY MANAGEMENT GRADUATES

A key skill of EHL students is their ability to provide human centered experiences. They are well-versed in communication, presenting, and they understand the importance of providing a sensorial and emotional customer experience rather than a solely factual analysis. These skills are developed through classes in communication, theater, leadership and influence, as well as experiential learning through role play, problem solving, and hands-on experience.

We like to think of our students as "plug and play", immediately able to perform their job effectively, without the need for extensive training or onboarding. They hit the ground running and keep an open mind about how to improve processes and experiences. As educators, we are fortunate to have such a pool of talented and passionate students and we must ensure that they are provided with the proper tools to thrive and express their creativity.

I am hopeful and confident that the hospitality industry will, as it has many a times in the past, rise to the challenge and be a mirror of the best that our world has to offer.

Markus Venzin — CEO, EHL Group

Markus Venzin is an expert on growth strategies with a focus on innovation and corporate entrepreneurship. Before joining EHL, Markus was a Full Professor of Global Strategy at the Management and Technology Department of Bocconi University and its Dean of Innovation. In his long experience as professor, management consultant, speaker and entrepreneur, Markus has learned to apply research results to business issues and innovative teaching methods. In 2017 he co-founded the Venture Builder Corporate Hangar in Milan and since holds the position of its CEO.

EHL Hospitality Business School — www.ehl.edu

EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

Curating the perfect blend of stay length to deliver superior investor returns

Stephen McCall
Chief Executive Officer (CEO), edyn

Interviewed by **Andrew Sangster**
Owner and editorial director, Hotel Analyst

Synopsis
edyn CEO Stephen McCall has spent most of his 25-year career indulging his passion for hospitality, with roles in operations, finance and governance across several continents. Before joining SACO in 2018 (which later rebranded to edyn), he held a number of executive roles at IHG including CFO for ME&A, MD for UK&I and most recently European COO. Stephen has led edyn to become one of the fastest-growing pan-European lifestyle hybrid platforms of its kind anywhere in Europe. A chartered accountant by training and Scotsman by birth, Stephen enjoys fast cars and malt whisky…but never together.

Andrew Sangster: What is the appeal of serviced apartments to guests?
Stephen McCall: The fundamental question I often pose is 'why would you stay in a traditional hotel room rather than one of our apartments?'. Aside from the obvious functional benefits – more space, greater utility from the addition of a kitchen, etc – we believe guests are seeking more flexibility and autonomy…a space to live rather than just a room to sleep in. But it is true to say that historically service apartments and the broader extended stay sector have had limited consumer appeal given their often bland and corporate design. At edyn we have combined the best elements of the lifestyle experience – high design, animated common spaces, community-led experiences, independent F&B concepts – with the functional benefits of apartments; all for a broadly similar price point to a mainstream hotel.

Are serviced apartments a good deal for investors?
Operating margins across the extended stay sector are substantially higher than traditional hotels – lower cost of customer acquisition, leaner staffing etc - and the resilience of the model highlighted during covid provides some protection against downswings in the cycle…so it's a very appealing model to investors when considering both profitability and investment risk management. At the peak of covid we still covered all our marginal costs on-property, but since the recovery, we continue to yield across all revenue segments – from leisure to corporate, one night to one year – and this helps us diversify revenue risk and build a solid base business.

Aren't development costs higher when compared to regular hotel rooms?
On a like-for-like basis they are slightly higher, but the key is to optimise massing and layout planning. If you are clever with design and manage to create a range of apartment types and sizes, you can accommodate unusual buildings and improve development efficiency. It has taken a lot of experimentation for us to get to where we are now, and probably something we would not have been able to do if we were not both owner and operator.

How are you distinct from rivals?
Our focus has been to make extended stay more appealing to consumers seeking a premium lifestyle experience while developing a 'hybrid' model which flexes across stay occasions and lengths. We do not have many direct competitors who have genuinely thoughtful independent boutique brands which also cater to extended stay as easily as to transient. We also work hard to situate our properties in neighborhoods with character and personality – helping our guests feel like they are a more natural part of the local environment.

What are lifestyle hotels?
Boutique, lifestyle, design-led…the vocabulary is a little tired and over-used but the concept of brands that create more sensory experiences across the guest journey has never been more relevant. The deprivation of experience we suffered during covid has reminded many of the importance of travel in our lives…but we all want stories to tell. We want to come home a little bit different from the person who left. Perhaps the easy access to cheap and convenient travel has commoditised and deadened the overall experience, but maybe now we value it more. But creating a genuine lifestyle brand is far more than just contemporary design, and it's very hard to do at serious scale, so this may always be a space which the independents will rule.

How is edyn different from your time at IHG?
IHG is, in many respects, a revenue machine and a brand licensor – and fundamentally not an operator. At edyn we own and operate most of our properties, which provides complete control and a great deal more speed, but obviously at the expense of complexity and risk. Both models are equally valid, and much comes down to the typology and horizon of the investor.

Why did you leave a big company for a relative start-up?
I had spent most of my career with big brands and had grown a little tired of the slow pace of change and innovation that is inevitable among the global players with 3rd party models, and what I saw as the increasing commoditisation of the sector.. I wanted to try something which was closer to the edge, and I had watched the rise of independent lifestyle brands with genuine interest.

What were the challenges when taking on your new role?
We are a fully integrated platform – so I had to get my head around everything from origination to acquisition, across development and design into operations and support – but were a small business when I started, so I had to dive in deeper and in far more detail than I had ever expected. Incredible learning experience.

What have you learned about real estate?
The level of risk always surprises me – values can shift materially and rapidly, and the speed with which development contingencies can evaporate is frightening. All of this was deepened and accelerated by covid, as with many other things. But I think keeping the real estate control together with brand and operations helps you refine and evolve in real-time and can confer massive advantages over 3rd party models.

What do hoteliers get wrong?
We tend to think like hoteliers too much and not like consumers enough. This leads to odd outcomes like overpriced breakfast, wifi charges, 'business' hotels, mini bar charges…the list goes on.

Are there too many hotel brands?
It is not so much the proliferation of brands as their lack of identity that worries me. A hotel brand is far more than just a sign and a design scheme, and takes years of trial and refinement – it should not really be possible to launch a new brand every month.

How do you compare to other brands?
Our hybrid model is really quite different so we tend to triangulate and calibrate our revenue decisions based on the marginal profitability of the guest rather than the absolute room rate. We favor the 'sanity of GOP' over the 'vanity of ADR'. For our Locke brand, each property has a unique design, its programming is influenced by a community of local artistic and cultural muses, and we partner with local bar and restaurant operators to create a more authentic experience than hotels can typically deliver. Wherever possible, we try to step outside the norms of the standard model.

Did Covid impact your distribution strategy?
We opened all our revenue channels with no restraint in the overriding priority to survive, and this actually led us to develop a broader hybrid channel and distribution strategy for 'normal' times. It's true to say that crises can be instructive...

Why are you not chasing more hotel guests?
Our sweet spot in terms of profitability is lengths of stay between 7 and 28 days, and we can then yield the shorter stay business when the market is compressed and build base into the longer stays. Too much transient business means we risk ending up with margins that look like a standard hotel.

What do you think about co-living?
I don't think I understand the economics very well. I think the low rates associated with the concept often mean micro rooms and tertiary locations and I'm not sure how well that works. I'm certainly not an expert, but I don't think the model so far has lived up to its original hype.

Stephen McCall — Chief Executive Officer (CEO), edyn
Stephen has spent most of his 25 year career indulging his passion for hospitality, with roles in operations, finance and governance across several continents . Before joining SACO in 2018 (which he later rebranded to edyn), Stephen held a number of executive roles at IHG including CFO for Middle East & Africa, MD for UK&I and most recently European COO. Stephen has led edyn to become one of the fastest growing pan-European lifestyle hybrid platforms of its kind anywhere in Europe. A chartered accountant by training and Scotsman by birth, Stephen enjoys fast cars and malt whisky...but never together.

Andrew Sangster — Owner and editorial director, Hotel Analyst
Andrew Sangster launched Hotel Analyst almost 20 years ago and it has grown into a publishing business that now encompasses a paid subscription service for hotel investors, a reports division and events. More information on these services can be found at www.hotelanalyst.co.uk and see www.op-re.com for the latest event for investors across the operational real estate sector, the Operational Real Estate Festival.

edyn — findingedyn.com
At edyn™ we believe that travel should be a rich journey of discovery, rewarding curiosity with knowledge and inspiration whether travelling for business or leisure. Over 18 years we've built an extensive range of serviced apartments and aparthotels across our four brands: Locke, SACO, Wittenberg and The Moorgate, as well as our partner network, developing a global supply chain of over 80,000 apartments in 260 key locations. We offer a better way. Our purpose is to engage and inspire with distinctively designed hotels, firmly rooted in the local neighbourhood, offering vibrant experiences and connections which nourish and enliven the soul."

It’s the end of the brand as we know it

Matthias Huettebraeuker
Brand Strategist

Synopsis
Hospitality Strategist Matthias Huettebraeuker discusses the convergence of brands in the lifestyle segments and how shared ideals lead to lost appeals. He propagates a return to the „personality brand" as a radically human approach to hospitality, citing places like La Granja or Berlins Michelberger as examples of commitment and connection. He then moves on to dissect another concept, the „hybrid brand", laying out where it currently underperforms, which brands are getting it right, and why it's a growth vehicle for big players and newcomers alike. The author suggests a more network-oriented, neighborhood approach instead of overloading single assets, a focus on the job to be done, and explains how this could revive the idea of subscription and help in building communities around a brand.

Let's talk about ChatGPT.

Just kidding, I won't, I just thought it would make for excellent clickbait.

Yet, I listened to AI veteran Gary Marcus recently saying that Large Language Models are little more than "autocomplete on a loop, mimicking styles, but there's no real content, no meaning, no truth.".
Which reminded me a lot of hotels, lifestyle hotels in particular.

Autocomplete on a loop.

Lifestyle hotels, that set out to bring back individuality, authenticity, a sense of place to the world of hospitality, have converged towards a common, ubiquitous code of retinal cues. The optical illusion of a progressive zeitgeist has siphoned away the passion of connecting to the customer or the moment or both. It's not a style, it's the pose of a success story, naked ambition at its own reward. The movement has become what it was initially combating: the triumph of the tried and tested. Tried, though, is just an anagram of tired.

Aren't we tired?

There are two ways out, different takes at creating a brand (product, business model), the "personality brand" and the "hybrid brand", and while they couldn't be more different in their scale, their approach, their experience, they are actually two sides of the same coin, they are both about the need for something "realer", a need for purpose and connection.

Personality is not to be confused with personas, the latter, advocated by many (including this one here) as part of the solution actually is part of the problem. Personas are a reduction and people tend to be reductive (it's a survival strategy after all) but these things can't be reduced. Everyone looking at the same persona leads to a convergence of solutions, a convergence of stories, it's a déformation professionelle of marketing people to think they can tell the same story in a unique way.

Personality is when someone does what he does, the story is up to us. Personality drives real relations, check out places like La Granja, Ett Hem or the Michelberger in Berlin and you see what I mean: a commitment to a place, personal ownership, and presence.

Don't try to impress everyone, dare to express yourself. It's not a new idea, it's essentially what Design Hotels propagated with "Made by Originals", and what Accor now tries to capture with yet another brand, "Handwritten". No comment on the latter but picture me rolling my eyes.

The good news for Accor (and their peers from Bethesda, Denham or McLean) is they don't have to follow that path, there's another one.

Which leads us to "hybrid".

Remember? It was the hot word of every conference for the better part of 2022, it had everybody excited until it was replaced by "pent-up demand", which we liked even better because now we didn't have to change anything.

Of course pent-up demand won't save us, it's just the warm hug we all needed after gruesome times but thinking we're good for good would be merely a symptom of our sometimes pathological obsession with silver linings.

Where was I?

Hybrid. Is it just the latest meme stock of hospitality, a pandemic bubble like Peloton or are we on to something?

The most common definition is "one unified space where you can stay, work, eat, drink and socialize". Which is pretty much what hotels have offered for a long time, so is it just another case of "give the world a new term and they think they have a new fact"?

Some add long-stay to the equation, which of course makes sense, cause now we're making our business model more resilient. We're expecting greater returns through increased asset utilization, more bucks on the square meter.

That last thought is probably why many try to stack all those layers in the lobby. Work! Eat! Play! they shout. Someone in the front shouts Membership! But we'll get to that later.

Is that what a hybrid hotel should be? For me it sounds more like a Turducken (google it, it's Cajun).

It also reminds one of a department store, all under one roof, and Hans Meyer of Zoku said something that's very true: suddenly you're not only competing with the hotel down the street but also with the office down the street, the condos down the street.

You have to do it well, Meyer says, or don't do it at all.

Now. How to do it well?

First of all, don't look at hybrid as a defense play, the road to resilience, but as a growth vehicle. Hybrid is not about finding something else for unused spaces, it is about taking the platform approach to hospitality.

If you're one of the big boys, it's the best shot at growth that you have, you can only grow so much by keys. Just like Amazon is going into health - because how many more books can you sell, how many more video subscriptions - hospitality giants like Marriott or Accor need to take the idea of serviced real estate to a more multi-faceted base, add some legs to the stool.

Then, commit to the offering, create dedicated spaces and experiences for each use case, putting a sign that says coworking on that table in the lobby doesn't do the trick, that's just innovation by proclamation. The folk at Hoxton, pioneers of dashing creators working in dimly lit lobbies saw that early and created "working from". Charlie McGregor saw it too and evolved the Student Hotel into what's practically a vertical fifteen-minute-city. And consequently stopped calling it hotel.

Once you've done that you can move further and think out of your box, think beyond your four walls. "The space of the future is not a single space, it is a network of locations, connected by a layer of services", says Dror Poleg.

It takes a village to raise a child, they say, it takes a neighborhood to serve our daily needs as grown-ups.

There's a lot to be gained – remember: growth vehicle, not defense play – but the winner will be who's working on new systems, someone who rethinks the game, someone who moves from space provider to solution provider, to the job to be done. Maybe this time that someone can be us.

Also, hybrid finally is a path towards subscription. Subscription hasn't worked too well in hospitality, here's why: it's not an everyday product (other than for example Netflix), it's a highly fragmented market (and see what fragmentation does even to Netflix) and subscriptions works best if there's a ton of benefits for the buck (look at Amazon adding to Prime, first movies and music, and now health).

Once you transition from being a hotel to being the access point to serviced real estate or, even bigger, urban living, everything changes, you're 365 day, multi-usecase and unified access rather than a discount scheme with made-up freemiums. No offense intended, citizenM.

And now (one more carrot for the road) you're serving a community. Which, by the way, is much easier than building one and it's a real community, a function of proximity, shared struggles and regular encounters.

Sounds good?

In the end it's about being radical. Radically you or radically new. This is the time for revolutions, for revelations, not for reproductions.

It's the end of the brand as we know it. And that feels fine.

Matthias Huettebraeuker — Brand Strategist
Matthias Huettebraeuker is an independent Hospitality Strategist and Executive Advisor. His current work revolves around hospitality, real estate based ecosystems, future of work, future cities & living. He is supporting independent owners, international brands and real estate developers in creating strategy, steering innovation, building brands, shaping products, bringing insight into the organization and in sparring roles to business and innovation leaders. He has worked for some of the industry's greatest success stories like Design Hotels, citizenM and 25hours as well as for global giants like BMW, Lufthansa and adidas. He is based in Munich.

Matthias Huettebraeuker — linkedin.com/in/huettebraeuker
Matthias Huettebraeuker is an independent Hospitality Strategist and Executive Advisor. His current work revolves around hospitality, real estate based ecosystems, future of work, future cities & living. He is supporting independent owners, international brands and real estate developers in creating strategy, steering innovation, building brands, shaping products, bringing insight into the organization and in sparring roles to business and innovation leaders. He has worked for some of the industry's greatest success stories like Design Hotels, citizenM and 25hours as well as for global giants like BMW, Lufthansa and adidas. He is based in Munich.

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Hotel-tech in overdrive - How to onboard a hotel in a day

Floor Bleeker
Chief Technology Officer (CTO), Accor

Synopsis
Accor, a global hotel company, has set an ambitious goal to become the first hotel company to enable owners to onboard a hotel in 24 hours. The company recognizes the challenges of the traditional onboarding process, including the need for quick technology deployment, reduction of repetitive tasks, cyber security, and easy training for staff. Accor plans to address these challenges by maximizing the use of cloud technology, automation, and establishing a 'zero trust' security environment. The company aims to move all of its applications and assets to the cloud in the next few years for better cost efficiency, security, and streamlining. Automation will also help reduce administrative tasks, and biometrics will simplify the check-in process. The final challenge for Accor is the hiring and retention of staff, which is becoming increasingly difficult in the hospitality industry.

By temperament, tech people are impatient: we love the next exciting possibility and to imagine how tech solutions can make things quicker and easier. Since my first pre-opening over two decades ago, I have been frustrated and fascinated by how long the process of getting a new hotel on board can take from a technology perspective. It's been accepted that preparations can take as long as six months, which today, is simply far too slow.

It only takes 48 hours to become an Uber driver or 30 minutes to become an AirBnB host. For Accor, this realization has helped us define one of our key strategic challenges for the future. **Can we set up a hotel in 24 hours? We believe we will.**

Our ambition to be the first global hotel company to enable owners to onboard a hotel in a day, is not based on wishful thinking. At Accor Tech we know the territory and the challenges we face well. We also know that developing the agility, adaptability and responsiveness needed to succeed in this fast-changing market will effectively set us apart.

Ultimately, this will unlock potential for hoteliers by enabling them to respond quickly to the needs and preferences of their local market. In an uncertain world, the faster hoteliers are able to change and adapt, the more likely they are to thrive.

If you run through the traditional onboarding process for a hotel, it is easy to see some of the challenges we need to tackle. It is not unusual to find over a hundred different touchpoints in any given hospitality tech ecosystem. Many hotels have legacy systems - representing a substantial investment – that are close to end-of-life, and certainly not robust enough to build on for the future.

With the explosion in tech innovation over the past few years, we have countless local and regional hospitality tech solutions that are much loved by hotels, but not necessarily relevant to a global market. In addition, they may not meet the increasingly stringent global security requirements. Our challenge is not just speed and security: maintaining flexibility is vital across our unique wide range of brands: **From eco and mid-range hotels to premium, luxury, and lifestyle properties.**

We have identified four key challenges that need to be addressed to onboard hotels much quicker and I imagine most hoteliers can relate to these:

- How do hotels deploy technology quickly and keep current systems up to date?
- How can hotels benefit from technology that reduces repetitive tasks, and free up valuable staff time to deliver great, personalized service?
- How can we keep systems, data, and users safe from cyber risks?
- How can we make it easy for hotel team members to learn systems quickly and use them effectively?

To address the first issue of deploying solutions quickly and speeding up access to innovation, we know Cloud is the solution and we're committed to maximizing its use to meet our "one hotel in one day" challenge.

Once systems – architecture, infrastructure, operations, security, and back office - are Cloud-based, we open the door to streamlining and standardization as well as greater flexibility and efficiency.

On Cloud, we can deploy systems at the click of a button and introduce exciting new features for hotels to use instantly. This, in turn, optimizes costs for hotels, which is always very welcome news for hoteliers. Taking data off-premise is also a plus, making for more secure operations, better risk management, and more robust compliance.

Our ambition is to move all Accor applications and assets to the Cloud in the next few years. Once that is a reality, hotel onboarding will be much closer to the 'plug and play experience' we have with so many of our own devices today.

It feels like robotics are always 'just beyond the horizon', but at Accor Tech we are starting to see a lot more automation (RPA) being trialed in hotels. **Automation is key to solving our second issue, that of reducing the administrative tasks that take up (expensive) staff time.**

Automation will also be instrumental in the commissioning of systems for a new hotel. Gone will be the days when a hotel needs to wait for 'someone to switch something on' in an office to get hotel tech working. We just need to learn from the way we download and use apps to understand that the old way of onboarding hotels cannot last.

Our third challenge lies with tech security, a complex and high-risk area that lies at the core of Accor's ability to do business. The cyber threats we manage every day are increasingly sophisticated: it is impossible for a local property to establish the level of protection that we provide through our global security service offer.

Again, Cloud and automation are the answer, and establishing a 'zero trust' security environment is fundamental. Put simply, 'zero trust' means we can always reliably verify who is accessing our systems, the device they are using, where they are, and what they are looking at, conducting real-time checks of who is 'live' at any time from any device.

As hotels increasingly adopt biometrics to streamline check-in and access to in-house experiences, 'zero trust' does the heavy lifting behind the scenes.

Accor Tech EXCOM - at the Mgallery Molitor, Paris - December 2022

Put automation into the mix and you have the tools you need to provide a much faster onboarding experience. Security stops being perceived as a barrier to operations and becomes part of the everyday landscape.

Our final 'one hotel in one day' challenge lies in an area that most hoteliers are struggling with in 2023: the hiring and retention of staff. Hospitality has long been a transient industry, and the move to a gig workforce seems inevitable. We need to ensure the fast, effective onboarding of teams by getting rid of complicated screens.

If we want to onboard a hotel in a day, we need to be able to train teams on systems that are simple and intuitive to use.

I think tech teams, more than any other hospitality function, love a 'stretch goal' and the 'one hotel in one day' objective certainly falls into that category. That is what makes it so exciting for us. Ultimately, our hotels and guests are at the core of our ambitions. **Our role is to help Accor hoteliers to thrive by enabling them to respond at speed to the demands of their local market.**

When we can onboard a hotel in a day, we will know for sure that we have perfected the systems and processes that enable all our Accor hotels to change their offer to their guests in just 24 hours.

Floor Bleeker — Chief Technology Officer (CTO), Accor
Floor Bleeker holds a Bachelor's degree in Hotel Administration from Hotelschool The Hague, Netherlands and an MBA from the University of Colorado, USA. Floor has over two decades of multinational experience in the hospitality industry, and a substantial background in IT leadership, strategy development and execution, business analysis and application development. In all his roles, Floor has prioritized team leadership and performance management as fundamental to delivering on the demands of the industry. Prior to joining Accor, Floor was the Chief Information Officer of Mövenpick Hotels & Resorts. In this role he was responsible for IT strategy, program development and implementation across the Group.When Mövenpick Hotels & Resorts joined Accor in November 2018, Floor was appointed Chief Information Officer for the Middle East & Africa and strategic IT programs across the Group. In this position, Floor contributed greatly to the modernization of the IT department and solutions for our hotels in this strategic region for the Group. Floor was appointed Chief Technology Officer in November 2020. At the same time, he joined the Group's Executive Committee until January 2023, when he became member of Accor's Management Board.

Accor — group.accor.com/en
Accor is a world leading hospitality group offering experiences across more than 110 countries in 5 400 properties, 10 000 food & beverage venues, wellness facilities or flexible workspaces. The Group has one of the industry's most diverse hospitality ecosystems, encompassing more than 40 hotel brands from luxury to economy, as well as Lifestyle with Ennismore. Accor is committed to taking positive action in terms of business ethics & integrity, responsible tourism, sustainable development, community outreach, and diversity & inclusion. Founded in 1967, Accor SA is headquartered in France and publicly listed on Euronext Paris (ISIN code: FR0000120404) and on the OTC Market (Ticker: ACCYY) in the United States.

 

Sustainable real estate - Increasing pressures for hotel investors

Remy Rein
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What are the implications of the march towards carbon neutrality for the hospitality industry? This article explains how consumer and investor behaviors are changing and discusses the challenges and opportunities for hotel operators and investors in the coming years.

WHY SUSTAINABILITY MATTERS FOR THE HOSPITALITY INDUSTRY

Sustainability and ESG have emerged from niche topics to now being high on everyone's agenda. Following up on the Paris Agreement on climate change to minimize global warming, the European Union's Green Deal targets climate-neutrality for the continent long term. By 2030, the EU and the US seek to cut greenhouse gas emissions by more than 50%. The next years will be defined by the evolution of regulatory frameworks to ensure these ambitions are achieved through concrete actions.

The stakes for the hospitality industry are high. Buildings, including hotels, are the biggest source of greenhouse gases after transportation. In fact, hotel operations consume more energy than any other type of building, accounting for an estimated 1% of global carbon emissions. The long-term commitment to becoming carbon-neutral by most major hotel chains is thus an important goal, also to raise awareness for people who stay and enjoy amenities at the hotels.

However, net-zero operations are just one side of the story. Embodied carbon in the construction and renovation of buildings contributes to at least 21% of global emissions. Given the worldwide share of hotel real estate and the sector's ongoing growth, up to 10% of embodied carbon emissions may be attributable to hotels. By this estimate, hotel construction accounts for another 2% of global carbon emissions, bringing the total footprint of the hospitality industry to 3%.

THE ROLE OF REPORTING SYSTEMS

Investors and business leaders should aim to anticipate where the puck is going, not where it has been. In light of the recent developments, it is not surprising that sustainability was also the key topic during the 2022 International Hospitality Investor Forum (IHIF) in Berlin.

Hospitality businesses should institutionalize competency by creating dedicated teams within head offices to implement suitable measuring and reporting systems. A consensus that emerged from the IHIF meeting is that the key performance indicator (KPI) to monitor sustainability is a hotel's energy consumption. Reporting is not only an upcoming CSRD requirement. An objective review of the current situation is also the basis for triggering a change in the right direction.

TRAVELERS PREFER SUSTAINABLE HOTELS – ARE THEY ALSO WILLING TO PAY UP?

71% of global travelers want to travel more sustainably, according to Booking's most recent sustainable travel report. This statistic represents a 10% increase compared to last year. Half of the respondents attribute the rising importance of sustainable travel choices to recent news about climate change. The consequences of this trend for hotel owners and operators are significant. 70% say they would be more likely to select a sustainable hotel option, whether or not they were explicitly looking for one.

But are customers also willing to pay more? The academic research indicates a change in consumer behavior. While in 2014, hotel guests required a room price discount to accept common sustainability practices by hotels, more recent studies document that customers are finally willing to pay up. Green hotels benefit from a room rate premium of 6.5% without reducing occupancy, mainly due to better indoor environmental quality.

During times of uncertainty, investors tend to become more risk-averse. Given the evolving regulatory environment, it is thus not surprising that equity investors as well as financiers tend to take the less risky route by investing in more sustainable hotels already today.

On the financing side, it became evident at the IHIF meeting that some banks have already stopped providing loans for unsustainable hotels. The hesitance to lend to unsustainable hotels is understandable, given that lenders too may soon be required to report on how sustainable their loan portfolios are. We may also see a higher demand for green bonds as a debt-financing instrument. The so-called 'green premium' for sustainable bonds leads to cheaper interest rates for the borrower.

On the equity investor side, we may also see a valuation premium for sustainable hotels. From a financial perspective, it seems rational to expect that sustainable hotels should trade at a price premium relative to unsustainable ones: First, sustainable hotels may achieve higher revenues if customers are willing to pay up. Second, sustainable hotels may benefit from higher cash flows through energy consumption and sustainability-related cost savings. Third, sustainable hotels may also benefit from lower interest rates on their bank loans. Consistent with these advantages, investors expect average transaction price premiums of 3-9% for hotels with the highest ESG certifications, according to a recent survey by Cushman & Wakefield. Some funds are already limiting their buying to only Breeam or Leed sustainability-certified buildings.

In the future, the green premium for sustainable hotels may increase even further. Or put differently, the discount for unsustainable hotels may become more significant. In a recent report, the Urban Land Institute warns that real estate investors in Europe risk major asset value writedowns if they fail to reduce the carbon emissions of their property portfolios. Therefore, the critical question for investors is, what is a sustainable hotel's fair price premium?

DOING WELL BY DOING GOOD? CHALLENGES FOR INVESTORS AND FINANCIERS

The pressing question for hospitality investors today is how to take the sustainability momentum into account in future investment decisions. An existing green premium for sustainable hotels does not automatically have obvious investment implications. There will be a financial trade-off for investors once the green premium is priced efficiently in the hotel investment market. All else equal, higher transaction prices today lead to lower cash flow returns in the future. Thus, investors must understand what is a fair green premium to pay that still allows for sufficient investment returns.

One possible way for investors to make their existing hotel portfolios more sustainable is to invest in retrofitting existing buildings to improve their energy efficiency. Such refurbishments will require significant capital expenditures.

Whether these investments pay off from a financial perspective will ultimately depend on the following three factors: 1) the green premium to be realized when the asset is sold, 2) the extent to which customers are willing to pay up for more sustainable hotel stays, and 3) the magnitude of the realizable energy savings that will affect the hotels' bottom line cash flows. It will be essential to prioritize potential actions and identify which measures will have the most significant impact.

Hotel investors may need to borrow money to finance such retrofitting initiatives. Can investors borrow money at lower interest rates if financiers can classify these loans as sustainable? Financiers themselves may issue sustainability-linked bonds as an efficient refinancing tool to provide capital for such capex programs.

CHANCES FOR OPPORTUNISTIC INVESTORS

The alternative for investors is to sell unsustainable assets and replace them with more sustainable ones, thus leaving the renovation part to other market participants. Here, we may see the emergence of opportunistic funds to buy unsustainable hotels at a discounted price relative to sustainable buildings. These funds could then specialize in CapEx spending programs to make the hotels more sustainable, obtain the green certification and put them back on the market. This investment strategy will require specialist asset manager know-how with a dual competency in ESG/sustainability and project management skills to achieve those goals in a timely and cost-efficient manner.

Finally, global tourism is still a growth industry, despite the Covid-19 shock. Over the following decades, the hospitality industry will continue to build out hotel supply via hotel development projects. New hotel development projects will be approached with a sustainability mindset. Yet the opportunities for redevelopment of existing buildings may be even more important from a sustainability angle. For example, we may see a surge in conversions of vacant office buildings to hotels in the next decade. Office vacancy rates are increasing dramatically due to a paradigm shift in the adoption of home office following the pandemic. These developments may allow hotel investors to gather vacant office buildings in prime locations for attractive prices and convert them to hotels. From a carbon emission viewpoint, "renovating or repurposing an already existing building will almost always be the more sustainable approach."

The sustainability trend raises important questions for all stakeholders. This article discusses the pressing questions hotel operators, investors and financiers face. Most of the answers are still missing. The regulatory environment is evolving. Best practices are yet to be identified. However, the generally open mindset towards sustainability by most market participants will allow everyone to learn faster.

Academic institutions are increasingly integrating sustainability into their courses and programs. The emerging job profile of the sustainability consultant is on the rise. Academic research is increasingly putting the topic on the agenda to contribute to our understanding as we gather more quantifiable evidence. A close collaboration between the industry, regulators, and academia will be necessary to find the answers in due time.

AT A GLANCE

WHERE IS THE PRESSURE COMING FROM FOR HOTEL INVESTORS?

We are in the early stages of an increasing gap between sustainable and unsustainable hotel real estate assets. Hotel guests desire and are willing to pay for sustainable travel options. Sustainable hotels promise cost savings through energy efficient business operations. Financiers are increasingly unwilling to provide loans for unsustainable real estate assets as they also have to demonstrate the sustainability of their loan portfolios. As a result, we observe an increasing valuation premium for sustainable hotels, whereas unsustainable hotels are at risk of becoming stranded assets.

WHAT IS THE LESS DESIRABLE IMPACT OF THE EU NET ZERO BUILDING GOAL ON INVESTORS?

The risk for investors today is that unsustainable properties will be devalued due to the EU's net zero goal for 2050, enhanced by the fact that bank loans are shrinking for non-green investments. Time and money are the main issues here, e.g., a portfolio of 300 buildings that rate low on the sustainability score. To meet the EU objective in 27 years' time means renovating 10 properties per year. What will happen to the properties that have not had the time or money to be renovated? What will they be worth in 2050 if the transformation hasn't been completed? Who will want to buy these unsustainable buildings?

IS THERE A SOLUTION TO THIS PROBLEM?

The sooner we get aligned on certification standards the better. (e.g., USALI is currently creating a reporting framework that integrates hotel sustainability standards for 2023). Once the framework is established, will have a clearer understanding of how much a sustainable renovation will cost and how much it will bring. Investors who can afford the capital expenditure required will then be able to reap the subsequent benefits thanks to a return based on sustainably-driven customer needs. But much of this depends on a) sustainability truly becoming a habit rather than a trend, and b) the banks making green funding as accessible as possible. To ensure the latter, government-backed funding would be extremely helpful to achieve the common goals.

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EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

The Uncertainty New Normal

Michael Levie
Hospitality Changemaker and Co-Founder of citizenM

Synopsis
In this article, Michael Levie discusses the challenges faced by the hospitality industry in the wake of the COVID-19 pandemic and how it has resulted in uncertainty becoming the new normal. The article highlights how the pandemic has resulted in a lack of staff and antiquated technology that has impacted the ability to sell to capacity. The article suggests that the only way to break this new mold of uncertainty is to differentiate the product by changing and creating new business processes. The article suggests that the industry should learn from other industries, such as Tesla and retail, that have successfully adapted to change by focusing on the customer's needs and adopting new technologies.

Uncertainty has unfortunately become the new normal in many industries, especially the hospitality business.

The Covid impact, socially and financially, had already hit us all extremely hard, when it was immediately followed by the Russian war against Ukraine. In turn, this was instantly followed by rising inflation and interest rates. After OTA's becoming part of the booking landscape and Airbnb reducing hotel bookings, we now see the rocket-like rise of apart-hotels, e.g. brands such as Sonder or Edyn. For sure, there is more disruption heading our way...

After laying off much of our workforce during Covid, our ex-employees were forced to look at other income opportunities. Other industries provided that need, at better pay and secondary conditions, blocking any interest or hope for the hospitality industry to welcome them back.

The video conferencing and computer use that we were forced to fall back on during Covid further accelerated the positioning and use of “digital” everything.

This lack of staff has impacted our ability to sell to capacity, and our legacy and strongly antiquated technology won't allow us to introduce meaningful digital tools.

The end result for the hospitality industry of all of this is **uncertainty**!!! I sometimes get the impression that a vast portion of our industry is in a permanent state of fatigue.

To overcome the current uncertainty, it is necessary to **differentiate** our product. To do this, we must be willing to adapt and adopt successful practices from other industries.

During Covid, there was in fact plenty of time to focus on this shift, but innovation and creativity are hard to find in a strongly under-educated hospitality industry, so most organizations missed this opportunity.

If, in a 5-10-year period, retail banking can disappear altogether from our streets, and if “digital everything” works for the airline business and retail, what will it take to fuel that shift for hotels?

Here are some thoughts and suggestions:

Rethink your tech and data architecture
The PMS can't function anymore as the “connector” system. PMS functionality will be reduced to its original functions only: inventory management and guest on-premise administration. Middleware or contemporary more open-source / API-first platforms will take over the connecting and system of record functionality, resulting in data flow and the ability for hotels to get to know their guest, improve their life cycle engagement, and facilitate a digital conversation. The technology is already here; there's no excuse to ignore this new enabler!

The post-Covid guest is willing to adapt
Let's capitalize on that and break the mold – or should I say the “Holy Cow syndrome” – of traditional hospitality service delivery. If Airbnb and apart-hotels can become overnight successes offering no F&B or other services, who says hotels can't change?

If digital apps provide touchless 100% guest journeys from reservation to check-in and from smartphone room key entry to check-out, a new world opens as well for hotels to change the traditional lobby and front desk. If services become too expensive and unaffordable for hotels to offer, then let's reduce to those services that differentiate us from the rest.

So, no more discussion about “this is how we have always done it,” or “the guest won't accept it.” Let's learn from other industries;

Automotive industry - I am sure that when Tesla was launched, all major car manufacturers first discounted the possibility that all-electric cars would have a future. They missed the very fact that the environment has been on the customer's radar and the government's political agendas. Only after accepting that internal-combustion cars will become a thing of the past, they jumped on the bandwagon. Guess what, their profound knowledge and experience, correctly refocused, has resulted in all major brands now competing head-on with high-quality electric fleets of their own.

Retailers - never believed that shopping and stores would have a chance online. Today we're familiar with “experience stores” and almost all retail brands are as strong online as in high street shop retailing.

Aviation dealt with the high labor cost of operations, basically forcing their customers to start handling most of the administration. Quick, minimal-click reservation was followed by upstream administrative work undertaken by the customer himself, like passport or credit card payment/information and digital check-in. Boarding passes are held in our digital wallets, and customers are handling tech-enabled baggage drop-off systems.

Digital banking has become the norm, with digital wallets holding debit cards for payment, and applications for a loan or other financial services filled out online and followed by a videoconferencing call from banking specialists...who probably work from home with a company backdrop screen.

So, if uncertainty is the new normal and we the hospitality industry like everyone else have to react, what are some must-do's?

- Stop complaining and accusing everyone else of our demise – this would be a splendid start.
- Followed by zooming out of our day-to-day worries/operations by taking a hard, analytical look at our business. Who is our main client and what are their service/product expectations? What are they willing to pay for, what is at a premium to them, and what can be cut without impact? As a start, asking your client directly and having the conversation may be of immense value.
- Are we willing to accept hard changes? Close restaurants, bars, and meeting spaces operating at a loss, finding new use and income for wasted space in our buildings?
- Are we ready to change and reduce service offerings, allowing operations with less staff? Are we finally convinced that hi-tech and hi-touch can go hand in hand, again allowing us to operate more efficiently? Do we understand that digital is a contemporary demand, not a nice-to-have gadget...and do we understand it can seriously reduce operating costs as well?
- Do we understand that if we solely rely on consultants and vendors to sell us hospitality technology, without CTO knowledge from our teams...we will never ever get the technology architecture right? No tech architecture, no data flow, no digital!!! Tech unlocks digital!!!

Obviously, the list is long, and for sure it adds to our uncertainty...

Bold moves, hard decisions, and true differentiation are the only answers to getting back to a sustainable future for our industry.

Michael Levie — Hospitality Changemaker and Co-Founder of citizenM
Michael Levie; upon graduating from Essec MBA in hospitality management (IMHI Cornell / Essec), worked for various international hotel chains including Sonesta International Hotels Corporation and NH Hoteles all over the world. As Vice- President of Operations he managed large hotel portfolios. Michael also worked for SynXis, where he started and headed up the European office. Most recently, Michael Levie served as a founding partner and COO at citizenM hotels.

KUBE Ventures — kube-ventures.com
KUBE Ventures incubates and accelerates start-ups in global hospitality. Incorporated in Singapore by Michael Levie and David Keen in 2021, KUBE Ventures will officially launch in Dubai in September 2021 at the Arabian & African Hotel Investment Conference. The company now has 18 actively participating shareholders. KUBE Ventures is guided by two entities. KUBE Circle, a member community of established individuals in the hospitality industry, and KUBE Conscience, an empowered and diverse advisory board.

Will Traditional Hotel Operators Ditch Beds for Data Banks?

Alex Sogno
CEO, Global Asset Solutions

Alex Schneider
President, Nikki Beach Hotel Division

Synopsis
The hotel industry has undergone significant changes in recent years with the growth of franchise models, allowing hotel companies to grow faster, but with lower returns as compared to management fees model. This shift has made the branded sector easier to value and has resulted in higher stock values and returns for hotel companies. However, as they move away from the property, they risk losing their brand standards. The role of asset managers will become critical as the operations of the hotel must happen closer to home. The move to distribution-focused tech platforms will result in a division in the sector between high-volume brands and curated, emotional brands, and the loyalty programs will have to compete more directly with online travel agencies. Hotel companies will need to work on becoming true recognizable consumer brands in the way Airbnb has, drawing on their decades of customer data and heritage.

Transition from Hotel Firm to Tech Platform Likely Would Raise Stock Values and Returns.

The hotel sector, until the past few decades, had been largely unchanged for hundreds, if not thousands of years. But the growth of models that have allowed operations to be split away from ownership has caused a shift in the industry that is still playing out.

In the branded end of the market, if you are one of the massive listed global operators, there is only one message your shareholders are delivering at the moment: growth, growth, growth. And not growth at any cost, growth at the least cost — and effort — possible.

We are currently seeing an evolution towards franchising, spreading out from the U.S. and feeding pipelines with plenty of flags over doors and plenty of profiles for the big brands. For hotel companies, there is less revenue than with a management contract but also less complex involvement. You turn on the neon sign, ensure the brand bible is handed over and then move on to the next property.

The franchise model allows hotel companies to grow faster; however, the returns are not as high as the management fees model. This has a direct impact on the valuation of these companies.

For investors, who have long been confused by hotel companies, this is an easy-to-understand model. The franchise is signed, and the reservations come in. The more franchises, the more fees. There is no involvement with the cyclical and messy world of hotel management, no hidden corporate charges and no need to fret about who is cleaning the sheets.

This sudden clarity has made the branded sector easy to value and, critically, meant that as long as growth continues, valuations grow and the board and the investors are aligned.

But as these hotel companies move away from the business of hotels, are they really hotel companies at all? Or are they just distributors, such as Airbnb or the online travel agencies?

YOU CAN SEE THE APPEAL.

These disruptors command higher valuations than the traditional hotel groups and have far higher numbers of rooms on their platforms. At the time of writing, Booking Holdings' market capitalization was $76.91 billion, Airbnb's $56.28 billion and Marriott's $50.49 billion. To get there, Marriott must sell rooms, just like the other two, but it must do so very much more.

WOULDN'T IT BE SO MUCH MORE APPEALING IF THE FOCUS MOVED ONTO THE DISTRIBUTION AND AWAY FROM THINKING ABOUT THE HOTEL OPERATION?

This vision is supported by the growth in the number of skilled managers who know how to run hotel operations, without needing an international management company. Of course, running a hotel is a complicated beast, much more so than any other asset class. An ever-changing host of guests, demanding food and beverage and, often, recreation at all hours.

Managing a team to meet those needs, all while keeping the asset in good shape and accruing value for the owner, requires specialist knowledge.

The shift away from the property comes with several risks to the brand. If you are trying to add 10% to your portfolio every year, and you have thousands of rooms, how can you maintain brand standards? You deliver your brand book and check in once every six months, but this model will inevitably lead to variances across the estate. When you stay at a hotel that is managed you can tell the difference between one that is franchised and those hotels where operations are a little more hands-on. Hence, the need for expert asset managers continues to rise.

WITHOUT AN ASSET, WHERE IS THE VALUE CENTER FOR THESE FRANCHISE COMPANIES?

When you are a distributor, your strength is supply and delivering guests to sleep in that supply. In recent years, hotels have been working toward this, combining strong brands with a powerful loyalty program. At the start of the pandemic, Marriott and Hilton were able to raise money on the back of their loyalty programs, proving their worth to them, if not to the owners who must pay into them.

Hotel companies already own large audiences through their loyalty programs, through which they convince owners that consumers are unable to escape their ecosystem. More brands are launched to meet evolving consumer demand and hold them in the loyalty universe. It would be natural for these companies to shift their business model and become large digital tech platforms, the change allowing them to reach much higher stock values and higher returns. This is the direction we are traveling in.

But this loyalty is not real loyalty, for these are frequency programs, not loyalty programs. A guest will stay within the brand stable for the points, not because they have a visceral emotional attachment of true loyalty.

We will see a division in the sector between the high-volume brands of the big players and the truly curated and emotional brands. One will be functional, meeting basic needs, the other the inspiration for both guests and those in the sector who aspire to hospitality in its traditional sense. It may be that we will see a split between everyday hotels you use for everyday stays and those hotels you save for memorable experiences.

And what would this shift away from operations and toward distribution mean for owners? For many in the luxury segment, where reputation is attached to a hotel, not a brand, the collection brands have been widely embraced. The chance to pay to slot into someone else's distribution without having to also adopt and pay for their brand standards has proven most appealing. Under this model, the hotel company as a technology group already exists.

What it means elsewhere is that the role of asset manager will be critical. The flag will exist as a line on the balance sheet where the fee goes but little more. All the operations of the hotel, as well as caring for the asset, must happen closer to home.

There will be some hotels that set themselves apart, as there are now. For example, some luxury properties that need only their own name to trade on and where brands have never offered any upside and have risked diluting the product. Here we will see the traditional owner-operator model continue.

But for the rest of the sector, the move to the mainstream will continue, pulled there by brands that have more technology than development expertise. There will be a true test of the loyalty programs, which will have to compete more directly with the online travel agencies, and we will see mergers and acquisitions as they try and achieve scale. They will also need to work to become recognizable consumer brands in the way that Airbnb has.

But think of those decades of customer data. Think of the heritage they can draw on.

Can they do it? The sector's CEOs complain of feeling undervalued. Value may come when they hand back the keys and become true tech companies.

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Alex Sogno — CEO, Global Asset Solutions
Mr. Sogno began his career in New York City after graduating with honors at Ecole Hôtelière de Lausanne, Switzerland. He joined HVS International New York, and he established a new venture at the Cushman & Wakefield headquarters in Manhattan. In 2005, Mr. Sogno began working for Kingdom Hotel Investments (KHI), founded by HRH Prince Al-Walid bin Talal bin Abdul Aziz Al Saud member of the Saudi Royal family, and asset managed various hotels including Four Seasons, Fairmont, Raffles, Mövenpick, and Swissotel. He also participated to the Initial Public Offering (IPO) of KHI at the London Stock Exchange as well as the Dubai International Financial Exchange. Mr. Sogno is also the co-writer of the 'Hotel Asset Management' textbook published by the Hospitality Asset Managers Association (HAMA), the American Hotel & Lodging Education Institute, and the University of Denver. He is the Founder of the Hospitality Asset Managers Association Asia Pacific (HAMA AP) and Middle East Africa (HAMA MEA).

Alex Schneider — President, Nikki Beach Hotel Division
Born and raised in Germany, Schneider brings 20+ years of hotel management experience. Schneider has worked with major hotel operators including Emirates Palace Abu Dhabi - UAE, Rixos Properties UAE, Grand Hyatt, Germany and Casa Camper, one of the most successful lifestyle boutique hotels in Berlin. With a track record in pre-opening assignments, as well as providing guidance to companies for their hotel assets, Schneider has a unique ability to work in the space between hotel operations, revenue management, sales and marketing.

Global Asset Solutions — globalassetsolutions.com
Global Asset Solutions is the leading Hotel Asset Management Company serving Europe, Middle East and Asia Pacific. The Asset Management and Advisory division provides a comprehensive range of hotel.

5 Ways Consumers Will Shape the Future of Hospitality in 2023

Jonathan Mills
Chief Executive (CEO), Choice Hotels EMEA

Synopsis
Choice Hotels EMEA CEO Jonathan Mills lays out how the past three years have changed the way people travel and what they expect from hotel brands. The pandemic has made people value travel more and has changed their expectations. Mills suggests that consumer brand expectations for 2023 will have more longevity than those of the past. He lists 5 consumer brand expectations for 2023, including hotels creating a sense of comfort and familiarity for guests, using more eco-friendly materials for amenities, accommodating up on the trend of bleisure travel, providing an authentic local experience for guests, and increasing focus on health and safety measures.

As we know, travel trends change faster than you can say 'hospitality'. But the past three years have fundamentally changed the way people travel and what they expect from hotel brands.

With the pandemic now thankfully behind us, we have come to realise travel should not be taken for granted.

COVID-19 has changed the way we travel for good, and in ways that we could never have foreseen, with travel now widely viewed as a gift to be treasured. With that, I strongly believe consumers' expectations in 2023 will have more longevity than those of years gone by.

But how exactly are consumers shaping the future of hospitality? Here are the top five consumer brand expectations I believe will come to the fore in 2023...

1. HOTEL MEETS HOME

As consumers scramble to make up for all the leisure and business travel they missed in recent years, many are spending lots of time away from home.

Hospitality brands are now recognising that a sense of comfort and familiarity can go a long way in meeting and exceeding those ever-growing expectations.

With this in mind, I wouldn't be surprised to see more and more hotels giving their reception areas and social areas specifically a facelift this year, with homely décor to create a warm and welcoming atmosphere.

But an authentic 'home away from home' experience often goes beyond just that and also lies in the details. Atmospheric lighting, comfortable bedding, or even real ceramic milk jugs to replace the plastic single-portion milk capsules we know all too well.

These little touches, and many more, could make all the difference when it comes to providing guests with a sense of homely comfort.

2. TIME TO UPSIZE

With consumers now more environmentally conscious than ever, single-use personal items are quickly becoming an unwelcome presence in hotel rooms.

The days of miniature shampoo bottles and disposable slippers are numbered – so hospitality brands must say goodbye to old habits or risk alienating their valued customers.

Re-designing amenities with more eco-friendly materials is nothing revolutionary. But what hoteliers have often overlooked is that many of these items don't need to be individually packaged for each guest.

Wall-mounted shower gel dispensers, for instance, present a great opportunity for hospitality brands to drastically reduce their use of packaging materials and stay ahead of the game in 2023.

3. THE BLEISURE REVOLUTION

We know bleisure, the idea of blending work and leisure travel, has been around for a while, but trend has evolved rapidly over the last few years.

Once the privilege of freelancers and solo entrepreneurs, bleisure travel is now talk of the town among corporate executives – and virtually anyone who has been freed from the confines of office life and embraced remote or hybrid working.

With travel restrictions now largely gone, I expect 2023 to be the year when consumers' bleisure travel expectations leave a permanent mark on the hospitality sector.

Comfortable workspaces, fast and reliable Wi-Fi, and flexible check-in times will become the norm in hotels worldwide.

Meanwhile, those that fail to seize the opportunities of the 2023 bleisure boom may find themselves losing out on a fast-growing and remarkably diverse segment of travellers.

4. A LOCAL TOUCH

Over the last few years, travellers have been on the lookout for ways to immerse themselves in their destination and its culture. I very much expect this trend to continue in 2023.

Consumers are expecting to engage in authentic experiences that allow them to develop a deeper connection with locals. So, the onus is on hospitality brands to 'bring the outside in' and help their guest discover the real side of the destination.

If anyone can provide a truly welcoming atmosphere to guests, it's those who live and work in the local area. By hiring passionate staff from the local area, alongside offering local touches throughout the hotel, valued guests receive a more authentic experience and obtain an in depth insight into everything the destination has to offer.

They'll be on hand to recommend hidden gems to visit, delicious dishes to indulge in, and much more. Whether it's local specialities on the menu, traditional art in the lobby, or even cooking classes, I'm confident travellers will be eager to make their stay as authentic and memorable as possible.

5. HUMANISING HOSPITALITY

When consumers finally returned to hotels in 2022, they were met with a very different hotel experience. Social distancing, contactless check-in processes, and mobile ordering at the bar have become the new normal. Or have they?

With travellers now longing for more human interaction, my view is that this hands-off approach will soon be out of touch with their needs.

Let's face it: it's the warm welcome at the check-in desk, the friendly conversations with hotel staff, or even chatting with fellow guests at breakfast, that make a hotel stay truly memorable. These are the experiences that make consumers feel valued.

And in 2023, hospitality brands should do all within their power to bring back these simple moments and deliver a high-touch, personalised service to guests across all touchpoints.

I firmly believe that as we enter 2023, these elements will continue to remain at the forefront of travellers' minds.

The consumers of 2023 – no matter their age – are making more responsible choices with their travel and aren't afraid to part with brands that don't embrace, welcome, and cater for their ever-changing needs.

Jonathan Mills — Chief Executive (CEO), Choice Hotels EMEA
Jonathan Mills is CEO of Choice Hotels EMEA where he oversees the company's continued investments across the EMEA region for franchisees and guests. Based in Amsterdam, Jonathan leads all business and franchising operations for the region, including development, franchise operations, corporate sales, marketing, franchise relations and finance. Globally, Choice Hotels has nearly 7,500 hotels, representing nearly 630,000 rooms, in 46 countries and territories.

Choice Hotels EMEA — linkedin.com/company/choicehotelsemea
With more than 400 hotels in 18 countries across Europe, Middle East & Africa, Choice Hotels EMEA helps travellers discover and explore new places. Choice Hotels EMEA is a part of Choice Hotels International, Inc (NYSE: CHH), one of the world's largest and most successful lodging companies. With more than 7,100 hotels franchised in more than 40 countries and territories, we represent nearly 600,000 rooms around the globe. Our four distinct hotel brands in EMEA provide a spectrum of lodging choices to meet our guests' needs. Ascend Hotel Collection™ member hotels offer a unique and upscale experience that allows guests to connect with the local flavour of a destination in an entirely new way. Clarion™ properties combine first class service with exceptional facilities and attention to detail. Quality™, the name that has been trusted throughout the years, offers guests a memorable experience through hotels with full service and superior facilities. Comfort™ hotels are widely represented and offer the ideal mix of value and reliability.

Goldilocks recession bodes well for future hospitality investment

Andrew Sangster
Owner and editorial director, Hotel Analyst

Synopsis
We look set for a Goldilocks recession, not too deep and not too long. Whether it is about right depends on how deep you were in porridge – sorry, debt – at the start.

We look set for a Goldilocks recession, not too deep and not too long. Whether it is about right depends on how deep you were in porridge – sorry, debt – at the start.

We have endured the mother of all supply shocks (Covid restrictions followed by a European war) but the economic recovery has been swift and this year looks set to see "normal" economic conditions for the first time since the Global Financial Crisis that hit at the end of 2008.

The inflation monster has, for a generation, been nothing more than a folk memory. But it has now returned, and with it, the traditional tools used to tame it, higher interest rates, have reappeared too.

With money again costing money, that old-fashioned approach of making profits in business is again in fashion. The heady days of investors handing over cash to businesses with a plan of simply growing regardless of profitability are long gone. Outside of the technology industry, this looks like good news.

Since the end of the pandemic lockdowns, most businesses and commentators have underestimated the scale and pace of the recovery. Covid lockdowns created the worst recession ever seen during peacetime but globally the recovery has been almost as quick. In nearly all high-income countries the economies now have a higher economic output than they did at the start of the pandemic in early 2020.

After this phenomenal recovery, there are fears about what happens next. The two most important variables, I would suggest, are interest rates and unemployment. And they will act inversely, if one goes higher than expected, the other will be lower than expected. This makes a severe recession unlikely and ensures we do not have an unexpectedly bullish economy.

Starting with the interest rate and inflation outlook, last year's failures will inform this year's actions. Last year, inflation was higher and more persistent than anticipated and central banks reacted late, only pushing up interest rates once inflation was already close to double digits.

Worse for central banks was the type of inflation. Cost-push inflation, driven by post-Covid supply bottlenecks and then supply shocks caused by Russia's invasion of Ukraine, is notoriously hard to contain via interest rate rises.

The good news is that the cost-push challenges are subsiding. Supply chains are normalising and the surge in energy prices caused by Russia's aggression has largely been mitigated. At the end of December, gas prices dipped below those last seen before Russia's invasion in February.

This drop to under EUR80 per MWh from the high of over EUR300 per MWh is transformational for European energy markets and inflation. Not only is energy no longer inflationary but, because of such record highs, the normalisation of pricing is disinflationary.

Rather than persistent high inflation, it looks probable that there will be a rapid drop in inflation. But the days of zero inflation do not seem likely either.

While some economies may see inflation briefly drop to zero as recession bites – this is likely in the UK for example – the consensus view is inflation holding at around the mid-single digits.

Thus, interest rates must be at a similar mid-single digit level to maintain positive real interest rates. A sharp fall in inflation may cause interest rates to be cut a little, but there appears little likelihood of a return to the ultra-loose monetary conditions enjoyed/endured since the GFC.

One of the most bullish forecasters since the end of Covid lockdowns and the start of the recovery has been the global economics team at Goldman Sachs. While they have moderated their outlook in the wake of supply chain issues and the Ukraine war, they remain at the dovish end of expectations for interest rates, inflation and GDP growth.

The consensus is for the US to enter recession in 2023 but Goldman Sachs believes this will be avoided and the US will have a modest GDP growth of 1%. In contrast, a mild recession is expected for the Euro area and the UK.

Interest rates are expected to peak at 3% for the European Central Bank and 4.5% for the Bank of England. As Goldman comments, the upside risk of more persistent inflation is balanced by the downside risk of a deeper recession.

The trade-off between labour and interest rates was at the heart of an analysis by UBS Asset Management. This firm's publication, Panorama – Investing in 2023, said: "investors may be surprised at the resilience of the global economy in 2023".

The cost-of-living increases have presented big challenges for consumers, but the highest earners have a lot of excess savings which they are prepared to keep spending, particularly on services such as hospitality. UBS pointed out that in the US, 60% of consumer spending is accounted for by the top 40% of earners. This is a ratio that survives the journey across the Atlantic to Europe.

The flip of this optimistic outlook is that interest rates will need to go higher and be kept there longer. The rising cost of debt will be a bigger challenge for real estate investors in 2023 than inflation proved for operators in 2022.

Morgan Stanley, in its 2023 Investment Outlook, thinks higher debt costs will create opportunities for distressed or forced selling. But with USD400bn of undeployed capital on the sidelines, distressed pricing will remain muted.

It is Morgan Stanley's leisure team, however, that captures the paradox at the centre of the current forecasting debate. Despite the gloomy economic outlook, consumers seem willing to keep spending on travel.

"Pretty well all of the data we monitor suggests demand for travel and leisure remains robust," said Morgan Stanley's leisure analysts in a pre-Christmas note. "That the slowdown is not yet obviously here, over six months from the spike in energy and food prices, is somewhat surprising."

And there are positive drivers. Some segments, notably the outbound Asian travel market and the conference market, have yet to hit full stride. The end of the nonsensical zero-Covid policy in China bodes well for these recovery tailwinds to gather strength in 2023 and conferences continue to surge way beyond where sceptics forecast.

The post-Covid recovery has also shown how consumers are prioritising travel and hospitality. Partly this is a result of higher-income earners being the main spenders and least impacted by the cost-of-living increases and partly it is the absence of a meaningful rise in unemployment.

Real estate investors were already moving out of traditional sectors such as office and retail due to sectoral challenges. The resilience of hospitality and the strength of its recovery will bring it further into favour.

There are other tailwinds ahead for hospitality in the medium term. The stalling of development means a boost for existing assets and there has been a significant loss of supply at the bottom end of the market. On this latter point, Whitbread, the UK's largest hotelier, thinks roughly 10% of UK independent hotels have closed since the start of Covid restrictions, meaning that the UK room supply currently stands 4% lower than in 2019.

Much has been made of the change in behaviour towards business travel since the Covid lockdowns. Bill Gates infamously forecast that it would be halved – he has been proved spectacularly wrong, thankfully – but many seasoned observers also believe there is a permanent impairment.

If there has been, it has been remarkably slight. STR data shows that weekday hotel occupancy, the critical period for business travel, was just 4% lower than 2019 comparables in the months of September and October 2022.

In December, STR said about business travel that "further gains are needed to reach pre-pandemic levels". But more bullishly it added: "According to consumers, those gains are on the way with combination business/leisure trips representing the biggest increase."

By most measures, it seems this Goldilocks recession will make the environment for hospitality investment stronger. It is time we sent the bears packing.

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Andrew Sangster — Owner and editorial director, Hotel Analyst
Andrew Sangster launched Hotel Analyst almost 20 years ago and it has grown into a publishing business that now encompasses a paid subscription service for hotel investors, a reports division and events. More information on these services can be found at www.hotelanalyst.co.uk and see www.op-re.com for the latest event for investors across the operational real estate sector, the Operational Real Estate Festival.

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Tapping into the Power of Technology and Automation to Beat Back Uncertainty in Hotel Workforce Management

Corey McCarthy
Chief Marketing Office (CMO), Unifocus

Synopsis
The hotel industry is facing a labor crisis, with high turnover rates and increased wages making it difficult to attract and retain staff. To address this challenge, hoteliers are looking for ways to automate as many processes as possible to reduce labor costs and workloads for staff, allowing them to focus on providing high-quality guest experiences. Automation can be used for tasks such as check-in and check-out, room cleaning, scheduling, and task management. These tools help to optimize operations, ensure sufficient staffing, and assign tasks to staff members with the appropriate skill set. This can help to maintain high-performance standards and take the uncertainty out of task management.

Uncertainty has become the new normal in the hotel industry. With the ongoing labor crisis, hotels are struggling to attract and retain staff. While most industries have been impacted by a lack of available employees, hotel industry turnover rates continue to stand out as among the highest and are almost double that of the national average. This is causing a spike in wages and making it difficult for hotels to maintain their usual level of service.

With strong demand trend lines, hotels are looking for ways to optimize their operations for performance. To be successful, hoteliers need to find a way to effectively offset the impact of a smaller, more expensive, workforce on service quality and response times while addressing guest's increasing expectations.

AUTOMATION: REDEFINING THE GUEST AND STAFF HOTEL EXPERIENCE

Uncertainty combined with increased wages and a limited supply of workers has made it even harder to attract and retain staff. For remaining employees, fewer team members to rely on means more tasks that fall on their shoulders. The growing list of responsibilities are causing higher employee burnout rates which are causing dips in service quality and lower productivity levels.

To address this challenge and avoid toxic environments that increase churn, hoteliers are looking for ways to automate as much as possible. Finding activities and processes that technology helps reduce the operations headcount required while balancing high quality guest experiences. For example, hotels are using self-service kiosks for check-in and check-out, as well as implementing automated room cleaning systems. By automating these processes, hoteliers are optimizing and completing the tasks at hand with 25% less staff to keep labor costs down. Automating as many processes reduces workloads, allowing staff to pay more attention to detail and ultimately, a more sustainable work experience able to attract and retain skilled staff.

Strengthening back of house efficiencies, is arguably the most impactful change that hoteliers can make in overcoming uncertainty over business performance. Workforce automation platforms play a critical role in evolving beyond manual processes that are prone to errors and delays. Using automated scheduling tools as an example, hotels can ensure that departments are sufficiently staffed regardless of shifts in service demand levels.

By automatically assigning the right number of employees to a specific shift or service area, these tools offer a smarter, more cost-effective approach to keeping service quality high and in line with guest expectations.

TAKING THE UNCERTAINTY OUT OF TASK MANAGEMENT

Another way that hotels are addressing the labor crisis is by bringing automation into daily task process management. By streamlining and optimizing operations using automated task management tools, hoteliers are finding that the issue is HOW individual tasks are assigned and managed, not necessarily a lack of staff.

Operations management technology assigns and tracks guest requests and hotel operations automatically to ensure that tasks are fairly distributed with balanced workloads to maintain realistic assignment completion goals. Dynamic task assignments automatically reshuffle the order of task completion priority as daily priorities evolve over the course of a shift or work day. When it comes to quality of service, these tools also ensure that tasks are assigned to staff members with the appropriate skillset, allowing managers to maintain high performance standards with little to no effort.

In addition to guest requests, adaptive task management tools boost performance and completion times for all hotel departments. From housekeeping and maintenance responsibilities to following up on service incident reports, employees supported by modern task management tools have visibility into available staff to pick up tasks. Instead of running back-and-forth to the back office or tracking down other team members to find out which tasks still need to be completed, a quick glance at their personal device is all that's needed to view the real-time status of what they should do next. This not only translates into more time being spent actually performing tasks and increasing productivity as a result, but is also a welcome reduction in stress for your various employee teams by streamlining the equation.

INTRODUCING THE ADVANTAGES OF AUTOMATION TO STAFF ENGAGEMENT SURVEYS

Thanks to their frequent contact with guests, frontline employees are in the best position to understand which experiences guests value and which offerings can be improved to live up to current expectations. Staff experience, workplace conditions and business performance ultimately influences the quality of guest experiences,making this a critical source of information to maintain and grow a successful business.

Automated pulse engagement survey tools can streamline what used to be a time consuming annual process. Managers can select from a drop-down list of questions in order to easily customize a survey template according to whatever metrics they wish to analyze. These surveys can then be instantly shared with staff and made accessible via their personal device, increasing engagement rates and ensuring more accurate performance insights without having to wait a year.

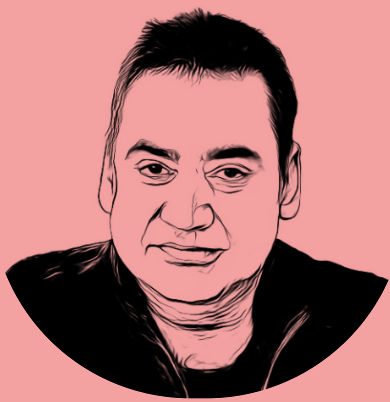
Empowering managers with the ability to effortlessly identify any patterns pointing to a need to revise operations can uncover efficiencies and needs they wouldn't have been aware of otherwise. Gauging guest sentiment as well as how employees view current work conditions is a proven and effective means of defending against uncertainty to ensure efficient management of hotel services and workforce resources.

IMMUNIZING YOUR HOTEL BUSINESS AGAINST THE UNEXPECTED

While uncertainty has become the new normal for the hotel industry, workforce management tools make it possible for managers to make informed decisions and develop forecasts highlighting the best way forward. By leveraging the power of new technologies and automation, today's hotel businesses can readily adapt to change no matter what the future may bring and stay competitive in today's ever-changing hotel industry.

Corey McCarthy — Chief Marketing Office (CMO), Unifocus
Corey McCarthy, CMO at Unifocus, has more than twenty years' experience growing brands in the media, tech and hospitality industries. With her role at Unifocus, Corey is tasked with bringing exciting advances in workforce management to the industry to help hoteliers increase staff productivity, retention, higher service quality and profitability. In her former life, Corey was the VP of Marketing for a global workforce communication platform that was awarded the Hottest Technology by ALIS and also won the TechOvation Award from HTNG. For many years, Corey was at the helm of her own firm where she worked with companies ranging from hotel franchise brands, technology, design, investment banking and retail firms that resulted in numerous mergers and acquisitions. Corey earned her MBA in 2010 from St. Mary's College of California where she honored in Marketing, Business Strategy and Organizational Behavior Management.

UniFocus — unifocus.com
Based in Dallas, UniFocus serves hospitality, casino and resort operations in the U.S. and overseas. UniFocus offers full-service operational analysis, management and staff training, financial and labor management applications, as well as staff, meeting planner and guest satisfaction measurement programs, along with a unique mystery evaluation system that can link service standard attainment to guest and employee perceptions. The resulting database allows UniFocus to uniquely correlate and benchmark each client's performance to their particular competitive markets. Enhanced reporting capabilities allow hospitality executives to have a "total picture" overview of their operations, set strategic actions and gain asset value. UniFocus is a Preferred Vendor of The Leading Hotels of the World®, a Microsoft® Certified Partner, an affinity partner of the International Association of Conference Centers, a business partner of the International Association of Convention & Visitors Bureaus, and an allied member of the American Hotel & Lodging Association.



Creating communities one hotel at a time

Gaurav Bhushan
Co-CEO, Ennismore

Interviewed by **Andrew Sangster**
Owner and editorial director, Hotel Analyst

The Hoxton, Brussels

Synopsis
Accor's Gaurav Bhushan reports a positive outlook for the current year compared to the first quarter of last year. The company is forecasting a growth of 5-10% this year, with the UK and France expected to be strong. Accor recently underwent a corporate reorganization, dividing the business into two divisions: Premium, Midscale & Economy division and Luxury & Lifestyle division. The latter division will focus on elevating the experience of the guests and making hotels community hubs. The company is also investing in its "Working from_" co-working brand, with upcoming openings in London, Chicago, Brussels, and Dubai. He emphasizes that Accor is focused on driving the business around the hotel, not just travelers, and differentiating product types through their existing brands.

Andrew Sangster: How is current trading?
Gaurav Bhushan: I feel more positive than I did a couple of months ago. Last year, the first quarter wasn't as strong but trading bounced back; RevPAR for the end of the year was a double-digit growth vs 2019 in line with Q3. We are forecasting positive RevPAR growth for the year. We are currently focused around elevating the experience piece [of our offer].

Where is trading strongest?
Last year most of the growth came from increased room rates, without being a forecast or a guidance, expecting a RevPAR growth more balanced between occupancy and price could be fair.

Where do you expect to see the best growth this year?
I'm not sure we will see the same level of increases in all parts of the world, but the UK and France will be strong. Germany is driven by events, and these will continue to come back. We've not seen a tangible impact from air travel problems. Business travel will take time to recover but people mixing business and leisure travel will help. The number of trips is down but the average length of stay will rise.

How will the latest corporate reorganisation help?
It refocuses the leadership team on brand organisation, and it makes the regions more manageable. Growth under Sebastien [Bazin, Accor's Group Chairman & CEO] has been phenomenal. We're opening a hotel almost every day and the Group needed to pay tribute to the fact that different brands need to be managed differently, as was the case with Ennismore and our lifestyle brands.

Why has the business been divided into two divisions?
Accor's internal reorganisation allows the needs of our hotels owners and guests to be better addressed. For example, Ennismore will continue to drive a focus on F&B, which is why we have a dedicated in-house studio, Carte Blanched, looking at new concepts as we open hotels. We innovate [our hotels] not only through design but also through our restaurants, which attract a strong following from a local audience.

What is lifestyle?
The whole point of lifestyle is to make our hotels community hubs. We're creating not just rooms for travellers but hubs for the local community. This also helps drive other parts of the business like branded residential where owners can enjoy an uplift in value. This is important as over 20% of our pipeline has a residential component.

Do lifestyle hotels require heavier capex than regular hotels?
The investment in ff&e [furniture, fixtures and equipment] is not worse than for regular hotels. We are not creating fads that need to be replaced every few years. The Mama Shelter concept, for example, has evolved but not fundamentally changed. We want to be smart and careful in our concepts, they have to stand the test of time.

How do you keep your lifestyle brands authentic?
There is a big focus on keeping founders. We have done that for Mama Shelter and 25hours where the founders have continued with us for the journey. They are less focused on the day-to-day but they spend time on product development and network development. They have the magic dust they bring to the table with their creativity and we deliver a proper platform to grow the business. Typically, after say 10 or 15 hotels, emergent brands struggle to grow. We are trying to make sure the creativity is balanced within a platform that provides real performance.

Is it harder to run your division with less geographical alignment?
Brand-based organisation is a more complex, which makes it harder to implement it.

Does Accor have too many brands?
There is a Novotel, Ibis and Hoxton here in Southwark [south central London]. They are very different products. The focus on brand-based products helps to dispel confusion rather than create it. Our attention to programming brands and products creates clear points of difference.

Are hotel management agreements dying thanks to the rise of franchising and third-party managers?
What matters for owners is who can deliver the performance. HMAs are now a much more balanced document. If you enter a 20 year relationship you have to have a balanced document or the relationship won't last. There is accountability and as much transparency as owners want.

What are hotel development financing conditions like right now?
It's tough out there and this has impacted [market] deal flow and pipeline. But our deal flow is strong because we are dealing with owners who know how to cope with cycles. We pick our partners carefully, and they understand you are building a hotel for years and you therefore need to factor in interest rate cycles into the capital structure.

Are you still keen to buy more chains or brands?
We are not looking for more M&A. We have 14 plus brands within Ennismore. It ranges from the luxury all-inclusive like Rixos to brands like Paris Society. That said, of course we will always look at opportunities, but the key message is that we have enough organic growth available.

Will you look at hotel alternatives like serviced apartments?
What makes us different is that we drive the business around the hotel and don't just focus on travellers. We don't need separate brands to differentiate product types. An example is SLS Dubai which has 946 keys with 254 hotel rooms, 321 hotel apartments and 371 residences. We are also growing our "Working from_" co-working brand which currently has four venues: London and Chicago are open; Brussels and Dubai are in the pipeline. This is a great component of creating a community.

Gaurav Bhushan — Co-CEO, Ennismore
Gaurav began his career with Accor in Australia, holding various positions in operations and finance. In 2000, he moved into hotel development and investment, in a variety of roles including Chief Development and Investment Officer for Asia Pacific. He was appointed Global Chief Development Officer of Accor in 2015 taking responsibility for all hotel development, investment and M&A activities for the group worldwide.

Andrew Sangster — Owner and editorial director, Hotel Analyst
Andrew Sangster launched Hotel Analyst almost 20 years ago and it has grown into a publishing business that now encompasses a paid subscription service for hotel investors, a reports division and events. More information on these services can be found at www.hotelanalyst.co.uk and see www.op-re.com for the latest event for investors across the operational real estate sector, the Operational Real Estate Festival.

Ennismore — ennismore.com
Ennismore is a creative hospitality company with a global collective of entrepreneurial and founder-built brands with purpose at their heart. It curates and manages unique properties and experiences in some of the most exciting destinations around the world. Ennismore and Accor entered a joint venture in 2021 to create a new autonomous entity, with Accor holding a majority shareholding. Creating the world's fastest-growing lifestyle hospitality company, it brings together Ennismore's know-how in building brands with creative storytelling, design, and authentic experiences, with Accor's wealth of knowledge in delivering scale, network growth and distribution. Ennismore comprises 14 brands - with 101 operating properties and further 137 in the pipeline - and a collection of over 150 culturally relevant and diverse restaurants and nightlife destinations. Ennismore has been included in Fast Company's World's Most Innovative Companies lists in 2020 and 2021; ranked#29 in FT1000: Europe's Fastest-Growing Companies; and is part of FT Future 100 - the UK's fastest growing businesses that are shaping the future of their sector.

Solving sustainability challenges: The role of digital technologies and tech startups

Carlos Martin-Rios
Associate Professor at EHL Hospitality Business School

Sustainability is slowly becoming a driving force in reshaping the business model and operations of firms. As the aspiration of sustainability implies profound, fundamental transformations of the economy and society, organizations must not just care or aspire to being sustainable but firmly activate sustainable practices for business success.

Compared to the manufacturing industries, the service sector - including tourism, hospitality, foodservice and business services - has been slower in adopting sustainability practices and transforming their core business models and innovation strategies to advance the sustainability transition.

Although it is showing a growing interest in all aspects related to resource management (food, energy, water, land, materials and mobility) there is no clear direction on how to link sustainability decision making into a competitive advantage for a more robust and virtuous industry. Herein lies an important question: How will service businesses harness the transformative power of digital technologies to support the sustainable transformation of the service sector?

ADOPTING SUSTAINABILITY PRACTICES

The transformation of services toward greater sustainability requires three fundamental changes in the way service business is done.

1. Companies need to assess the principles of **sustainable business models** (SBM) and challenges associated with their adoption. SBM are holistic and leverage the social, financial and environmental impact of the business at multiple levels: the company itself, the local, regional and national communities of interest, the industry in which it operates and its competitors, allies, suppliers, and finally, social and institutional stakeholders.

   It is promising to see business models that create value for all stakeholders in the value chain without depleting the natural, economic and social capital it relies on. Businesses define their sustainability strategic priorities first, outline their innovation priorities second, and finally, set tangible and realistic performance goals.
2. Larger companies need to establish **ecosystems** to forge long-lasting relationships with fast-changing entrepreneurial firms. It is through collaboration with multiple partners, suppliers, vendors, joint-ventures and embryonic projects that service firms will rebalance the multi-stakeholder nature of the sustainability transition and its implications for the tourism, hospitality and restaurant industry.

   A long-term view helps better discern what is important from what is urgent. Such a long-term perspective draws on collaborations with universities and their incubators, small startups, to prototype, to co-create SOI, to look beyond what service meant in the 20th century and embrace what sustainable service will mean in the 21st century.
3. Innovation offers a variety of tools to trigger change. **Sustainability innovations** propel systemic changes at strategic, managerial and operational levels. Service firms need to bet on sustainability innovations in their transition toward new business practices. They must have an explicit strategy to make their tech experience match its consumer experience. Today a vibrant ecosystem of tech-based startups helps service companies move their sustainability strategy forward by creating synergies between the next generation of technologies (IoT, AI, advanced robotics, blockchain, 3-D printing) and the next generation of sustainable services.

BLENDING THE STRATEGIC VISION AND AGILITY OF TECH START-UPS WITH THE EXPERTISE OF WELL-ESTABLISHED SERVICES

In its broadest sense, the disruption of customer service is an illustrative example of how collaboration between large services and entrepreneurial ventures might drive innovation around automation and machine learning. Will the next generation of robots be used not only in car assembly lines or pharmaceutical production but also in grocery stores, hotels and restaurants? Imagine a world where routine tasks in kitchens, front-desks, supermarket stores are fully digital and robots and algorithms are capable of delivering personalized experiences.

In this scenario the sector as a whole may replace low skill positions with jobs based on technical and higher intellectual content skills. Professionalization is one of crucial factors that will determine the speed and extent of the sustainable transition. Leading services will propel our societies to a new stage where the social gap between those who enjoy purchasing services and those who provide them is less accentuated.

SUSTAINABILITY IS NOT FOR SOLO PLAYERS

In the short run, tech startups are powerful enablers in the sustainability transition of the service sector. One important lesson from current research and experience is that sustainability is not for solo players. Tech-startups have a significant impact in this new landscape and might play a role in advancing SBM among service organizations.

Tech startups using digital technologies for a sustainable future can contribute to solving the most pressing environmental and social challenges the industry faces. Robots, AI and IoT platforms combine science and engineering to automate many of the tasks in the service sector. We anticipate that in the service landscape of the near future man and machine work hand in hand complementing each other's strengths.

Take the example of startups such as Kitro that uses AI to quantify food waste in professional kitchens, or innovative food packaging solution startups.

Similarly, established business services working toward digitalization such as Lombard Odier (moving sustainable finance forward by accelerating the flow of private sector investment in building a net-zero world). These companies combine AI, algorithms with machine learning to deliver tailored-made solutions for their clients in the retail, hospitality and foodservice sectors.

Once a business delineates its new business strategy, it can establish partnerships with startups to leverage on synergies. Restaurants may partner with tech startups to adapt their menu to cater to customer preferences based on a sophisticated algorithm. Hotel brands and travel agencies can partner with tech giants like Amazon to suggest unique travel experiences based on past social media activity and purchase behavior. Research on IoT technology in service management is still in its infancy, yet it represents one of the most exciting and promising arenas for novel research and practice, particularly given its innovative and sustainability potential.

Addressing sustainability grand challenges is a one-way street to transforming businesses and society in unprecedented ways. But this requires adopting a long-term perspective that overcomes trade-offs between purpose and profit, and undertakes the need for financial return and social impact. The digital revolution can play a vital role in helping service sector companies to repurpose business for society, profit and the planet.

AT A GLANCE

WHAT IS THE MAIN MESSAGE URGING COMPANIES TO BECOME MORE SUSTAINABLE?

The main message is very clear and simple: 40% of businesses will go under if the 1.5 degree decrease is not met. In short, business models have to change how they function so that production, operations and delivery is optimized to suit sustainable goals. This change in operations requires specific research and insights that cannot be gathered in a solo setting. The service sector has so far made many claims about how it plans to transition to more sustainable working models, but sadly, the reality of this shift is still very much a work in progress. This is why partnerships with tech startups are so vital; to invest the process with fresh ideas based on synergies and digital research. Big hospitality professionals often have little real experience of dealing with sustainable problems, e.g., food waste – an issue that requires specific tech awareness and data analysis to be solved effectively.

WHY HAS THE SERVICE SECTOR FOUND IT SO HARD TO INTEGRATE SUSTAINABILITY?

The service sector - especially the hospitality industry - is by nature constantly tied up with being operational. Little time is available to actually step back and a) rethink how certain jobs could be done and b) harness data and AI to come up with new approaches in line with current challenges (staff shortages) and goals (sustainability). In brief, the whole concept of professionalization needs to be interpreted differently. Take, for example, hospitality staff shortages which today are worse than ever. We all want a service society but no one wants to work in it – which is then further compounded by the fact that we don't mind a machine making our coffee, but we don't want a machine to serve it to us. These attitudes do not add up. The role of tech startups could serve as a great tool for addressing these inconsistencies which are in need of a totally innovative overhaul.

WHAT ADDITIONAL SHIFTS COULD THE HOSPITALITY SECTOR BE MAKING?

There are many mindset shifts that could be made that would help speed the process along:

- Work with competitors to share the solving of common problems.
- Partner with tech startups to develop radical sustainability innovations.
- Invest in research tech innovation (e.g., Google and Accor).
- Create business models based on local ecosystem partnerships.

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Dr Carlos Martin-Rios specializes in Sustainability, Innovation Management and Leadership. He teaches courses on CSR & Sustainable Innovations, and Organizational Behavior & Leadership. His research focuses on sustainability and innovation management, and addresses how management theories can be applied to tackle grand challenges.

EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

3 Changes That Are Shaping The Future Of Digital And Revenue Management

Karen Stephens
Chief Revenue Officer at Revinate

Synopsis
In this article, Revinate's Karen Stephens discusses the impact of digital and revenue management in the hospitality industry, highlighting the importance of staying up-to-date with technology to understand and deliver on guest preferences. It mentions three shifts that are transforming digital and revenue management: the increasing adoption of AI, the shift towards first-party data, and the importance of privacy in data management.

It's time to get serious about how quickly the digital landscape is evolving and impacting digital and revenue management.

Revenue management has always been complex. But it became even more complex when digital marketing took off. That's why it's crucial to constantly learn about new technology.

Staying up to date on the latest tools isn't just about ensuring you ultimately choose the right solutions. It's also about understanding how to leverage technology to truly understand and deliver on guest preferences to maximize revenue.

After more than 20 years in the hospitality industry, that's what I've learned. Now is one of those times when it's important to break with the status quo and really look at your tech. It's critical to identify what's working for the good of the guest *and* for the good of the hotel.

This is changing all the time, so here's a look at the dynamics that are altering the revenue management landscape.

3 SHIFTS THAT ARE TRANSFORMING DIGITAL AND REVENUE MANAGEMENT

#1. INCREASING ADOPTION OF AI

We can't even fathom what could be developed next with AI. There's no question that it's evolving at a rapid pace, which can be scary for hoteliers. But I urge you to see this as an advantage — we're on the cutting edge! And a lot of hoteliers are waking up to that fact. Why? A big reason is how AI can change the game when it comes to using your data.

Guests want personalization, customization, and convenience, and AI can deliver on those expectations *at scale*. AI is providing hoteliers with better, more accurate data they can leverage to make informed decisions. I don't have to tell you that the more you know about a guest, the better you can serve them during their stay.

AI also plays a huge role in keeping up with the speed and convenience people expect everywhere they go, including hotels. It can take shape through speedy text responses for an "always-on" staffing approach or robots in the lobby. Fulfilling that expectation through digital service just shows you're keeping up with the times. And it's going to pay off on your bottom line.

It's about taking guest experience to the next level. Because there's only one true priority at the center of driving revenue in hospitality: the guest. AI is a complement to the hoteliers behind the business — it makes things more efficient and eradicates recurring issues.

You can see there are clear reasons why some hotels have adopted AI solutions. And more and more will be following suit. If we take a look at last year, 66% of hotels planned to increase their IT budgets in 2022. That tells us a lot about the direction we are moving as an industry — and 2023 is only going to fuel the growth of AI as hoteliers evaluate their budgets.

#2. THE SHIFT TOWARD FIRST-PARTY DATA

If 2022 wasn't evidence of the shift to first-party data, then prepare for it to become mainstream in 2023. We already witnessed Google's major decision to stop third-party cookie collection, and they're planning on putting an end to it in 2023.

The shift will be sizable, as 81% of businesses are dependent on third-party data right now. But the "cookie-less world" is happening, so it's up to hoteliers to start activating their first-party data.

Leveraging first-party data helps hoteliers connect with guests in meaningful ways, and collecting it doesn't have to be painful. Research shows that 74% of consumers are willing to share their personal data if it will save them money.

So, how are hotels actually making the switch to using their own first-party data? It's actually simpler than you might think. The answer, for many, is to use a Customer Data Platform (CDP) to consolidate and centralize data. We've already been seeing these grow in popularity, but they're becoming an even more significant solution for data and revenue management every day.

Of course, you can't talk about data-focused solutions without talking about privacy. With CDPs or any other platform that gathers and stores first-party data, there must be a greater emphasis on privacy to establish trust between hoteliers and guests. Hoteliers who strike the right balance between ensuring privacy and gathering first-party data will have a significant competitive advantage, not to mention stronger relationships with their guests.

#3. THE NEED FOR INTEGRATED SOLUTIONS

The value in both AI and first-party data is undeniable, but they can't operate in a siloed tech stack. There must be a push to update legacy systems that don't work well with each other to usher in innovation. It will prove redundant if hotels pledge to adopt more technology, but fail to cut poor-performing systems.

Many hoteliers realized they needed an updated tech stack in 2022, with 30% of hotels planning to implement new solutions during that year. That portion will only grow as more realize they need tools that work together cohesively.

I had an insightful conversation with Fabricio Titiro, Director of Product Management, Hospitality Partners at Oracle, last year about the need to be an early adopter when it comes to making changes like this, and he had some compelling thoughts.

"Not everybody wants to be a pioneer. For example, a lot of companies would prefer to be what they call a 'fast follower,'" he says. But despite the risk of embracing innovation, it's far worse to fall behind.

“For hoteliers, they should always think, especially now with all these trends, with all these new changes, where they want to be. But avoid, at all costs, avoid being late to the party,” he adds.

It’s the only way omni-channel communication can become a reality.

Staff are going to appreciate this, too. You’ve likely been battling staffing shortages since the beginning of the pandemic, but with integrated solutions, staff are better able to do their jobs. It gives them access to the data they need so they won’t need to constantly switch between different tools. Helping your team work effectively and productively will create a sense of structure and empowerment for your workforce that guests will notice.

THE FUTURE IS HERE

These changes aren’t something to fear or passing trends you can afford to ignore. They represent adjustments you may need to make to connect with guests the right way at the right time in the right channel — both now and in the future.

Many hotel companies have already embraced the change and started to move in a direction where they can leverage AI, first-party data, and all of the amazing benefits that a CDP can bring. Where are you on the adoption curve? Have you already started to make the changes required to avoid getting left behind? The good news is, it's not too late to be a fast follower and evolve to meet the changing times.

Whatever you do, in the words of my friend Fabricio, just don’t be late to the party.

Karen Stephens — Chief Revenue Officer at Revinate
Karen Stephens has held leadership positions in hospitality tech and distribution companies for more than 20 years. She joined Revinate in 2013 as Senior Director of Sales, and then made her way through both the sales and CS organizations in various roles. As Chief Revenue Officer, Karen is responsible for strategy, performance, and aligning revenue operations in the company — spanning the entire customer journey across Sales, Marketing, and Customer Success. Karen has lived and worked abroad in both the UK and France. She calls San Francisco home and enjoys spending her free time in Lake Tahoe with her rescue dog, Shaggy.

Revinate, Inc. — revinate.com
Revinate empowers hoteliers to connect directly with guests at every touchpoint to deliver delightful experiences and drive direct revenue. Our data platform and guest communication solutions put hoteliers in control of every step of their guests’ journeys — initial research, booking, check-in, throughout the stay, and even after check-out. We do this all using the communication channels that the guests prefer, whether it’s voice, text, email, or web.More than 12,000 hotels bank on Revinate to power unforgettable guest experiences and drive direct revenue.

Tackling the Hotel Talent Shortage - A paradigm shift

Stefano Borzillo
Associate Professor at EHL Hospitality Business School

ACCELERATING PRE-EXISTING LABOR TRENDS: PERCEPTIONS MATTER

The writing was on the wall for the industry's labor supply problem even before COVID precipitated the phenomenon. In describing the backdrop for the recent acceleration of the labor supply crisis, a 2022 study by HES-SO Wallis echoed a familiar sentiment: While hospitality's international exposure was seen favorably, respondents highlighted the industry's stressful working environment, frequent overtime and low salaries. More than 50% of respondents consider that hospitality work is "not valued in our society" and mention that working hours are "staggered and sometimes restrictive". Portrayals of the hotel industry in the news during the pandemic have also had a corrosive effect on its perception by younger generations, especially with respect to rigid and steep career progression models.

SOLUTIONS FROM FRANK CONVERSATIONS

In December 2021, the World Travel & Tourism Council (WTTC) published several strategic recommendations to make the industry more attractive to jobseekers, which included "facilitating labor mobility and remote working, providing safety nets, upskilling and reskilling the workforce and retaining talent, and creating and promoting education and apprenticeships."

Subsequent reflections on recruiting and retaining talent by such organizations as McKinsey, and BCG have brought a needed granularity to the WTTC's broad (but sound) advice. These tend not to shy away from the thorny issue of compensation, with "wages and pay" ranked ahead of schedule flexibility, benefits, career growth and training.

In the same vein, in its "2022 Guide to Employee Engagement," Gallup highlights the attention given by employers to employee engagement through what it dubs "growth-oriented conversations," and "clear, ongoing communication." The adage has it that knowledge is power; at least this type of regular and open conversation will give hotel managers a better grasp of employees' specific motivators and stressors.

Perhaps that explains why Hilton has consistently ranked among the best workplaces in the world, capturing for the second year in a row the number two spot in the ranking – the only hospitality company among the top 25. At the heart of its achievement, a remarkably high response rate (92%!) to its company team-member survey, which drives much of the internal conversation and programs around employee development and retention. As a result, Hilton devotes considerable resources to finding talent that matches the company values, and offers them growth opportunities, a wider array of upskilling and skills' portfolio expansion opportunities, along with recognitions, rewards, and a transparent career development track.

RETENTION STRATEGIES: TRANSPARENCY, FLEXIBILITY AND GROWTH

Transparency is crucial when it comes to communicating a company's strategy around talent retention and acquisition. This should be directed both internally, and outwardly, as evidenced by Accor's bold decision to confront the industry's global talent shortage head-on.

The company does so by outlining short-term fixes (making compensation market-competitive, introduce more flexibility into schedules, streamline and modernize certain tasks) and long-term projects (invest in technology-enabled automation and the upskilling that goes with it, redesign the workforce to allow for flexible external gig-like engagements, bring the employee value proposition into the modern age, and invest in non-traditional recruiting pipelines). To make sure employees and potential recruits are kept in the loop, Accor has launched several campaigns on social media and empowered regional divisions to focus on the programs that make the most sense for their geographies (e.g., a reimagined referral program and a refugee recruitment program in North America; Same-Day Hire Programs in the Pacific region).

While many of its digital solutions are developed in-house, Accor has increasingly relied on innovation from startups. This open-source strategy of "co-development and co-creation" with HotelTech entrepreneurs "takes the form of commercial partnerships, pilot concepts in hotels and even acquisitions of equity stakes in some startups." Among such acquisitions: Wipolo, a booking mobile app, and FastBooking, a tool for independent hotels to develop direct sales.

Thanks to considerable resources, trust in its existing and future talents, and a digital-forward reengineering of its workforce and careers, Accor, like many of its peers, is embarking on an experiment at scale. This time next year, the results should show whether this approach yields better talent acquisition and retention.

Short of acquiring startups outright, hotels also have the option of incubating internal startups to be either integrated into the fold or spun off down the road. Whether they are "in-trepreneurs" or external tech providers contracted to develop digital solutions, the mutually beneficial relationship between them and hotels will generate considerable volumes of data from the users. Which include guests, but also employees current, past and prospective.

CONCLUSION: THE NEW 'BASIC VERSUS BALLER' PARADIGM

In TastemadeTV's short-lived *Basic Versus Baller: Travel at Any Cost* (2018–2019), each episode saw filmmaker brothers Alex and Marko Ayling draw lots upon arriving in a new destination. Who would receive a princely budget to stay and dine in the locale's finest establishments, and who would have to stretch a couple hundred dollars over three days, feasting on ramen in a youth hostel?

Both brothers managed to accomplish exactly what they had set out to do. One found smart solutions to explore a city's best cheap eats, free activities and sleep in budget-friendly yet safe and clean lodgings, while the other made a point to experience all the perks and services available in luxury hotels.

Likewise, the emerging hotel industry is one that takes into account the expectations of an emerging cohort of travelers who are tech-savvy, interested in sustainability and purposeful experiences, and weary of burdensome processes.

Contactless self-check-in and checkout are not necessarily seen as a hotel cutting corners if instead the premium-hotel guest is greeted by name by staff upon arrival, offered a welcome drink on a sofa and a personalized tour of the property. Similarly, the short-term-stay business traveler may see those same automated transactions – albeit in a very-lightly staffed budget property – as a time-saver, and the reason why they were able to find a modern shower, a Nespresso machine and a Bluetooth speaker in an $80-a-night hotel.

In a highly differentiated luxury property, automating certain administrative processes such as reporting (which offers no discernable value added to the customer) and providing Gen Z employees with modern reservation management tools instead of slow legacy systems frees up resources to give a bespoke experience to guests. While capital-intensive in the beginning, investments in smart technology solutions eventually help reduce costs in the long run, thereby offering the possibility of reallocating spending on salaries, and making the working experience more attractive to a new generation of workers. This in turn reduces turnover.

At the other end of the spectrum, new budget hotel offerings emphasize efficiency and cost-leadership, especially with respect to staffing which represents the largest expense on any hotel's P&L. Labor management systems such as Hotel Effectiveness help allocate staff time more effectively. Simplifying the hotel's role by eliminating certain traditional F&B functions can also shape guests' expectations and reduce staffing costs. Case in point: replacing a middling hotel restaurant with a self-service market (e.g., IHG's EVEN hotels) or a co-working space (Mama Shelter hotels in Europe). This essentially reallocates value for the customer towards areas that may be of greater importance now than in previous generations.

While likely to boost the fortunes of hotels in both the premium and budget categories, these shifts in models certainly threaten the mid-section of the industry: three-star properties that cling to a more traditional, less specialized approach to hospitality, as well as independent hotels that are unable to make the needed capital investments in technology, facilities, new experiences – or new talent.

AT A GLANCE

WHAT CHANGES AT RECRUITMENT LEVEL WOULD HELP MOVE THE STAFFING SHORTAGE ALONG?

I quote our EHL Professor of Hotel Asset Management, Remy Rein, who advocates a more flexible working system based on a supply and demand basis. The idea is to pay staff extra when working the more unpopular shifts, e.g., Sunday evening, very early mornings or late nights, (not dissimilar how Uber operates). This should be communicated at recruitment level as an incentive when hiring.

WHAT'S THE ROLE OF AUTOMATION?

The role of automation and data analysis can play a major role in bringing down labor costs in the long run, despite the initial investment set-up. For the staff, it means replacing many repetitive tasks and creating more room for variety, e.g., flexible tasks that change every month, more customer interaction and a sense of empowerment in being encouraged to try out new roles.

WHAT ARE THE CONSTRAINTS TO THESE NEW MEASURES BEING APPLIED?

Mindset and money. Changes require an investment upfront and not many hospitality establishments have a generous budget margin post-Covid. New IT systems have to be installed to manage the new frameworks – this means budget plus a modern mindset. A traditional SME outlet run by the same owners for decades might not be so open embracing new tools, whereas young entrepreneurs with a startup mentality tend to dive into implementing innovative methods and harnessing the role of data.

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Dr Stefano Borzillo specializes in Organizational Behavior. His main fields of research are group and team dynamics, communities of practice, processes of knowledge creation and best practice transfers in organizations.

EHL Hospitality Business School — www.ehl.edu
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Concept Development - 6 Trends To Watch for in 2023

Youri Sawerschel
Founder & Chief Creative Officer, Creative Supply

Tracey Ingram
Editor at Large, FRAME Publishers

Synopsis
Creative Supply founder Youri Sawerschel and FRAME's Tracey Ingram get together to discuss the key trends they expect to influence hospitality in 2023, combining insights from Sawerschel's realm of brand strategy and brand design, and Ingram's role as editor at large for one of the world's leading interior-design platforms.

01 CLOUD BRANDS

There's been an acceleration of F&B brands going digital or phygital following Covid-19. Trying to exist in a hybrid world, more and more restaurants are offering delivery, creating a spatial-design problem. 'Food delivery drivers come in wearing their brightly coloured uniforms, interrupting the flow of the on-site dining experience and shattering the illusion,' says Ingram. 'Some restaurants have opted for a quick fix by having a window next to the kitchen, but new designs can better consider how pick-up is integrated into the layout and experience.'

Another Wing/ Reef

Ghost kitchens proved you don't even need a street-front kitchen to serve customers, and now we're even seeing brands that exist entirely in the cloud. 'We've surpassed the idea of being able to sell food online without a restaurant, to being able to sell food online with nothing but a brand and a third-party delivery service,' says Sawerschel, pointing to the example of DJ Khaled's chicken wing delivery start-up *Another Wing*, a collaboration with ghost kitchen operator *Reef Technology*. 'What matters is reach and branding power. I think this will push the envelope for existing players to come up with something more exciting than just the food they offer.'

02 IMMERSIVE EXPERIENCES

From a cup of coffee to a full dining experience to an overnight hotel stay: hospitality is being fused into retail to keep customers lingering for longer. 'While retail and hospitality have been merging for a while now, what's changing is that hospitality add-ons are no longer seen as just a marketing activation tool – a pop-up café for two weeks, for example – but more as an extension of the brand and business model,' says Sawerschel, pointing to *Gucci Osteria* and *IWC Bar* as examples. 'More and more retail brands will soon have revenue models behind their hospitality experiences.'

Standalone hospitality concepts are also extending their experiences and upping the ante, whether they be restaurants that guide guests through a series of spaces that complement the dining experience (as at Restaurant *Äng* in Sweden) or that offer guests an intimate peek into the kitchen (as at *Fatih Tutak* in Istanbul). 'What I want to see more of, though, is that the journey to get to a hotel or restaurant becomes part of the experience,' says Ingram. 'If you're a sustainable hotel or restaurant, is there an incentive for guests to arrive via sustainable transport? Can that become incorporated into the offering as a brand touchpoint?'

CaptGucci Osteria da Massimo Botturaion

03 SMART COLLABS

Sometimes the whole can be greater than the sum of its parts. 'In the hospitality industry, we speak a lot about suppliers,' says Sawerschel. 'Those who provide the coffee, bedlinen, laundry, housekeeping and so on. But some brands are realizing that you can leverage certain suppliers to essentially make them partners, using their name, reputation and profile to create a brand or concept with more value.' For some, it's a link to location (*Swiss Airlines* offers coffee onboard from small-scale local brand *Miró*) and for others, it connects to sustainability efforts (*Native at Browns* is a closed-loop restaurant at Browns Brook Street). 'Maybe you're a brand working with vegan leather,' says Ingram, 'and could partner with a vegan hospitality brand, something that really aligns with – and amplifies – your brand message.' But first, says Sawerschel, you need a story, a starting point. If you don't know what you stand for, you're just going to look for any old supplier – or the next big hype.

miró x SWISS

Smart collabs can also open up brands to new audiences – *Ferrari*, for instance, is tapping into chef *Massimo Bottura*'s fame and following for its on-site trattoria in Maranello, Italy – or prompt novel and lasting relationships. Instead of bringing in a well-known chef for its fine-dining restaurant, The *Intercontinental* in Singapore ran a competition for second-in-commands in three-star Michelin restaurants to open their own place – as long as they commit for a certain number of years. 'This is a very smart collab,' says Sawerschel. 'They come to you, you can use the story as PR, and the chef is committed to the venture.'

04 COMMUNITY FACTORIES

From car marques like *Polestar* to furniture producers like *Vestre*, brands are increasingly using welcoming hospitality cues to invite customers behind the scenes of their operations. This is very different from the standard factory tour, something brands like *Volkswagen* and *BMW* have long conducted. 'It's important that consumers move from viewing something to feeling immersed in it,' says Ingram. 'They should feel like members, rather than observers.'

'This works particularly well for B2C goods manufacturers who can use their factories as customer experience touchpoints, selling points and meeting points,' says Sawerschel. 'But even B2B brands can consider creating community factories to increase their audience and change the way they're seen. The new community factory will be more hybrid, so you feel like you're attending a cool event that just happens to be in its factory.'

05 HOSPITALITY SUBSCRIPTIONS

Another movement bolstered by Covid-19 is the membership model. 'Lots of hospitality brands are looking for ways to improve customer loyalty and decrease cashflow fluctuations,' says Sawerschel. This has led to the likes of luxury resort *Inspirato* and *CitizenM* launching subscription models, and *Pret A Manger* offering 'all-you-can-drink' monthly coffee cards. 'I don't think this will be an industry-wide change,' says Sawerschel, 'but it can really work out for specific clients in specific situations, and can easily be trialed in a pilot project to see if there's a demand. Whoever cracks this first will have a system to lock in customers like no one else.'

mycitizenM+ Membership

06 HYBRID HOTELS

While big hotel brands catch up with what independent players were doing a decade ago – designing lobby spaces to double as co-working hubs, for instance – the hybrid hotel model can be pushed further. How can new concepts counter occupancy issues, such as breakfast rooms often being empty the entire day, and meeting spaces unused over the weekends? 'Bedrooms' could be rented out during the day as meeting rooms or workspaces, as in the new *Co-Hito* concept from *Baranowitz & Kronenberg*, but this demands a change in perception. 'Hotel rooms exude a certain level of intimacy,' says Sawerschel, 'so multifunctional rooms need to send a different message through their positioning.'

Co-Hito concept by Baranowitz & Kronenberg

This way of thinking could also lead to immersive brand experiences that utilize unexpected spaces, like a parking garage that hosts concerts. 'The abandonment of programmed functions happened a lot during the pandemic, showing us that we can use different spaces in different ways,' says Ingram. 'That was out of necessity, but what if we did it out of choice?' As a result, hotels could also feel different on subsequent visits – an interesting prospect in conjunction with the membership model.

Youri Sawerschel — Founder & Chief Creative Officer, Creative Supply
Youri Sawerschel is the Founder of Creative Supply, a creative consultancy with bases in Zurich and Paris. Youri has been involved with projects focused on creating, launching and managing brands in Europe, China and the Middle- East. Youri is also the author of dozens of articles on the topics of brand strategy and entrepreneurship and is a visiting lecturer at EHL in Lausanne and Singapore, ESSEC Business School in Paris and Geneva School of Business (HEG).

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Creative Supply — creativesupply.com
Creative Supply is a full-service creative consultancy designing brands, experiences and campaigns with a strategic mind and a human touch. From global industry shapers to driven start-ups, visionary leaders partner with us to build and market outstanding brands with outstanding customer experiences. We have also been empowering thousands of branding, digital and marketing enthusiasts through our lectures, seminars and conferences, as well as our free Learning Hub.

Human-Centric sustainability marketing to drive consumer demand

Matthias Fuchs
Assistant Professor and Director of the Institute for Customer Experience Management

Despite sustainable goals being on everyone's lips – nowhere more so than in the hospitality sector – it's important to understand that sustainability doesn't mean the same thing to all consumers. Differing consumer definitions of sustainability make it difficult for hospitality brands to respond to this need for sustainable practices.

Indeed, we regularly observe hospitality brands communicate sustainable initiatives in ways that are too generic. They might add a sustainable label to their advertising or might communicate their "greenness" in just one or two areas of their services. These strategies are not consistent or meaningful enough to draw additional consumers to their offerings. In the worst case, these actions may even cause reduced demand or consumer backlash.

The results of a study conducted on a representative sample of more than 650 Swiss consumers provide in-depth findings to better understand these differing perceptions.

3 KEY STEPS TO EFFECTIVE SUSTAINABLE MARKETING

Our research finds that hospitality brands need to pay specific attention to three things when engaging in sustainable marketing:

1. **First, their sustainable initiatives should be specific enough to answer the targeted needs for sustainability for a large portion of their consumers.** Our research reveals that there are only two specific sustainable benefits: "connection to nature" and "connection to local region" that consumers are really looking for.
2. **Second, sustainability initiatives need to be communicated in a way that drives consumer action.** At the present time, very few sustainable benefits actually convince consumers to spend money.
3. **Last, sustainability marketing efforts should not incense consumers,** i.e., cause dislike, annoyance or criticism towards the measures – which currently, and surprisingly, is the case with more than 40% of the market!

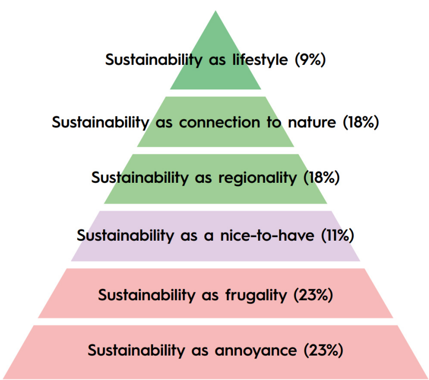

Figure 1: Consumers typologies in regards to sustainability (% of study population)

UNDERSTANDING THE SUSTAINABILITY PERSONA TYPE

Reminiscent of the levels of Maslow's pyramid of needs, consumers surveyed during our study were arranged by their affinity towards sustainability practices. When tackling sustainable initiatives, businesses should fully understand (and harness) the behaviors associated with sustainability in their market.

SUSTAINABILITY-POSITIVE CONSUMERS

- "Sustainability as a lifestyle" (9% of the surveyed population): they believe everything needs to be sustainable and behave 'sustainably' in most areas of life. While all sustainability initiatives might appeal to this group, this group is small and might behave as "too sustainable" for mainstream businesses.
- "Sustainability benefits seekers": they behave sustainably to be closer to nature (18%) or to be closer to the region they inhabit (18%). These groups think sustainability is positive, but are looking for specific definitions of sustainability. Businesses that wish to be considered by these consumers must provide offers suiting this definition of sustainability.

SUSTAINABILITY-NEUTRAL OR -NEGATIVE CONSUMERS

- "Sustainability as nice-to-have" (9% of the surveyed population): consumers who would never buy or do something for the sole reason of being sustainable. Admittedly, sustainability is not a negative for them, but nor is it the main driver to their purchase decision-making process.
- "Sustainability as frugality" (23%) and "sustainability as an annoyance" (23%): the biggest groups by far are, sadly, those who think critically and negatively about sustainability.
  - Consumers in the "sustainability as frugality" group dislike sustainability because they believe it will make everything more expensive. This is by far the poorest group in the sample, and the world moving toward sustainability means that many of their previous consumption patterns might become too expensive for them (e.g., they might not be able to fly on holiday because of new CO2 taxes on flight tickets).
  - The second sustainability-negative group dislikes sustainability for more ideological reasons ("sustainability as an annoyance"). They fear that the move towards sustainability will result in removing their life's pleasures, e.g., governments forbidding the consumption of meat.

WHAT DOES THIS MEAN FOR HOSPITALITY BRANDS?

These findings have fundamental implications for hospitality brands that wish to position themselves on sustainability. Mainly, these brands have two strategies at their disposal. Which strategy they can or should pursue depends on the sustainable benefits they offer.

- If a hospitality brand can provide sustainable benefits in the area of "connection to nature" and/or "regionality," it can use them in its pre-purchase marketing to attract a sizeable portion of guests wishing to behave sustainably.
- If a hospitality brand cannot communicate sustainable benefits in this area or can only communicate vague sustainable benefits, it should not try to take a sustainable positioning in its pre-purchase marketing. Such positioning would be weak compared to the competition and would only motivate a small group of guests.. Rather, the brand should use these benefits in post-purchase communication to reassure smaller consumer groups.

For example, the successful sustainable positioning of Costa Rica tourism is because it directly builds on the clear sustainable benefit for guests' connection to nature. This is a strong positioning because this specific definition of sustainability resonates with many consumers.

In other cases, hospitality brands have realized that their sustainability offerings will not suffice for a sustainable pre-purchase positioning. However, it can still be used to reassure guests about their choices, such as the now ubiquitous example of asking consumers to reuse towels in a hotel.

Therefore, a robust and sustainable positioning can work depending on the benefits that a brand can offer and how they are communicated. In today's information-heavy ('rabbit-hole) society, hospitality brands need to be careful and selective about how their message is conveyed.

The communicated key sustainable benefits should focus on enabling the consumers' closer connections to nature or the local region. Everything else will do little to attract consumers and might even drive consumers away from your hospitality brand's offerings.

AT A GLANCE

WHAT ARE THE BIGGEST SUSTAINABLE MARKETING PITFALLS?

What we see is that for a brand to be sustainable it has to be consistent all the way through. Sustainable – but only in part - doesn't resonate with consumer perception. The three main points to consistently follow are:

- Be more specific
- Communicate well
- Avoid annoying the consumer

WHAT FACTORS MAKE THE BIGGEST IMPACT ON CONSUMER CHOICE?

To attract a decent number (more than 10% of the market), there are two main impactful criteria: either a close connection to nature, i.e., free range eggs, or a close connection to the local region, e.g., zero kilometers. This gives a clear and meaningful message to the consumer. It is immediate, simple, and easy to digest. Often, sustainable measures are too abstract and overwhelming with many definitions and options.

WHAT SHOULD BE COMMUNICATED BEFORE VS. AFTER THE PURCHASE DECISION?

If a hotel pursues a sustainable strategy, it has to be very selective about what is communicated *before* the purchase decision, since only the above 2 points really increase consumers' willingness to pay. e.g., Migros supermarket sells sustainable bananas without specifying how they are sustainable. By not delivering the information about the two key values, their success rate is not optimized.

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EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

The Metaverse is Gone, and the Dream With It

Simone Puorto
Founder | CEO | Futurist

Synopsis
The concept of the Metaverse has generated a lot of buzz and discussion, but it can be challenging to separate fact from fiction in the midst of all the hype. While some predictions may seem far-fetched, there's no denying that the idea of a virtual world has captured the imagination of many. However, the main question stands: is this attention really deserved?

1. THE WORLD IS IN METAVERSE DENIAL, AND NO ONE WANTS TO ADMIT THAT THEY WERE CAUGHT UP IN IT.

The popular obsession with the metaverse revolution, fading for more than a year, seems to have winked out, and metaverse whiz kids are consigned to the cultural boneyard. Not more than a year ago, boosters of the virtual economy and their true believers in the press claimed to have changed all the rules, declaring the 2020s the *"m-Decade,"* and announcing a brave new world. It wasn't enough for them to make money. They had to make history. Now they ARE history. This is the end of the nerd as a crossover hit of the IPO zillionaire as a role model to college students. Having failed to sell their dreams, they are now attempting to sell their failure. College students hoping to emulate Marc Zuckerberg and other geek stars migrated to Silicon Valley with thin résumés and visions of Lamborghinis dancing in their heads. That's all changing. The world is in metaverse denial, and the "metazens" are seen today as scam artists.

2. WHEN WILL THE METAVERSE BUBBLE BURST?

That unpleasant popping sound is likely to be heard before the end of this year. Starved for cash, many metaverse companies will try to raise fresh funds by issuing more stock or bonds. But a lot of them will fail. As a result, many cash-strapped metaverse firms are scrambling to find financing: an exclusive study conducted by Pegasus Research International indicates that at least 51 metaverse firms will burn through their cash within the next 12 months. This amounts to a quarter of the 207 companies included in the study.

3. THE METAVERSE IS BROKEN. THE EVIDENCE IS EVERYWHERE.

Outages drop millions offline for hours, sometimes days. Virtual worlds take forever to load. Engineers have been predicting the collapse of the Metaverse since before there even was one. There are going to be more outages, and they're going to get worse. The mania for Metaverse had all the ingredients for a roller-coaster ride from boom to bust - glamorous-sounding products that investors knew little about, avarice, an economy firing on all cylinders, some dashing young entrepreneurs, a small army of cheerleaders in brokerage houses and in the media peddling the line that the rules of business had been rewritten. Yet it did not have the ability to rewrite the rules of economics. The iron laws of markets have now reasserted themselves, and reality has now set in. Shares in metaverse start-ups changing hands for hundreds of dollars each at the height of the speculative fever are now virtually worthless.

4. AN OVERSOLD COMMUNITY

I'm perplexed. It's not that I haven't had a gas of a good time on the Metaverse. I've met great people. But today, I'm uneasy about this most trendy and oversold community. Visionaries speak of virtual town meetings and communities. Commerce and business will shift from eCommerce to virtual worlds. And the freedom of Web3 and decentralization will make the government more democratic. Baloney! Then there are those pushing VR headsets into schools. We're told that the Metaverse will make schoolwork easy and fun. Students will happily learn from animated characters while taught by expertly tailored software. Who needs teachers when you've got computer-aided education? Bah! These expensive toys are difficult to use in classrooms and require extensive teacher training. And then there's meta business: how come my local mall does more business in an afternoon than the entire Metaverse handles in a month?

5. THE METAVERSE IS MISSING THE MOST ESSENTIAL INGREDIENT OF CAPITALISM: PEOPLE.

What's missing from this virtual wonderland? Human contact. Discount the fawning techno-burble about virtual communities. The Metaverse isolates us from one another. A meeting in Horizon is a limp substitute for meeting friends over coffee. No interactive multimedia display comes close to the excitement of a live concert. And who'd prefer cybersex to the real thing? A poor substitute is this virtual reality where frustration is legion, and essential aspects of human interactions are relentlessly devalued. Researchers found that millions are already turning their back on the Metaverse, frustrated by its limitations. The growth of the Metaverse will slow drastically, and the truth is that most avatars have nothing to say to each other. By 2030 or so, it will become clear that the Metaverse impact on the economy has been no greater than Google Plus.

CONCLUSION

Do you agree with the above statements? If so, it's time for me to confess that I've tricked you. I've merely taken articles from the 90s discussing the dot.com bubble and replaced the word *"Internet"* with *"Metaverse."* Sorry! Skeptical? Don't be: you can verify the original sources at the end of the piece (thank me later).

JUST AN AFTERTHOUGHT

Now that I have come clean, I can give you my two cents on the subject. The Metaverse is just the logical evolution of the Internet, pure and simple. The *"Rebrand"* (not unlike what the famous reality competition television franchise did with Orwell's 1984... There must be a dystopian pattern I don't see here!) is just a marketing move, but the technology is far from being revolutionary. It's *"Darwin 3.0."* The Metaverse is a term with various interpretations, often driven by commercial or branding goals. For instance, Mark Zuckerberg's Metaverse vision centers on VR, as Meta owns 90% of the VR headset market, while Apple aims to expand the potential of wearables with its highly anticipated Glasses.

Take our industry as an example: we used to book hotels through physical travel agencies (who does remember those?), then transitioned to paper catalogs and brochures, followed by static websites and, eventually, e-Commerce. In the future, we will book through Decentraland or The Sandbox, which is just a change in the *"medium,"* not the *"goal."* This is true for every aspect of the Metaverse. The evolution of website design serves as a reminder: in the 1990s and early 2000s, websites could only be passively experienced, yet required users to actively *"enter"* the Internet.

This was done by disconnecting the telephone landline, connecting a 56k modem, and listening to what Alexis C. Madrigal poetically refers to as *"the noise of the beginning of the internet"* (if you're over 40, you're hearing it now in your head as you read this). However, with the advent of wearables, IoT, and the constant connectivity of smartphones, we are always on the Internet and never really have to *"enter" i*t anymore. The Metaverse will likely follow this trend. Currently, accessing the Metaverse requires some level of proactivity, such as putting on a VR headset or AR glasses or using a phone for mixed-reality experiences, but can foresee a future where the Metaverse eventually becomes an afterthought, like our fridges or washing machines, cooling beers and soaping dishes as we Netflix & Chill.

THE METAVERSE, FOR REAL THIS TIME

But, to keep this pragmatic, let me end the piece by looking at the Metaverse's possible current (and future) applications in our industry. Here's my personal Top 15:

1 - Improving direct booking UX*. Currently, booking on brand.com is often a frustrating experience for guests, with booking engines offering inconsistent and unattractive designs. The Metaverse has an advantage by providing a graphical interface where guests can easily book by (literally) the blink of an eye. Just as hotel websites evolved from simple brochures to full-fledged e-commerce platforms, the Metaverse is expected to evolve from a previsualization tool (what we have today) to a seamless I(mmersive) commerce solution. A recent survey by Booking.com showed that many tourists are considering using the Metaverse for travel planning. 35% of those surveyed said they would spend multiple days exploring potential vacation spots in the Metaverse, and 47% stated they would be more likely to travel to destinations they previously hadn't considered after virtually exploring them, making it an effective marketing tool for lesser-known attractions;*

***2 -** Generate a sense of **marketing urgency**. Unlike traditional websites and booking engines, in virtual worlds, there's no option to save a room in a shopping cart and return later to book. You'll find yourself in the room with potentially dozens of other users saying things like "I love this room, let's book it!" which creates a prompt need for action and may result in increased spending;*

***3 -** Immersive experiences can already enhance the decision-making process for **MICE event planners**. A virtual inspection of a meeting room at an overseas hotel, which may not have been possible to visit IRL, provides a higher level of confidence to sign a contract. The same goes with leisure travel, which is often associated with freedom, but current Web 2.0 content restricts one to viewing only what has been captured for them to see. The Metaverse holds the potential to overcome these limitations;*

***4 -** Marketing-wise, hotels could leverage **gamification** by developing less realistic, block-ish, 8BIT versions of their properties to attract younger, crypto/metaverse-native audiences. This approach is complementary to creating ultra-realistic digital twins and appeals to a completely new, untapped demographic;*

***5 -** Sell hotel products and services directly, without the need for intermediaries, in a decentralized manner to create value for the property/brand and establish a **self-sustaining crypto-economy**, less reliant on third parties;*

***6 -** Connect with the **community** by sharing updates, loyalty program rewards, and content in the form of NFTs instead of traditional, annoying newsletters;*

***7 -** Overlaying historical or additional information on real-world locations thanks to **AR** and creating new, mixed destinations. With advancements in technology, accessing the Metaverse through simple eyeglasses is expected to become more prevalent, offering a more seamless and immersive experience that bridges the gap between the physical and digital worlds;*

***8 -** By collecting data through cameras and sensors, VR headsets can gather information about physical space and people's movements IRL (other than eye and body movements in VR). This data can then be used for hyper-targeted advertising, such as suggesting flights to Paris after a travel guide for the city is spotted in your (physical) library. It's the **datafication of everything**;*

***9 -** Overcome the limitations of Web 2.0: Currently, digital assets are tied to specific platforms and cannot be easily transferred between them. For example, if you are banned from Twitter, your content is lost forever. Am I exaggerating? Think again. Did you know that MySpace, once the number-one website in the world, accidentally lost all the music uploaded from its first 12 years in a server migration? In the decentralized Metaverse, companies will finally have **ownership over their content** rather than just creating it within the confines of a specific, centralized platform;*

***10 -** Replace traditional destination management and associations with decentralized autonomous organizations (**DAOs**) using tokenization. This allows different hospitality stakeholders to efficiently manage popular tourist destinations, such as Amsterdam, Paris, or Venice, by using cryptographic truth instead of relying on human trust;*

***11 - "In-metaverse" native advertising** is a new way for hospitality companies to market their products and services. This can be done through advertising XR platforms, with companies like Tommy Hilfiger and Gucci have already taken advantage of this by partnering with avatar companies and launching digital clothing lines. This type of advertising allows hotels to reach new audiences, including younger, tech-savvy travelers, also offering the opportunity for brand collaborations, such as Ralph Lauren and Nike, who are linking their real-world products with NFTs in the Metaverse;*

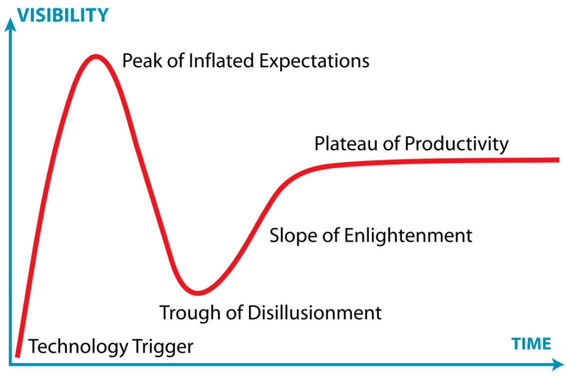
12 - Provide an opportunity for ***people with limited mobility*** *or hospitalized patients to experience travel in a more limited form, de facto, democratizing our (snobby) industry;*

***13 - Staff training** is well-suited for the application of immersive technologies, as it offers an interactive learning experience in simulated environments. It is expected that immersive training will become the norm;*

__14 -__ From a __privacy__ perspective, decentralized platforms enable travelers to manage their digital identities using blockchain or other DLT, cryptographic algorithms based on zero-knowledge proofs, and digital wallets. This makes non-fungible tokens (NFTs) an escape from the castrating restrictions of regulations such as GDPR;

__15 -__ The pandemic revealed all the weaknesses of our industry, including its __impact on the environment__. The airline industry alone could consume 25% of the available carbon budget by 2050. Thus, finding practical alternatives to mass travel is not just desirable. It has become imperative.

TOWARDS PLATEAU OF PRODUCTIVITY?



Even though often criticized for its tendency to oversimplify, the Gartner Hype Cycle is (still) a widely recognized graphical representation of various technologies' maturity, adoption, and social application.

If you're unfamiliar with the model, the GHC outlines the journey of emerging technologies through five distinct phases (Technology Trigger, Peak of Inflated Expectations, Trough of Disillusionment, Slope of Enlightenment, and Plateau of Productivity). In the first phase, a potential technology breakthrough creates publicity. Early success stories and media interest mark the second phase. The third phase is characterized by disappointment as experiments and implementations fail to meet expectations. The fourth phase sees a clearer understanding of the benefits of the technology. Finally, the technology becomes widely adopted in the fifth phase and reaches mainstream success. In the context of the metaverse, it's fair to say we moved beyond the inflated expectations stage and are now progressing towards the plateau of productivity. This development is a testament to this innovative technology's growing maturity and practical applications.

WHAT'S NEXT?

Fear of missing out on the Metaverse is widespread. Companies are capitalizing on this by adding words like crypto, blockchain, Metaverse, and Web3 to their names, just as companies added ".com" to theirs during the internet boom and experienced abnormal stock value returns. There will probably be a metaverse bubble at some point, as we had a dot.com bubble. However, it's worth remembering that, not unlike the mythological phoenix, from the ashes of the 2000s bubble, the global e-commerce market has risen, which is worth over **five trillion dollars** today. So, nope, **the dream is far from over**. To paraphrase philosopher Luciano Floridi, what the technophile and the technophobe have in common is that they ask themselves the exact same question: **what's next?**

Simone Puorto — Founder | CEO | Futurist
Simone Puorto is a journalist specializing in tech, keynote speaker, podcaster, consultant, published author of four best sellers on marketing, writer for the main industry blogs, Metaverse Ambassador, and co- organizer of the first- ever travel and hospitality event in the metaverse (#HNmetameetup), crypto evangelist, MBA lecturer for schools such as ESSEC and Les Roches, Advisory Board Member for BWG Strategy, founder of the Travel Singularity consulting firm, CMO for TelltheHotel and E23 Delivery, and active member of the Italian transhumanist association. During his 25-year-career, he was General Manager for a boutique hotel chain and VP of Global Accounts for a French-American web agency. He has advised many hotel groups worldwide, helped to consolidate one of the leading Italian hotel chains, and acted as an advisor for countless startups. He defines himself as a "Renaissance Futurist" and lives and works between Rome and Paris.

Travel Singularity — travelsingularity.com
Travel Singularity is a consultancy firm for hotels and travel technology providers whose vision is to solve the growing need for connecting the dots between digital disruption and existing technology. Founded in 2017 as a partnership of educational consultants, the firm actively supports cooperation between biological and artificial staff and advocates for an open, collaborative, hyper-connected industry where humans can flourish and innovate, free from the repetitive tasks they are now obliged to perform daily. Its founder, Simone Puorto, is a journalist specializing in tech, keynote speaker, podcaster, consultant, published author of four best sellers on marketing, writer for the main industry blogs, Metaverse Ambassador, co-organizer of the first-ever travel and hospitality event in the metaverse (#HNmetameetup), crypto evangelist, MBA lecturer and CMO for TelltheHotel and E23 Delivery. He often refers to himself as a "Renaissance Futurist," supporting post-human, anti-speciesists, and transhumanist values. Over his career, spanning over 20 years, he consulted for hundreds of international hotel groups, travel tech vendors, and startups.

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Diversification of restaurant revenue today

Guy Llewellyn
Assistant Professor at EHL Hospitality Business School

FROM RESTAURANT MANAGER TO RISK MANAGER

Prior to 2020, most restaurants had a simple business plan: bring people into the outlet, sell food and beverages, manage costs, and maintain good reviews. While profit margins were meager and survival was far from guaranteed, whether from a counter, serving team or take-away window, restaurant business plans were relatively straightforward. Bar and Restaurant reported that pre-Covid, 90% of restaurants operating in America captured 90% of their revenue from this primary channel.

Post-Covid, many restaurants materially have had to change their operations to diversify revenue streams, and despite the eased restrictions, restaurateurs remain risk managers keen to maintain diversity in their revenue streams, no longer comfortable relying on 90% of the sales coming from the direct sales of food and beverage. Diversifying restaurant revenue is nothing new. The sale of branded merchandise, cookbooks, or loyalty and gift cards have been traditional ways of diversifying revenue streams. Today, however, there are other more modern ways of diversifying.

REINVENTING THE BRICK AND MORTAR

During the pandemic, a restaurant's greatest asset, its brick-and-mortar location, often became its most significant drag; maybe it was in a business district, and everyone was working from home, or its physical space did not allow for outdoor dining or an easy takeaway window. Some restaurants expanded to reduce this risk by investing in a food truck as a mobile second location rather than another outlet.

Food trucks are great not only for festivals or pop-ups, but they face fewer dining restrictions. They do not have to be concerned about closures of in-person dining or limited table spacing from social distancing measures. They could also pivot to residential neighborhoods from business districts when workers are not in the office. Food trucks also provide a rolling billboard for marketing, help branching into catering, and can even provide a space to test new menu items. However, as restaurateurs are coming out of the pandemic, the up-font cost starting at US$50,000 could be out of reach.

Alternatively, restaurants have begun turning to a less capital-intensive way of having satellite operations by utilizing vending machines or local grocery stores and co-ops. Depending on the cuisine of the restaurants, vending machines can provide the same goods, sandwiches, wraps, salads, desserts, etc., that patrons can enjoy in the store; for example, Sprinkles Cupcakes has reported a 100% increase in revenue from selling their cupcakes through vending machines.

Vending machines are not only for quick grab-and-go food and snacks. Stellina Pizzeria, a restaurant in Virginia, USA, operates an Italian vending machine with pasta kits, cannoli kits, and jars of tiramisu that can feed a family of four. Expansion through vending machines can provide the same marketing and name recognition as a food truck, but as vending machines can cost less than US$10,000, they have a lower hurdle to entry and profitability. For restaurants better known for sauces, salsas, dips, ice-creams, and other items that can be bottled, jarred, or frozen, then working with a small local grocery store or a local co-op could both promote name recognition as well as drive revenue.

Another popular idea that emerged during the pandemic was using the restaurant's chef and staff to cater a meal at a client's home with small groups, which was ideal when restaurants faced dining restrictions and the closure of specific meal periods. However, as restaurants reopened and restrictions eased, and the staff was needed back in the shop, this activity ceased. But, having captured the learning and understanding of potential needs and costs, restaurants could consider offering catered dinner parties on slow nights or hiring a team to continue this service.

Alternative to providing a catered dinner party, restaurants offered at-home meal kits that only require the host to give the finishing touches of warming a sauce or reheating the food items before their dinner party. At-home meal kits would not require individual ingredients to be prepped for the client to cook but provide separate meal components with instructions on how to best finish the plate of food. The meal kit market was valued at US$15.21 billion in 2021 and is projected to have a compounded annual growth rate of 17.4% between 2022 and 2023, showing the potential revenue stream available to restaurateurs.

DINE AND SHOP

One way of diversifying revenue that is becoming increasingly popular is to have a retail line business. A popular option is relocating the dry and cold storage to the front of the house and making it available for sale. While restaurants will have the same storage ratio, allowing customers to come in and buy the goods that the restaurant uses will increase revenue for those who desire the products but do not have the time to dine in. Almost all ingredients, from bottled or boxed items to fresh or frozen ingredients, could be available for sale.

The retail portion could also include small wares, cookbooks, kitchenware, and other goods produced by local merchants or related to the restaurant theme. For example, picture a health-based vegetarian restaurant with a small yoga shop. Having a retail business within a physical restaurant may also enable a space to remain open and earning even when restaurants are required to be closed.

THERE'S A GHOST IN THE KITCHEN

Ghost kitchens, i.e., establishments from which food can be ordered but there is no physical place to dine in, are solely for delivery, in-house or third-party, have become a big business. Just Wings, a ghost kitchen brand from Brinker International launched in 1,050 Chili's and Maggiano's kitchens in 2020, was on track to exceed US$150 million in revenue in the first year of operation with an exclusive delivery deal with DoorDash, showing the potential of operating multiple brands through one kitchen.

The ghost kitchen is often complementary to the restaurant's cuisine and cross-utilizes items already on the menu to ensure the culinary team is not overburdened and has the appropriate skill set to maintain the quality of both menus. For example, high-end Italian restaurants could create a ghost kitchen offering lower-priced pasta, paninis, and salads as the ingredients are cross utilized but not overlapping so as not to reduce the value of the dine-in experience.

The ghost kitchen can also be an avenue for leftover food; for example, a barbecue restaurant could have a ghost kitchen selling sandwiches or salads that could utilize the barbecued products from the previous day that did not sell. Ghost kitchens can also use the kitchen and provide products when the restaurant is closed. Restaurants could offer delivery-only menus for breakfast or lunch if the front-of-house is closed during those meal periods.

SPACE PARTNERSHIPS

Smaller operations, or operations that are looking to expand, could consider partnering with a complementary business to open a co-shared space. Having a co-shared space will reduce the overhead expenses for a single company and build a clientele for both businesses. For example, restaurants should consider partnering with stores that fix equipment, bikes, computers, etc., so customers could dine in the restaurant while waiting for their products to be repaired. Co-working spaces and areas that offer lectures and talks are great for promoting the restaurant and providing snacks and drinks that could be enjoyed in the central location. Libraries, retail shops, banks, and event spaces could have the potential as complementary businesses. Restaurateurs should seek out companies that patrons visit for thirty or more minutes, as those businesses can provide captive guests to which the restaurateurs can cater.

As hospitality reopens, restaurants have seen sales rebound from the lowest point in April 2020, in which food services and drinking places in America had monthly sales, seasonally adjusted, of US$31.11 million to 2022, having a monthly average of US$82.78 million through July. While restaurant sales are above the pre-pandemic levels in the US, some revenue diversification measures remain. At the same time, other techniques have ended as more normal business resumes.

Regardless, restaurateurs should consider investing in additional revenue streams, consider diversification whenever they look to expand, and periodically review their ability to pivot on short notice as it is a matter of when, not if, the next event occurs.

AT A GLANCE

WHAT WOULD YOU SAY TO A YOUNG F&B ENTREPRENEUR STARTING OUT TODAY?

Don't put all your eggs in one basket! In other words, beware of basing your business model on the old mono formula of customers dining out just to be served a nice meal. Be creative about the many different ways you can offer a service. Capitalizing on a few other angles will not only make the customer experience more varied and memorable, it will above all expand the way you generate sales and create profit.

WHAT DIVERSIFICATION IDEAS WORK BEST FOR A LOW, MIDDLE AND TOP RANGE RESTAURANT?

Low end: For offerings that don't require heated food, vending machines are a relatively cheap investment and work very well in key locations. Ideal for the 'grab'n'go' clientele all around the clock.

Mid-range: Create a mini shopping outlet with your dry food stock. With produce that usually hogs much of the kitchen area, why not a) liberate some space, and b) make a revenue feature out of it? As long as the products are of high quality and the shop area is made to look as attractive as possible, customers will enjoy the additional activity that makes their dining experience even more memorable.

Fine dining: The sale of cookbooks is a safe bet, along with private kitchen experiences. Top end restaurants often produce meals that cannot be easily Googled, so a tour around the kitchen with the head chef who's ready to share a few 'trade secrets' is tantamount to an exclusive and luxury experience.

WHEN STARTING OUT IN THE BUSINESS, WHAT ARE THE MAIN ISSUES TO FOCUS ON?

Whilst diversification of the offer is key, beware not to go overboard with all the possibilities. Stay focused on the few things you can do well. The main priorities should be your cuisine (coherent), your price points (consistent) and your main concept (clearly identifiable). In brief, stay in your lane, make it as interesting as possible and be realistic about what your customer is willing to pay for.

Guy Llewellyn — Assistant Professor at EHL Hospitality Business School
Dr Guy Llewellyn has spent over a decade in the Food and Beverage industry, working in stand-alone restaurants, hotel restaurants, restaurant groups and private clubs. His research interests include restaurant location decisions, linguistics in menu design, and technology innovation within the food and beverage industry.

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New attitudes to Circular Economy practices: Rethink and redesign

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The circular economy (CE) is a systems solution framework that tackles global challenges like climate change, biodiversity loss, waste and pollution. Circular economy practices are known to be governed by the '3Rs', namely Reduce, Reuse, and Recycle, which are the major strategies used for promoting the circulation of products and materials, thereby lowering waste and pollution, and aiding to regenerate nature.

But in terms of attitude and willingness to buy in, studies show that the classic 3Rs are surprisingly **not** the most effective strategies for optimal results, especially in the context of hotels and guest perception of the measures.

CUSTOMER PERCEPTION

Anyone visiting hotels this past decade will have seen the bathroom message asking guests to help save resources by only requesting a new towel if it is needed. Some clients may perceive this message positively as they will associate the hotel as an eco-friendly company. Some others may have a totally different perception and understand this message as a way for the hotel to reduce costs by cleaning less towels daily, to the detriment of guest comfort. Thus, depending on the client's perception, the impact on the hotel. i.e., brand perception, willingness to stay, willingness to pay (WTP) can be either good or, unexpectedly, bad. This can happen for any circular economy practice that is primarily put in place to reduce the use of resources like water or energy without implying a change in the production process to truly commit towards a more sustainable world.

In other words, some CE practices may imply a rethinking or redesigning process from the company but some others may not. For instance, one way to reduce the use of resources is to clean the room only every other day. Another way is to train the cleaning staff to optimize the use of resources. The former practice does not imply much commitment from the hotel, on the contrary, it is a clear reduction in costs. However, the latter shows a stronger commitment from the hotel as training and supervising the cleaning staff has a cost and an impact on the overall production process. In both cases, the goal is to reduce the use of resources.

However, the client perception of those two practices can be completely different because in one case, the hotel has rethought or redesigned its processes to reduce the use of resources without impacting guests' comfort, but not in the other case.

RETHINK OR REDESIGN: THE KEY FOR SUCCESSFUL CE PRACTICES

Researchers and experts have claimed that the classic CE practices consisting of reusing, reducing or recycling (the 3Rs) are less circular than **rethink** or **redesign** practices. Furthermore, the classic 3R practices, as argued above and by various other authors, may be perceived as a cost-reduction strategy instead of a commitment towards a cleaner planet.

Consequently, this difference in customers' perception may have an impact on their willingness to pay for a hotel room. Our research precisely aims at answering this question: Do CE practices with a rethink or redesign approach impact more positively on the clients' willingness to pay a premium price than the so-called classic 3R practices?

To answer this question, we have used three CE practices (carefully selected among many CE practices by conducting several preliminary studies) dealing with three different issues: water consumption, energy consumption and CO2 emissions. For each of the three practices, we have selected both a classic 3R version and a rethink or redesign version. To showcase the CE practices, we have created a fictitious hotel website and then surveyed several hundred hotel consumers to answer a set of questions based on the fictitious website page.

The results are clear: Rethink or redesign practices do impact willingness to pay positively, while the classic 3R practices have no impact. More specifically, when compared to a hotel without any CE practices, the implementation of rethink or redesign CE practices significantly increases guests' willingness to pay, whereas the implementation of classic 3R CE practices does not change guests' willingness to pay significantly more.

ATTITUDES TOWARDS THE PRACTICE

Why such a result? Assume you have been informed that an extremely rich person has donated 1'000 USD. What is your attitude towards that person? Now assume that this same person was actually not rich at all, on the contrary, the 1'000 USD were their yearly savings. Is your attitude towards the person the same? The answer is probably no. This is because you sense a difference in the commitment that the donation represents, depending on the financial situation of the person, despite the fact that the person is the same.

We believe that for hotels it is exactly the same phenomenon. When redesign or rethink practices are put in place, the attitude of the guest is affected more than with classic 3R practices. In statistical terms, we predict that attitude towards the hotel mediates the effect of CE practices on willingness to pay a price premium.

Our study results provide clear evidence that attitude mediates the relationship between the type of CE practices implemented by a hotel and guests' willingness to pay. This observation is in line with the well-established theory of planned behavior and the existing literature pointing out the fact that touristic sustainable consumption is influenced by the attitude towards a product or service.

CAREFUL COMMUNICATION

But what makes a CE practice perceived as a strong commitment by the clients? That is without a doubt the million-dollar question. Our above-described results partially answer the question by distinguishing rethink or redesign practices from the 'classic' ones. Of course, the distinction between rethink or redesign practices and the classic 3Rs is not so obvious, but what is clear is that a rethink & redesign approach represents a greater commitment to sustainability since it implies a strategic and structural change in the production process.

By conducting many different studies with hotel guests, interviewing experts, academicians, and general managers, we have realized that CE practices not only have to be carefully selected to ensure a positive impact on the economic situation of the company, but they also need to be **carefully communicated.**

First and foremost, as per our results shared above, practices that imply a strong commitment from the company should be communicated with a clear emphasis on authenticity and sincerity. Clients must feel the honest implication as much as possible, otherwise the CE practices can have little or no impact and risk coming across as mere greenwashing.

DOES THE HOTEL SEGMENT PLAY A ROLE?

Unarguably, clients of a 5-star hotel and 3-star hotel have different expectations and different profiles. How has this affected our findings? On one hand, one could argue that 5-star hotels are luxurious establishments and, even if CE practices are put in place, the WTP won't be affected. On the other hand, one could say that no matter the price of the room, a CE practice is perceived as an add-on and therefore may lead to a higher WTP. Our results support the fact that the impact on WTP is bigger and more significant for 3-star hotels. One of the possible explanations is the so-called 'sustainability liability' effect where clients perceive a circular or sustainable service as less performant.

"There is no planet B", this is a fact. Consumption habits and patterns are changing, and production processes have to adapt. Our research aims at helping hoteliers have a smoother journey towards the circular economy by better understanding which practices are the most effective. Nowadays, CE practices are a way to differentiate, and as shown, even to make more profits. In the near future, we believe that CE practices will not be used to differentiate from competitors anymore but simply to stay in the norm. The sooner the implementation, the better.

AT A GLANCE

WHAT'S THE MOST EFFECTIVE WAY OF MAKING CE PRACTICES IMPACTFUL?

What we aim to highlight in this article is that being impactful with CE practices involves showing your customer that your organization is 100% committed to not only being cost-effective with its practices, but also - and above all - sincere in its approach. Our research indicates that the rethink & redesign approach better manifests a hotel's commitment towards CE. The guests' perception of commitment being the biggest driver to their willingness to pay any type of extra premium.

Hotels must be prepared to demonstrate that, when investing in CE practices, making a profit is not their only priority. Showing commitment to damaging the environment as little as possible should be an evident primary motivation for their CE investments. The guest must be able to see this investment alongside the proof that there is a reduction in negative environmental impacts. Communication here is key.

WHAT ARE THE CONSTRAINTS TO IMPLEMENTING THESE NEW CE PRACTICES?

Constraints are mostly related to hotel ownership. A hotel General Manager will fully understand the importance that CE practices could have on the hotel's image, but they are often not the owners nor the investors. Hotels require large and long-term investments to install solar panels, smart monitors, new waste disposal systems – in brief the whole rethinking and redesigning of the hotel's CE practices. If the long-term ROI remains unclear and unconvincing, a hotel GM will have trouble securing the necessary investments. Without a change of mindset on behalf of investors, the cost to the environment will always be secondary to the cost of short-term profits.

HOW TO INSTILL A LONG-TERM CE VISION IN HOTEL OWNERS AND INVESTORS?

Enter the start-ups and venture capitalists who can help build a convincing bridge to the investors. CE practices cost money to set up. By funding innovative tech minds to carry out research and find solutions, venture capitalists would be investing in a promising and emerging growth market where the long-term benefits are reduction of overall hotel costs plus a loyal customer base with a clear awareness of what they are paying for. This brings us back to the importance of a clear and committed message: our research highlights that authenticity is in fact the greatest economic agent in today's times.

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People analytics: Opportunities and challenges for the hospitality industry

Sébastien Fernandez
Associate Professor of Organizational Behavior at EHL Hospitality Business School

PEOPLE ANALYTICS AND DECISION MAKING

Business numbers are everywhere: we use them in finance, economics, statistics and marketing. There are, however, certain domains where numbers are new to the game. When we talk about employee management, numbers are relatively unseen. For a long time, there was a belief that each human and each company was unique, and while I cannot wholly disagree, there are benefits to looking at people and organizations based on a certain number of variables. For instance, we can compare companies' profitability, turnover rate and staff engagement. Similarly, we can compare employees on several performance metrics, degree of job satisfaction and amount of pre-hire experience.

People analytics is described as using people's data to make the right decisions in a company and gain a competitive advantage. Descriptive analytics attempt to describe the present (e.g., What is the voluntary turnover rate in this company? What is the percentage of employees who are satisfied by their salary? How many employees fall in the category of being poor performers?), but they do not provide any guidance to companies about the best course of action; they just indicate a problem to be solved.

On the other hand, prescriptive people analytics attempt to provide solutions to the most pressing problems a company is facing. They provide responses to questions such as: Why do employees leave our company? How can we make our employees more engaged? Who are the employees who deliver the highest value to our customers?

SAYING GOODBYE TO TRADITIONAL INTERVIEWING AND HIRING

Most companies still rely on old-school interview methods and biographical information such as years of experience that do not always relate to the competencies required for the job. The evidence collected so far in many companies demonstrates that these information sources do not really help in identifying individuals who will succeed later on the job. On the other hand, structured interviews or cognitive ability tests are two selection techniques that predict quite well how people behave and perform at work.

Platforms such as LinkedIn and Glassdoor are current examples of centralized databases that function across borders, so that data about people and companies is easily accessible. If the popularity of these apps continues to rise, organizations will soon be able to transfer relevant employee data, such as performance metrics and the type of tasks performed. Profiles can also choose whether to include results obtained on psychometric tests measuring work interests, values, personality traits, cognitive abilities and competencies.

FROM GREAT TO HUMANE PLACES TO WORK

The past years have demonstrated that employees have more power than ever. This new situation is due to several major disruptions; probably the most important has been the COVID-19 crisis that engendered 'the great resignation'. Employees, especially from the hospitality sector, left their companies in droves to find better jobs elsewhere.

Companies now have to be creative and cannot afford to ignore employee satisfaction or their work-life balance. Employees expect the grass to be greener somewhere else. Some experts speculate that certain companies might disappear because their employees resign en masse (e.g., Twitter).

Today, and probably even more tomorrow, companies have to compete aggressively not for being 'great places to work' but for being 'humane places to work'. These workplaces could be environments that fulfil each individual's need for competence, autonomy and relatedness. In the past, it was difficult to do so because it was too challenging for companies to care about each individual; now the ease of access to people data and the automation of many tasks makes it possible for companies to devote more time to employee needs.

FACING THE HOSPITALITY LABOR SHORTAGE

One of the current challenges the hospitality industry faces is the talent shortage. Some hotels and restaurants cannot find sufficient labor to open their establishments as they might have in pre-Covid times. Here are a few ideas on how companies can leverage the power of data to attract and retain employees:

1. By using engagement surveys, hotels can identify reasons employees are not staying in the company.
2. Analyzing employee flows on external platforms such as LinkedIn. For instance, companies can analyze former employees' career paths. Identifying that former employees are more likely to stay in the hospitality industry but go to work for competitors or transition to other industries could provide relevant insights on how to retain employees.
3. An analysis of work experience or educational backgrounds contained on résumés of former and current employees (or even from rejected candidates) might indicate potential hire sources.
4. Companies might consider analyzing unemployment rates in different countries, the number of hospitality schools, or other demographic differences that could help companies decide in which countries they could find potential hires.

In conclusion, the hospitality industry can benefit from people analytics on many levels: Identifying where to source candidates, how to select best leaders and how to retain employees. Companies can start by hiring one person that will be in charge of analyzing available data, (the job of 'Data Collector' might soon become the most important role in HR). With the right support and trust from employees and leaders, these data can then be transformed into actionable insights and effective talent decisions.

AT A GLANCE

WHAT MIGHT HOSPITALITY JOB HIRING LOOK LIKE IN 10 YEARS' TIME?

Sarah, F&B manager at the Mandarin Oriental in Geneva, is informed that the senior sommelier, Riccardo, will resign at the end of October. In coordination with Stefan, the People Engagement Manager, she meets Riccardo to better understand why he has decided to leave.

During the interview, they review his tasks, assessing what did and didn't work. Sarah activates the updated job offer on LinkedIn; within a few seconds, she has access to 148 candidate profiles who fit the job. She can manually analyze every profile, but she trusts the algorithm that identified Michael D with a 90% match for the job. He works as a sommelier not far from Geneva and speaks Cantonese. She sends a private message via the app to tell him about the available position. Three days later, Michael is hired.

SIMILARLY, HOW MIGHT A HR DEPARTMENT FUNCTION IN THE FUTURE?

Former HR Business Partners and HR directors could well become People Operations Managers. Work certificates, letters of recommendation and traditional interviewing techniques belong to the past, replaced by information gathered by the Data Collection Manager. In large corporations, the People Operations function could be split into three specialized roles :

- People Acquisition Managers ensure the smooth selection, onboarding and training of new employees up to their first year on the job.
- People Engagement Managers are responsible for staff retention, employee coaching and conflict management.
- People Decisions Managers focus on helping line managers in tasks related to performance management and promotions.

WHAT ARE THE ULTIMATE WIN-WINS OF PEOPLE ANALYTICS?

More rational, more time-effective decision-making processes. People Analytics is key to understanding important information about the work and the worker, e.g., where and why time is lost, what are the most draining duties, what the staff love/hate doing the most, and how to better match the task to the person. Value creation is enhanced thanks to fruitful discussions that then emerge from the data. The staff feels that their voice has been heard.

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Dr Sébastien Fernandez specializes in Organizational Behavior and People Analytics. His research and teaching focus on talent assessment and the role of employees' personality traits, competences and values on job performance.

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New definitions of success in digital transformation

Richard Valtr
Founder, Mews

Synopsis
Mews Founder Richard Valtr thinks Hospitality industry insiders must think holistically about their properties and favilities, redefine metrics of success and create a new standard of excellence. Instead of treating their businesses as simply rooms, Valtr suggests operators should think creatively about generating new and ancillary revenue streams, such as memberships to restaurants, services, parking spaces, and fitness areas. Incentivizing guests to stay on-site is key to capturing their full spend, offering grab-and-go meals, co-working spaces, networking events, gym access, and memberships.

For an industry that's generally at the forefront of optimizing the human experience, hospitality is often accused of lagging behind on the digital adoption curve. The technology is often clunky, inconvenient and inefficient. And the metrics we use to measure success have barely changed. I got into the hospitality software business for a reason: to introduce innovative ways to operate and provide remarkable guests experiences. In the past 20 years, things have improved, but we still have plenty of runway in front of us, and the challenges the industry has faced in the past few years have highlighted that even more.

Hoteliers now have a rare opportunity – and need – to re-imagine the future of hospitality, to think holistically, redefine measures of success, and consider what it means to achieve a new standard of excellence.

TAKE A NEW LOOK AT YOUR PROPERTY
Hospitality operators can't afford – literally or figuratively – to continue treating their businesses as simply rooms and focus on measuring occupancy.

One of the changes we've seen since Covid is that if/when real estate is used creatively, it can generate significant ancillary revenue. Instead of focusing on room occupancy, I believe growth will come from thinking differently about what guests want and looking at all areas of the property for their revenue-generating potential.

The opportunities are vast: whether it's parking spaces, co-working areas, or memberships to restaurants, services and fitness areas, the hotels that will succeed will be the ones that understand the spending mindset of their guests, respond with offerings in and around their properties, and find ways to use automations for effortless management and growth.

LOOK TO GROW GUEST SPEND
Traveling, both for business and pleasure, has taken on a new meaning since Covid. Business trips now include the family, we've seen the rise of bleisure travel, and many people are taking a more nomadic approach to living. All of this exposes an opportunity to evaluate the true metrics of growth. Now is the perfect time to think beyond RevPAR and focus on growing your share of the guest wallet by offering products and services guests would normally go off property to find.

From grab-and-go meals to game nights, from co-working spaces to networking events, and from gym access to gym memberships, when you give guests a reason to stay to stay and spend, they will.

THINK BIGGER; THINK LIFETIME VALUE
Loyalty is hard to come by these days. Price and convenience have long ruled consumer decisions, but in these days of economic unrest and uncertainty, they're seemingly even more influential.

If you can identify ways to grow guest loyalty, you'll find yourself one step closer to beating the uncertainty and coming out on top.

Even the most fickle of guests (and consumers) look for brands that "get them." This is where I see a shift in approach as being more crucial than ever. Instead of focusing on room revenue – a short-term metric – it's more important to focus on LTV/CAC (lifetime value and customer acquisition cost).

This all means you need to find ways to deliver personalized experiences both during their stays and with ongoing targeted, relevant communications. Complete and readily available guest profiles, actionable insights, and more connected marketing solutions all provide opportunities to learn from guest behavior, act on it, and boost loyalty.

USE STAFF MORE EFFICIENTLY
We hear about it all the time: staffing shortages and turnover. These may be the largest lingering impacts to the hospitality industry since Covid. If there's a silver lining, though, it's that hoteliers are now opening their minds and adopting innovative ways to streamline staff.

The days of one having one person at the front desk, another in the dining area, and another in the back office are gone. To survive, we need to allow the same person to wear multiple hats. Thankfully we have solutions with technology that's easy to learn, automated, centralized and mobile and can not only enable this shift but can also boost efficiency at the same time.

SEE THE BIG DATA PICTURE
As travel continues to change and a new version of normal continues to take shape, the smartest decisions will be data-driven ones. Legacy monolithic applications can spit out a lot of information, but that data comes in spreadsheets with siloed bits of information that don't tell a complete story.

As guests' needs and business opportunities continue to evolve, you need to be able to make sense of inputs so you can put your resources in the right place. That is going to require restructuring technology into better organized systems, services, and data designed for interoperability.

As we continue to collect more data, more learnings, and more experience, the definition of excellence will continue to evolve. If we're to continue to innovate as an industry, we need to be able to zoom out, look, listen, analyze and, most importantly, find new ways to use technology as a way to deliver remarkable experiences to guests.

Mews Unfold 2023 set to inspire hoteliers about The New Standard in Hospitality

The annual hotel tech forum will take place in Amsterdam on April 4th, with a packed day of inspirational talks, practical workshops and more.

Mews, the award-winning hospitality cloud, has announced the return of its flagship annual event, Mews Unfold. The hospitality tech forum will take place at the Muziekgebouw in Amsterdam on Tuesday April 4th, 2023.

This is the fourth edition of Unfold and it's set to be the biggest yet. The day will consist of panels and presentations on the main stage, breakout technology workshops, and plenty of opportunities to network and unwind.

The theme for the event is **The New Standard in Hospitality,** with speakers already confirmed from Stripe, The Social Hub, Nordic Choice Hotels, IDeaS, Hotel Tech Report, and Duetto.

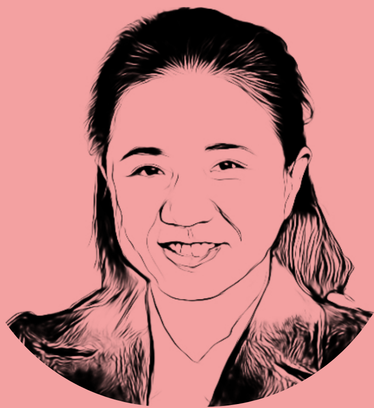
As technology and customer demands continue to evolve in tandem, hotels are now required to meet a new standard in hospitality. Topics at Unfold include how new bookable spaces are changing the hotel experience, the power of guest data, and the importance of smart marketing.

For every attendee on April 4th, Mews will plant two trees through their partners at Hotels for Trees. Tickets for hoteliers are available now, with a limited number also available for technology partners.

Get tickets.

Richard Valtr — Founder, Mews
Richard Valtr made his start in the hotel sector on the ground, during the creation of Prague's Emblem Hotel. It was while he was leading the concept development, design, procurement and project management for the property that he realised hotel management systems had failed to keep pace with hotels or their guests. Richard believes that the hotel sector is capable of great innovation, of breaking free of its traditional boxes. "I believe that now, more than ever, we have the tools and the mindset to drive our own transformations, across hospitality and beyond." In 10 years of Mews, Richard has pushed for hoteliers to rethink everything in their properties, from payments, to pricing to realising the full potential of your property, square inch by square inch. Richard studied at UCL, lives in Brooklyn and thinks Twitter is a "loveable hellscape".

Mews — mews.com/en
Mews is a leading platform for the new era of hospitality. Over 3,000 properties in 70 countries are powered by Mews. The Mews Hospitality Cloud is designed to streamline operations for modern hoteliers, transform the guest experience and create more profitable businesses. Customers include Accor, Generator-Freehand, Nordic Choice Hotels, The Social Hub, Life House and Les Airelles. Mews has been named the World's Best Independent Hotel PMS Provider by World Travel Tech Awards (2022) and won Best Place to Work in Hotel Tech (2021, 2022) from Hotel Tech Report. The company has offices in Europe, the United States and Australia.



Engaging customers with themed hospitality experiences

Meng-Mei Maggie Chen
Assistant Professor at EHL Hospitality Business School

Designing experiences for emotional outcomes is not a new idea, but harnessing the best in hospitality concepts for accessing those emotions has recently become a growing trend with established brands. Tesla is planning a 24-hour diner in Los Angeles with a drive-in theater. FILA and Hello Kitty are teaming up with Hyatt to open themed hotels in China. Porsche Design and Steigenberger are building 15 luxury lifestyle hotels in Germany. Ralph Lauren has opened a café in Malaysia. Elle, the fashion magazine, will open a boutique hotel in Paris and expand to 15 hotels soon. In the meantime, Bulgari and Armani are also expanding their footprint in the hotel industry.

Why are the automobile, sportswear and fashion sectors entering the hospitality industry and using it to entice new customers and create loyalty? There are several reasons, all heavily rooted in the shift in perception of what constitutes a meaningful service-based purchase.

WHY CHOOSE THE HOSPITALITY INDUSTRY?

The hospitality industry's DNA is rooted in hosting, entertaining and, quintessentially, an exchange based on human interaction. From hosting foreign pilgrims and travelers to entertaining royalty and nobles, the notion of hospitality signifies safety, relaxation, comfort, courtesy and entertainment.

Built on these positive themes, companies across the board are choosing to use hospitality spaces to showcase their brand promise, brand personality and tone of voice. At its most basic level, this is done via design, decoration and, above all, the exchange between employees and customers. In this context, a consumer product company can creatively express its brand by using music, smell, light, color, flavors and furniture textures in a convivial environment – in brief, the experiential and sensorial setting that hospitality has been using for centuries.

Today more than ever, the hospitality industry is providing the ideal stage for companies to conduct their sensory marketing as a holistic experience that can cut through the noise between a brand and its target customers. This stage appeals to existing customers while enticing new ones, and is based on the creation of emotional connections.

WHAT IS SENSORY MARKETING?

Sensory marketing is "marketing that engages the consumers' senses and affects their perception, judgment, and behavior". The ubiquitous marketing communication approach tends to overload consumers with information, consequently turning off their attention. However, sensory marketing offers more options to work with beyond the visuals, leveraging senses such as hearing, touch, smell and taste, and hence, can escape the conscious effort of turning them off.

For example, travelers can quickly identify Bombay Sapphire at duty-free shops because of its unique blue bottle. People recognize the Netflix jingle even if they do not have a Netflix subscription. Tourists to Japan will not forget the warmth of a Japanese toilet seat. The smell of Ivory soap or Johnson's baby shampoo evokes childhood memories and triggers Proustian emotions in many people.

In The Experience Economy, authors Pine II and Gilmore suggest that companies must first select a theme to stage an experience, then harmonize impressions with positive cues - while, at the same time, eliminating negative ones. Lastly, but most importantly, they should engage the five senses of customers. The companies mentioned in the introduction above have strong brand personalities and well-developed brand narratives, enabling them to conduct storytelling with themed hospitality operations. The brand narratives and stories provide the framework to coordinate different sensory marketing tactics.

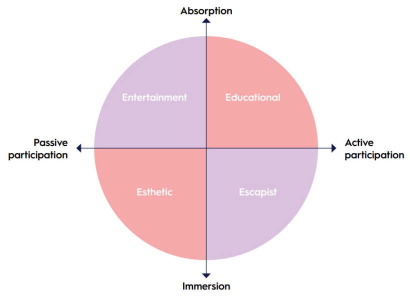
"… experiences are a distinct economic offering, as different from services as services are from goods. Today we can identify and describe this fourth economic offering because consumers unquestionably desire experiences, and more and more businesses are responding by explicitly designing and promoting them. As services, like goods before them, increasingly become commoditized - experiences have emerged as the next step in what we call the 'progression of economic value'. From now on, leading-edge companies - whether they sell to consumers or businesses - will find that the next competitive battleground lies in staging experiences."

HOW TO CREATE THEMED EXPERIENCES?

Not all companies can afford to open their branded hotels or restaurants. However, that does not mean small companies cannot engage their customers with themed experiences. To start with, companies must understand their target customers' needs, wants and values. As goods and services have become commodities, companies should aim to inspire their customers with core values or purposes. Halloween decorations are an option while raising funds for the elderly is another. The decision depends on the target customers and brand narrative. No matter which theme the company selects, it should avoid focusing on selling but rather staging the experience to engage the participants.

In The Experience Economy, the authors encourage companies to play with guest participation (active vs. passive) and connection (absorption vs. immersion) and create a space among the four realms of an experience (entertainment, educational, escapist and esthetics). Experiences can be a mix of entertainment and education, offering participants to act (escapist) or appreciate (esthetics).

The Four Realms of an Experience



Once companies have identified the theme, they can make an inventory of the existing sensory marketing assets, such as logos, colors and slogans. They can then explore opportunities using other senses: olfactory, tactile, auditory and gustatory, to enrich the storytelling and strengthen brand associations.

Companies should also incorporate opportunities to create human interactions between customers and employees. For example, the first respondents to the themed experience are probably loyal customers who know and love the brand. Companies can purposely create human interaction by playing with the physical design layout, scheduling short discussions about the brand history or future development, and facilitating conversations among these like-minded participants. These activities will create emotions, memories and stronger brand loyalty. Furthermore, companies can expect some people to be more interested in experiences than the brands. Nevertheless, a successful themed experience may communicate the brand promise more effectively and convert these people into new customers.

AT A GLANCE

EMOTION VS. OWNERSHIP: WHY THE SHIFT?

In today's highly digitalized, post-Covid society, consumer values have shifted and many people prefer to buy experiences rather than products. At the root of this shift is the simple human condition: people are increasingly suffering from detachment and loneliness. A deeper sense of meaning and satisfaction is attached to an experience compared to the traditional value of owning something. A memorable experience comes with a greater emotional engagement, which consequently creates customer loyalty. Companies should be looking to create themes to further engage with their customers. No matter the brand, expanding the existing customer base to become more of a 'community base' results in many benefits: a diversified offer and a more rewarding customer journey.

HOW CAN THIS BENEFIT SMES?

There are many niche opportunities for all types of businesses – big and small - to help people reconnect to real life and real human interaction by weaving the experiential into the offer. In brief, creating a counterbalance to the loneliness of too much working from home, Covid isolation and the onslaught of social media. Take the example of WASBAR, a convivial laundromat in the Netherlands, where a usually tedious location for washing clothes is transformed into a place for sharing food, meeting people and hosting parties. Use your business space for creating an environment that weaves human interaction into the service offer.

HOW CAN THE ROLE OF HUMAN INTERACTION BE HARNESSED MORE?

Commodities cost money to make. Human experience and human interaction are local, free and easy to set up. A way for brands to increase their customer awareness and loyalty is to create experiences for like-minded people, i.e., groups, communities and activities based on what the brand represents, (e.g., events organized by the Patagonia clothing brand). Think about what kind of person your brand attracts: What are their hobbies, age groups, and what are the stages of life they are going through? Could employees take on a host, entertainer, expert, or actor role? We are familiar with hotel honeymoon packages, but what about divorce packages where the expression of a more difficult life chapter could also be marked as an 'occasion'? Expanding on the possibilities of the human experience is where innovation lies.

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EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

‘LIFT’ Leadership - Navigating the Permacrisis and a Rapidly Changing Landscape

Rohit Talwar
Global Futurist and CEO of Fast Future

Synopsis
Leadership capabilities in the hospitality sector must focus on four areas to navigate current disruptions and shifts, according to futurist Rohit Talwar. The four areas are learning at speed, innovation, foresight, and transformational thinking, or LIFT. Leaders need to adopt a human-centered approach, which includes adopting learning-led approaches to projects, team learning, and AI tools like ChatGPT. For innovation, leaders need to acquire facilitation skills and a tool box of processes to drive meaningful innovation. Foresight requires leaders to manage the present from the future and to regularly scan and develop scenarios. Transformational thinking requires leaders to unlearn old assumptions and embrace new ideas through zero-based thinking.

What leadership capabilities do hotels and hotel groups need to navigate through current disruptions and major shifts on the horizon?

FROM RECOVERY TO FUTURE PROOFING

For many in hospitality, 2022 was a year of rightful celebration – their occupancy, revenues, and profitability reached or surpassed 2019 levels. To achieve this, leadership priorities were rightfully skewed more towards bringing back customers than preparing for the future. However, there's now a growing sense that rapid changes of approach are required to navigate 'next' and lay foundations for the next five years.

BEYOND TECHNOLOGY – HUMANS AT THE HEART OF THE FUTURE

Some may see the emphasis shift as an easy transition, requiring minor adjustment to current strategies. However, for others, far larger scale change processes or fundamental transformations are required. Of course, it is easy to point to the technology roadmap filled with projects such as upgraded revenue management and booking systems, chatbots, and back of house automation. Some may be going even further – with greater adoption of artificial intelligence (AI), and more widespread and accelerated engagement with Web 3.0, NFTs, metaverses, and social platforms like TiKTok.

History shows that technology can bring significant benefits. However, systems rarely get used in full, and the benefits often fall short of expectations. The real challenge is not a technology issue. The (not very) secret ingredients are mindset change and adopting more human centred approaches to drive the organisation forward. This requires a combination of incremental innovation, broader organisational change, and large scale organisational transformation.

LIFT LEADERSHIP

For leaders globally, four common sets of capability emerge as critical enablers of the rethinking, redesign, and ultimate reinvention of our businesses. Those critical leadership capabilities are learning at speed, innovation, foresight, and transformational thinking (LIFT). While we are familiar with the individual terms, let's explore what they mean in a hospitality context.

Learning at Speed – From front line hotel management to hospitality group leadership, there's often a sense that we just don't have time to attend training courses.

Equally, many struggle to invest the effort required to keep up with emerging sectoral and wider world developments and shifts. However, the scale of change taking place require us to rethink how we can use our time to learn what we need at speed and several valuable strategies are emerging. The first is embracing accelerated learning techniques which can then be used in multiple contexts. The second is adopting a learning-led approach to conducting key projects so all involved are learning together.

The third is a simple continuous individual learning approach of making sure that every day we watch two or three relevant 90-120 second short videos. These can cover developments in the sector such as the use of TikTok by hotels, and broader changes – for example understanding metaverses.

Strategy four is continuous team learning - turning all team members into part of the organisation's radar for collecting external signals. Initial questions might include *What standout features of other hotels have friends and families highlighted? How has your approach to shopping changed and what could we learn from that? Who in your family has the greatest influence when booking hotels, and what are their key selection criteria?*

A fifth strategy is making use of emerging AI tools like ChatGPT that provide near instantaneous, condensed format responses on demand. E.g., *What are the most common features that customers highlight for the five highest TripAdvisor ranked hotels in our location?*

When asking such questions, ChatGPT offers answers in seconds –less than the time it would take to organise an initial meeting to discuss our needs. The real power of such tools is that we can continue to broaden or deepen our enquiries over the course of a few minutes as the answers come in. This removes concerns about the time and cost of conducting more formal research – which carries the constant risk of misinterpretation of our requirements or that we asked the wrong questions initially.

Innovation – A major shift is taking place in project management, with leaders getting more involved in conceptualising, designing, and delivering innovation. Hence, leaders are acquiring both facilitation skills and a tool box of processes to drive meaningful innovation. Facilitation skills are foundational to most innovation initiatives. These include problem framing, brainstorming, conflict resolution, group discussion, and consensus approaches for teams that include participants ranging from housekeeping to IT. Key process tools include staged approaches for conducting different scales of projects, design thinking, visualising solutions, iterative development, prototyping, and design dashes.

Foresight – A challenge with many business and technology change initiative is their focus on solving yesterday's problems and addressing today's challenges.

However, during the journey from identification and initiation to implementation, the world has often moved on - rendering the solution outdated. Hence, there's a growing understanding that we need to look ahead, managing the present from the future. This helps ensure we future proof decisions against the key forces and factors shaping the future and the scenarios that could arise.

At the individual activity and project level this can be as basic as asking people to state the assumptions underlying their thinking and to test them against emerging trends, developments, and possibilities. Web searches on hotel sector trends and scenarios can provide such information at speed. Strategically, deeper horizon scanning and scenario development can help sense check strategies, highlight risks and blindspots, and surface opportunities.

Key future factors and scenarios might differ quite dramatically between the global outlook and local property perspectives. Hence it's essential to build into every manager and leader's training this capacity for rapid and regular scanning and scenario development. Operationally, organisations must then ensure that planning and management processes require leaders to use these capabilities on a regular basis.

Transformational Thinking – All of the elements outlined above feed into the continuing process of stretching leaders' mindsets and reframing their thinking. The pandemic highlighted how uncertain, unknowable, unthinkable, unbelievable, and uncontrollable changes and disruptions can happen and that they can be repeated – albeit in a different form. Indeed, many argue that environmental pressures, global conflict, economic volatility, and technological advances could all have an even more devastating impact on the hospitality sector, among others. Hence, the drive for survival, recovery, and growth requires us to unlearn many trusted assumptions and ways of thinking that served us in the past.

Learning to compete in a rapidly changing and uncertain future makes unlearning and a willingness to let go imperative traits for leaders. One of the most powerful tools to open the door and allow in new ideas is 'zero based thinking'. This means asking the question, *how would we do this if we were starting from nothing?* Whilst the answers may not be implemented in full, this is a powerful technique to generate new ideas ranging from cleaning a hotel bedroom to construction of new properties or rethinking of the entire business.

Clearly there are many other aspects that form part of an excellent leader's toolbox. However, it is the elements of the LIFT framework outlined above that are becoming central to developing leadership capable of driving our organisations to a viable and sustainable future.

Rohit Talwar — Global Futurist and CEO of Fast Future
Rohit Talwar is a leading global futurist, strategist, and advisor and an award winning speaker who has worked with clients in over 70 countries on six continents. He advises clients in sectors such as hospitality, leisure, retail, tourism, travel, aviation, retail, financial services, and government. Rohit help clients both to understand and prepare for emerging uncertainty and to use rapid learning, innovation, foresight, transformational thinking, and digital advancements to drive their organisations into the future.

Fast Future — fastfuture.com
Fast Future is a professional foresight firm specializing in delivering keynote speeches, executive education, research, and consulting on the emerging future and the impacts of change for global clients. Fast Future publishes books from leading future thinkers around the world, exploring how developments such as AI, robotics, exponential technologies, and disruptive thinking could impact individuals, societies, businesses, and governments and create the trillion-dollar sectors of the future. Fast Future has a particular focus on ensuring these advances are harnessed to unleash individual potential and enable a very human future.

What the metaverse in hospitality is and isn’t

Max Starkov
Hospitality & Online Travel Tech Consultant

Synopsis
In this article, Max Starkov explains that the metaverse, a concept of a 3D virtual world where people can interact with each other and AI agents, is a new medium that is not yet ready for mainstream use. It is a convergence of various technologies, including virtual and augmented reality, and different companies are working on their own versions. However, the metaverse currently lacks a standardized platform and is still in the early stages of development. The author advises that when investing in the metaverse, hotels should make sure they have the right audience and use the right digital channels to market their metaverse venues or events.

There have been heated discussions in hospitality about the impact of the metaverse on the industry. From proponents predicting that it will “change everything in travel and hospitality”, to detractors who are skeptical about its immediate value proposition and useful applications.

In my view both sides are somewhat correct: the metaverse is a new medium that needs to be studied and monitored closely, like how the Internet was a new medium back in the mid-1990s. At the same time, let’s face it - the metaverse is not yet ready for prime time.

Here are six important aspects of the metaverse that allows us to better understand this new medium and how it might develop in the future and affect hospitality:

First, let’s clarify that the metaverse is a 30-year-old idea that was not invented by Mark Zuckerberg or Facebook. In 1992, science fiction author Neal Stephenson coined the term “metaverse” in his novel Snow Crash, in which he imagined a 3D virtual world where people, represented by avatars, could interact with each other and AI agents.

Second, the metaverse is not a single technology or technology platform, it’s a convergence of many separate technologies, including but not limited to virtual-reality and augmented-reality technologies, which are yet to mature for use by the mainstream audience. Combined, these technologies can create an immersive experience of a three-dimensional environment in which users and their avatars interact with other users and their surroundings as if they are in a shared space.

Third, Though the Metaverse Standards Forum is trying its best and working hard, as of today, there's no such thing as THE metaverse. Currently there are many metaverses and walled garden platforms. What we are experiencing today is not a metaverse, but a multiverse.

Fourth, different companies will probably create their own versions of the metaverse. Facebook, renamed to Meta Platforms, and Microsoft have already announced that they are working on their own versions. Google, Apple, and other tech giants around the world most probably will join the “metaverse rush.” The hope is that like the Internet all of these metaverse will be interconnected and you and your avatar can jump from one metaverse to another, similar to how now you can browse from one website to another.

Fifth, Metaverse aficionados could learn a thing or two from... the 3D TV craze 10 years ago. In 2012, 3D television shipments totaled 41.45 million units, compared with 24.14 in 2011 and 2.26 in 2010. In late 2013, the number of 3D TV viewers started to decline, and in 2016, development of 3D TV was limited to a few premium models. Production of 3D TVs ended in 2016.

The main reason for the 3D TV demise according to researchers? Requirement to wear 3D goggles while watching a 3D TV program, while you are comfortably lounging at home in your shorts, T-shirt, and slippers. Consumers hated doing that. At least today, the metaverse requires users to wear Oculus 2-type of headsets or have a very powerful and expensive computer.

Unless the metaverse can be accessed and experienced 100% via your smartphone, thIs new medium will have a slow adoption rate.

Sixth, the metaverse is a two-way street. Recently, the European Union spent over $400,000 on a metaverse venue to promote a new strategy. But the 24-hour launch party saw just a handful of attendees. One journalist who attended said he was one of just six people at the event.

The moral of the story: when investing in the metaverse, make sure your hotel a) has the right metaverse-savvy audience, and b) invests in the right digital channels to market your metaverse venue or event.

SO, WHAT ABOUT THE METAVERSE AND HOSPITALITY?

The question is, can the metaverse bring significant changes, solve some of the pressing issues and become the way forward for the hospitality industry? Is the metaverse the perfect universe for misanthropes and germophobes, in other words, people who do not want to meet, mingle with and communicate in person with other people? Or is it a parallel universe enabling people to experience travel to far away destinations from the comfort of their reclining chair?

On the surface, the Metaverse is the ANTITHESES of travel. Travel is all about indulging your five senses: taste, smell, touch, hearing, and sight. At best, the Metaverse can let you experience two of these: hearing and sight, though there have been some attempts to solve for a third sense - smell. Vermont-based OVR Technology showcased a headset containing a cartridge with eight primary aromas that can be combined to create different scents is a step forward. A long way to go until the metaverse replicates the real world, where humans can distinguish more than 1 trillion scents!

So how would the metaverse affect travel and hospitality? One thing the metaverse and travel have in common is that both are SOCIAL. This social aspect is central to understanding the metaverse, where people are represented by avatars and you can meet and interact with other people’s avatars, but also with AI agents, bots, and virtual agents. Like travel in the real world, your avatar can hang out with other avatars and plan and do things together.

SO, WHAT THE METAVERSE IS IN HOSPITALITY?

Immersive video games and virtual concerts aside, here are a few additional metaverse applications I see emerging in travel and hospitality:

BUILDING YOUR VIRTUAL BRAND PRESENCE

Creating a virtual representation of your hotel brand or property in the metaverse may position your brand as avant-garde and engage some early tech adopters. Marriott, CitizenM, and other hotel brands have already done this.

Buying virtual land in the metaverse via popular platforms Sandbox and Decentraland isn't inexpensive - the cheapest plots of metaverse land are selling for $10,000-$13,000. Plus, you have to build your virtual hotel or brand presence, which could become very expensive.

The only question is whether the cost is justified and whether the marketing dollars could be spent on something more practical and with more immediate and meaningful brand engagements and concrete results.

If, instead of a well-funded brand presence in the metaverse, you are simply creating a virtual reality tour of your property, do you really need the metaverse to do so? You can easily do so by using existing technologies like videos, virtual tours, 360-degree tours, digital floor plans and schematics, and high-quality photography, all of which will reach a far greater audience and bring much higher ROIs.

AUGMENTED REALITY

I believe augmented reality is by far the most accessible and practical technology already available today. I believe this technology could be much more beneficial to the travel industry in the near and mid-term. No need for any extra headsets or gadgets - you use your smartphone which you always carry with you anyway. Just point it at anything and the information layers magically appear on the screen. Several companies like GoSpooky have been able to achieve a lot with smartphone-based tech capabilities.

VIRTUAL AND HYBRID EVENTS

In place of the flat and boring Zoom meetings we have all attended over the past three years, the metaverse will allow you to attend and experience the industry conference or event in 3D graphics and sound and make you feel (almost) as if you are present physically. Guest speakers and presenters can appear holographically and create a near real life impression.

There is a caveat, of course. Having attended industry events for 30 years now, the main benefits from attending a live event come from personal, unscripted, and often random interactions with other participants, not from officially scheduled general sessions, workshops, product presentations and meetings. How would the metaverse handle such interactions with both live and avatar participants remains to be seen.

VIRTUAL BUSINESS TRIPS AND SALES MEETINGS

You can have a holographic version of yourself take a virtual business trip, present your case, discuss terms, and even sign new contracts. The caveat is whether your 'virtual self" will be able to establish rapport and build trust with your live counterparts. Anybody who has been in sales can vouch for the fact that building rapport and trust, in addition to great products and service, are the main reasons why you win a new client.

VIRTUAL TRIPS TO NEW AND FAR AWAY DESTINATIONS:

Using a virtual reality headset, you can "fly" to a destination without l leaving your couch, immerse yourself in the local life, visit attractions and museums, attend local concerts and sporting events, meet, and interact with locals and other visitors, and have fun. Kind of.

The caveat is that your experiences will be limited to seeing and hearing, and you will not be able to indulge your other three senses: taste, smell and touch.

WHAT THE METAVERSE IS NOT IN HOSPITALITY?

The metaverse is not a replacement for the real world, it is an extension of the real world. In hospitality:

- It is not a new distribution channel
- It is not a revenue management platform
- It is not a customer relationship management (CRM) platform
- It is not a customer service platform.
- And it is not a replacement for hotelier's investments in technology and marketing fundamentals and adequate investments in cloud tech stack, contactless guest experience, CRM, mobile-first website, well-funded digital marketing.

IN CONCLUSION

One important question to ask yourself: Can you do the things which proponents of the metaverse claim it can do for you and your hotel by using existing technologies today. I bet you can, and you can do them very well, indeed.

Will the metaverse allow hoteliers deliver even better services and experiences in the future? Perhaps, but not today or in the foreseeable future. In any way, the metaverse will never achieve 100% adoption rate, neither did TV, Internet, mobile communications, etc., so hoteliers should continue perfecting existing technologies to serve the broader traveling public.

In my view, despite all the hype, the metaverse will have only marginal applications in travel and hospitality in the near to midterm.

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Max Starkov is a hospitality and online travel industry technologist, consultant and digital strategist with 30 years of experience in hospitality technology and digital marketing, hotel online distribution and revenue management, hotel CRM and branding strategies. Max also holds the position of Adjunct Professor, Current and Future Hospitality Technologies at NYU Tisch Center of Hospitality

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NYU's Preston Robert Tisch Center for Hospitality, Tourism, and Sports Management, part of the School of Continuing and Professional Studies, offers undergraduate, graduate, and non-degree programs that develop professionals with in-depth industry knowledge and the critical thinking skills necessary for leadership roles in the fields of hospitality, tourism and sports management. The Center's full-time and adjunct faculty is composed of leading practitioners and researchers. Its board of advisors includes senior executives who advise on curricula development and help ensure that coursework reflects the latest industry trends and needs. The Tisch Center's location in the heart of New York City - one of the world's premier tourist and sports destinations - provides its students with multiple internship and networking opportunities, as well as the chance to study at several on-site "industry classrooms" at such venues as The New York Marriott Marquis, The Waldorf=Astoria, Chelsea Piers, and the NBA Store.

Scenario planning: How hotel groups are dealing with uncertainty

Woody Wade
Author of "See Your New Normal"

Synopsis
In this article, the author of "See Your New Normal", Woody Wade, states that as professionals with responsibilities for the future success of companies, individuals will inevitably be called upon to make big, consequential decisions without knowing exactly what the future will be like and whether those decisions will turn out to be good or bad. It is important to understand how a decision can turn out to be terribly wrong, such as by not assessing the future and making a decision based on today's circumstances but executing it in tomorrow's landscape where conditions have changed. The conclusion is that good decision-making calls for foresight, the ability to foresee changes that could realistically materialize in the environment, understand the implications of those changes for the business, and increase the company's chances of future success. The question is raised of how to achieve this foresight.

Let's all hope we will not soon face another earth-shattering catastrophe like Covid, or dramatic economic and geopolitical pressures like the ones triggered by the Russia–Ukraine conflict.

But even if we're lucky and are spared such disastrous developments, other big uncertainties affecting us are sure to arise – and when they do, we'll have no choice but to confront them. As professionals with responsibilities for the future success of our companies, we will unavoidably be called upon to make big, consequential decisions, not knowing exactly what the future will be like in which these decisions will play out – and thus never 100% sure whether they will turn out to be good decisions... or bad ones.

Either way: make those decisions we must. It's what we're paid to do! Get them right, and all is well. But get them wrong, and the repercussions can potentially be very costly, maybe "only" in terms of short-run financial losses, but possibly also in terms of more important, longer-lasting outcomes, e.g. guest satisfaction, staff well-being, the reputation of our brand, even our very survival. In a business, everybody in a position of responsibility understands that decision-making entails some risk. And the bigger the decision, the bigger the risk. Unfortunately, decisions can sometimes turn out to be terribly wrong.

Does everybody understand, though, *how* a decision can turn out to be terribly wrong? One way is simple: Don't assess the future, make a perfectly reasonable decision based on *today's* circumstances, but execute it in *tomorrow's* landscape – where conditions have changed in the meantime. This is not a guarantee of a bad outcome, of course, but if you follow this impetuous decision-making pattern, the odds are higher that things will not turn out as hoped.

The obvious conclusion is that good decision-making – our very reason for existence, don't forget – calls for *foresight*, i.e. the possibility to foresee changes that could realistically materialize in our environment, visualize in advance the contours of the new landscape these changes could bring about, and understand what the implications of those changes would be for our business (and possibly our careers).

Just do that, and you'll be in a much better position to make decisions today that make sense for tomorrow's landscape – and increase your company's chances of future success.

"Just do that." Yes, but *how*?

My recommendation is to apply one of the most powerful foresight techniques developed in the business world in the last five decades: *scenario planning*. This is a structured method for visualizing future changes in "the big picture" – i.e. your strategic terrain – and grasping the potential impact they would have on you and your future success. The sole purpose of scenario planning is to get at the answer to this question:

HOW COULD YOUR BUSINESS LANDSCAPE, *SPECIFICALLY*, BE DIFFERENT IN THE FUTURE?

The rationale for investing time and energy in scenario planning is simple: If you can anticipate alternative ways your strategic environment could realistically change over the next few years, you can buy time to get your properties and teams ready for the new terrain – one which you may already be well-prepared for, but one which might call for a different approach to even the most fundamental things you do, and are good at, today.

Since the methodology is about foreseeing future change, it is not only the challenges ahead that you can identify. You can also spot *opportunities*: chances to innovate, tailor exciting initiatives for the new terrain, and road-test new ideas and plans even before the future you've envisaged has materialized.

HOW DOES THIS PROCESS WORK?

Is scenario planning complicated? Costly and time-consuming? Hard to put into practice? No, no, and no. In fact it is completely straightforward, based entirely on the logical premise that if you can identify the factors that could make the biggest difference to your future ability to operate successfully, but which are today uncertain as to their outcome, then you can visualize alternative ways those uncertainties might plausibly resolve themselves, leading to different futures, or *scenarios*.

"But there are dozens of factors that will affect our future," you might understandably reply. "We'd be paralyzed trying to work out how every one of them could turn out." You are correct! We are beset by uncertainties from every direction. Trying to determine – even just *imagine* – how they could all end up would occupy a think tank for years. Luckily, scenario planning does not require you to spend time predicting the potential outcome of *every* uncertainty in your environment. And in any case, most of them will only make some marginal difference to your future rather than significantly affecting the "big picture" you operate in. Instead, scenario planning has the advantage of focusing only on the most consequential unknowns – the so-called *critical uncertainties* – and explores what would realistically happen if they were to develop in different directions. What potentially radical change in your strategic landscape might you expect to see if the uncertainty turned out *this* way? What about *that* way? How would the future be different for us? Using this methodology, what you are aiming to do is visualize the game-changing transformations that could materialize – and which your company absolutely must be ready for.

There are many ways to organize a scenario generation process in an organization. At its simplest, a single individual could devote him or herself to the task, and dive into an analysis of your company's value drivers all alone, but as a rule, the outcomes of the process will be better if several people are involved, representing different operational and strategic functions, experiences, and perspectives. This way, the portfolio of alternative scenarios posited by the group is likely to be more thorough and credible, which is important for buy-in at the level of the company's senior leadership. So this usually means the involvement of around a dozen people.

A well-focused, interactive workshop can go through the various steps of the scenario building process in a single day. The outcomes are not only a description of (usually) four different future scenarios that could plausibly emerge for the company, but more importantly, some essential ideas of what an effective strategic response would be for each one. It's not enough just to "see" what a future scenario might look like; for the process to be of practical value, you also need to anticipate what that future would mean for the way you operate, and how you would deal with its specific features – favorable and unfavorable.

In other words, what specific actions would you have to undertake to meet the scenario head-on – to exploit its opportunities and tackle (or even avoid) its challenges? When would you have to take these actions? How much money, or other resources, would be required? Who would you put in charge? What support would he or she need?

"I have to lead for *tomorrow's* world," was how Jeff Immelt described his job when he was the CEO of General Electric a few years ago. He understood that the most crucial part of his job as a leader was to anticipate the future business landscape his company could encounter and prepare the entire organization to meet the opportunities and challenges it might bring.

It's the same for a geographically focused hotel company as it is for a globe-spanning conglomerate like GE. We must try to gain insights, in advance, about the way our terrain could evolve over the next few years. The alternative is not to worry about the future, sit back and simply wait for it to unfold... and hope it will be pleasant as – by definition – we find ourselves taken by surprise.

■

Woody Wade — Author of "See Your New Normal"
Woody Wade is a specialist in scenario planning for the hospitality industry, helping companies identify and understand the trends that have the potential to change their future business landscape and thus affect their future competitiveness. He is the author of "Scenario Planning: A Field Guide to the Future" (Wiley, 2012) and of the forthcoming "Hotel Yearbook 2036" which provocatively uses fiction as a framework for exploring the industry's very different competitive landscape two decades from now. Woody was previously an Executive Board member of the Geneva-based World Economic Forum, the foundation organizing the annual meeting of world leaders in Davos. He was also the Marketing Director of the Ecole hôtelière de Lausanne. He graduated in history from Indiana University and has an MBA from Harvard Business School.

Wade & Company — woodywade.com
Wade and Company, based in Lausanne, Switzerland, uses a scenario planning methodology to help organizations foresee how their future business landscape may change, a strategically important capability. Headed by Woody Wade, the company facilitates scenario generation workshops for the hotel industry and other sectors, as well as NGOs, non-profits and governments.

HY8

How New Tech is Immunizing Hotel Operations Against the Uncertainty of Staffing Shortages

Li Wang
SVP & Head of Hospitality, ASSA ABLOY Global Solution

Synopsis
In this article, ASSA ABLOY's Li Wang discusses the challenge of retaining staff in the hospitality industry due to high turnover rates, made worse by the pandemic and changing employee expectations. The solution proposed is to use cloud-based technology to streamline operations and prevent burnout, allowing staff to focus on improving guest experience. Location-based technology is also noted as a way to improve efficiency and employee wellbeing by allowing real-time tracking of hotel assets, monitoring motorized equipment, and reducing workloads.

Ask virtually any hotelier what the industry's hardest challenge currently is. More likely than not, the issue keeping many property managers up at night is simply keeping on enough staff to run their various departments and services. While the hospitality industry is certainly no stranger to high turnover rates, the pandemic and evolving employee expectations has only made a bad situation much worse and practically unworkable.

Kneejerk responses such as raising hourly wages have proven to have limited if any effect, so hoteliers continue to be hard-pressed on finding a solution that can finally reverse this worrying trend. However, and much like a growing number of things within hospitality, advances in technology are shedding light on not only what has been responsible for pushing workers away from the industry, but also importantly what can be done to attract them back and finally win their loyalty.

LOOKING FOR ANSWERS IN THE CLOUD

Many frontline hospitality work roles unfortunately have a reputation for being high stress and fast-paced which can easily translate into employee burnout and job dissatisfaction if left unchanged. Since the onset of the worker shortage, the lack of available employees has only made the situation worse as remaining workers have to pick up the slack and take on more responsibilities than ever before.

To prevent burnout from resulting in a vicious cycle where more overworked staff begin eyeing the exits, hoteliers can best serve the interests of both their employees and business by looking toward the many advantages that cloud-based technologies offer in streamlining operations. For example, and unlike legacy solutions requiring a costly onsite server, cloud-supported platforms sidestep the need for workers to remain stationary at a fixed terminal in order to monitor, manage and otherwise interact with a solution's user-interface. For employees up to their necks in tasks but yet all of a sudden required to access a system's dashboard which may be located on the opposite end of a property, access to a cloud-based system via personal device can mean all the difference in completing responsibilities in a timely fashion without adding any unnecessary stress.

With a cloud-based access management system, for instance, hotel employees can finally free themselves from the front desk in order to pick up any slack in other operational areas without compromising property security, guest convenience or their own mental health. Using a secure connection to their personal device, staff members can stay in the loop on any guest stay extension or room reassignment requests, as well as any potential security issues requiring immediate attention.

Allowing hotel staff to win back even more precious time is the ability for a cloud-based solution to receive maintenance and any software updates remotely and without the need for onsite employee assistance. This advantage means that any disruption to operations is always minimal, while hoteliers can ensure that their services are consistently backed by the latest features and functionalities. For a hotel's employee teams, offloading routine system tasks importantly means being able to double-down on providing attention to service areas that actually influence the guest experience- reducing the possibility of burnout with its risks of high turnover while elevating service quality standards and improving business bottom lines as a result.

SUPPORTING YOUR EMPLOYEES WITH THE POWER OF LOCATION

Over the last few years, hotel businesses have become more acquainted with location-based technologies as an effective means of ensuring employee safety and as the industry continues to place a priority on the issue. With both regional and municipal mandates continuing to be passed requiring adequate protection measures for hotel employees, it is now common to see operations supported by alert devices allowing staff to transmit their real-time location in the event of a threat to their safety.

However, while staff safety solutions have taken up much of the spotlight when it comes to location-based technologies for hotels, a less well known fact is that more advanced systems are designed to be scalable and can adopt a range of additional functionalities that are beneficial in terms of both improved operational efficiency and employee wellbeing.

Location-based technologies can also be used to monitor the real-time location of hotel assets. From housekeeping supplies and maintenance equipment to amenity rentals and F&B inventory, the simple attaching of a reader tag can instantly translate into countless hours saved which otherwise would be lost to needlessly searching for items. This again leads to employees being able to re-focus their efforts on other important matters and gives them the time needed to not just complete tasks, but to do so with attention to detail in order to consistently ensure high quality service. At the same time, location-based asset tracking technology also results in guests having to wait less for their requests to be carried out, boosting satisfaction rates and the potential for hotel businesses to earn more revenue without coming at the cost of jeopardizing employee mental health.

Location-based technology's time savings and efficiency-improving capabilities also extend to monitoring and managing the performance of motorized equipment. Whether servicing a hotel's refrigerators, HVAC systems or elevators (to name a few examples), routine maintenance check-ups are a necessary aspect of running any successful hotel, but that doesn't mean that such tasks don't take up more than a fair share of employee time. Lessening workloads while providing much improved responsiveness, a location-based system is able to maintain 24/7 surveillance on equipment health and can instantly notify staff of any performance issues requiring immediate attention.

Such systems can also alert employees to any routine maintenance tasks requiring completion, saving them from time-consuming guesswork while protecting hotel businesses from overlooking any repairs that could translate into a costly expense if left alone for too long.

SELF-SERVICE TECHNOLOGY: GIVING HOTEL STAFF A BREAK & GUESTS AN OPPORTUNITY FOR ENHANCED CONVENIENCE

The hotel industry experienced a surge in adoption rates for contactless/self-service solutions during the height of the pandemic, but thanks to their added benefit of improving service response times, have continued to increase in popularity. Arguably leading this trend and one of the most sought after by guests are digital key and check-in services.

But while these solutions are predominately adopted due to their advantages in boosting guest satisfaction and convenience, technologies such as digital key can also provide overstretched staff with some much needed breathing room. Just by allowing each guest to check-in using personal devices, hoteliers can slash the number of guests waiting in line at the front desk which can easily consume an employee's day with little time left for anything else. Routine processes that add little towards enhancing guest experiences, such as generating and issuing room keys, can now be done automatically and instantly. This once again provides hotel employees with more time to focus on more pressing matters that actually do stand to influence guest stay experiences.

UTILIZING TECHNOLOGY TO IMPROVE BOTH THE GUEST AND EMPLOYEE EXPERIENCE

Much of the hotel industry's focus has understandably been on finding ways to improve the guest experience, but without giving much thought to the employee experience, hoteliers risk underperforming in both areas. What inevitably results as can be seen by current market conditions is a flight of staff members seeking improved work conditions, ultimately resulting in smaller hotel teams who are often unable to keep pace with increasing guest standards.

However, and by leveraging the technology advances now available to the industry, hoteliers can finally begin to tackle the core issues that have been responsible for historically high turnover rates. Using these newer solutions, they can put unpredictable fluctuations in workforce availability to rest and critically, can begin to build a workplace environment that breeds loyalty and a commitment to making guest experiences that much more exceptional.

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Li Wang serves as Vice President and Head of Hospitality for ASSA ABLOY Global Solutions. He is tasked with working together with the Hospitality team to further develop market-leading solutions and services to serve the needs of hotel operators. Prior to his current role, Li served as Managing Director of Biosite Systems LTD, a company he founded a decade ago to provide biometric workforce management solutions for the construction industry. Under his leadership, the company has quickly grown into a market leader in the UK and has since been acquired by ASSA ABLOY in 2020. Li holds an MBA and a PhD in computer Science from the University of Warwick.

Authenticity in the food and beverage industry

Margarita Cruz
Assistant Professor of Strategic Management and Entrepreneurship at EHL Hospitality Business School

Over the last decade, authenticity has gained tremendous relevance among consumers and stakeholders in the food and beverage industry as well as in hospitality. Producers are emphasizing the authentic character of their offerings to a greater extent, while consumers increasingly favor authentic products and experiences.

As a result of this growing interest in authenticity, research shows that products and firms that come across as committed to authenticity receive greater benefits. For example, authentic restaurants, wineries and breweries are granted more attention and higher ratings. Consumers also tend to be more forgiving about quality pitfalls when restaurants offer authentic food and experiences.

WHAT MAKES A PRODUCT 'AUTHENTIC'?

But what exactly is authenticity, and how can we help entrepreneurs and managers in the sector understand it better? Evidence from different segments of the F&B industry suggests that aspects such as small-scale, local production, history and tradition are important characteristics when defining authenticity.

Let's consider the American beer industry, traditionally dominated by large producers and increasing in the nineties with a great number of micro-breweries with novel and authentic offers. As a classic example of authenticity in the F&B industry, the American beer industry suggests that breweries began to be seen as authentic when their products as well as production standards became opposed to mass-production and consumption. This implies that smaller, micro-breweries offering unique beer types in small batches are likely to be perceived as authentic by consumers and experts.

Unlike the American beer industry, German breweries as well as Barolo wineries in the Piedmont region in Italy have brought other elements to the table when talking about authenticity. In these specific industries, F&B businesses are perceived as authentic when they play an important role in their respective regions and when they stick to tradition and history. For example, breweries that respect ancient recipes and traditional production processes, maintaining the use of old beer kegs and jars, and which have a beer pub on their premises are perceived as authentic.

In a similar fashion, wine houses producing Barolo wine are perceived as authentic when they respect the production traditions such as storing the wine in 'botti' - large wooden barrels - as opposed to stainless steel ones. This implies that long-standing companies with historical roots in the region where they operate are more likely to be attributed with authenticity than newcomers.

SOME CONSTRAINTS TO AUTHENTICITY

While such a boom in authenticity certainly brings benefits to businesses, it has also triggered a number of constraints in terms of organizational action. For instance, if authenticity in the F&B industry is granted to companies using local produce, producing in smaller batches and respecting the history and tradition of the industry, what happens to innovating firms wishing to change the status quo in the industry?

One could expect that such innovative businesses would also be perceived as authentic because of the unique characteristics they offer. However, our recent research shows that consumers could develop a certain rigidity in regards to what is considered authentic or not, and hence, such strict expectations on authenticity can prevent organizations from introducing change.

For instance, the creation of new businesses and the introduction of new products is undermined in regions where consumers have strong expectations of the type of authenticity that should be used. While product proliferation is one of the most common strategies for fighting competition with innovation, it is a less desired option by producers when consumers favor authenticity. Therefore, although firms may benefit from having product variety including non-authentic products when facing competition, they would follow such strategy at a lower extent when authenticity is a desirable asset by consumers in the region in which they operate.

Similarly, evidence from the wine and champagne industry also reveals that novelty can transgress expectations on authenticity as innovative actions may lack the idiosyncratic and symbolic value consumers search for. For example, in the case of Barolo winemakers in Piedmont, community members vigorously rejected innovations made in the production and storage of wine. Similarly, Champagne houses introducing new ways of commercializing their products were perceived as less authentic by consumers and the local community. As a result, companies may be perceived as non-authentic when introducing novelty in their products and to the industry, and therefore, may experience lower ratings, higher costs, and ultimately, higher closing rates.

HOW TO COME ACROSS AS AUTHENTIC YET INNOVATIVE?

If authenticity is both an asset but also a constraint for the F&B industry, how can firms best come across as authentic without compromising their innovative spirit? While authenticity is difficult to improvise and even harder to stage, there are multiple actions entrepreneurs and managers can undertake to increase the authentic appeal of their businesses:

Use tradition in your narrative.
Even for the most forward-thinking companies in the industry, tradition represents an important anchor that helps customers understand the context the firm belongs to; a type of story-telling that engages the consumer in the production journey and evolution. For instance, combining ancient recipes or ingredients with novel ones, making use of labels and product names that refer to ancient industry features and highlighting the use of traditional production methods.

Localness.
To be perceived as authentic, it is important for restaurants and gastronomic businesses to showcase how local they are. Being local not only means sourcing products nearby, it also reflects how involved firms are in their local context and community. For example, being able to show strong partnerships with relevant business actors in the same district where they operate, or supporting local artists by allowing them to showcase their work. In other words, empowering local communities and neighbors by employing them and offering events and products that are unique and relevant to them.

Remain measured.
Having the capacity to introduce diverse services and products is a useful strategy in times of competition, however, not so much when consumers look for authenticity. Being able to offer a small selection of related products enhances the chance that consumers perceive the unique and authentic value of the firm.

Create a strong relationship with your end-customer.
Building a strong relationship with customers is an important process for a firm wanting to be perceived as personalized and authentic. This implies being able to connect to customers' life events through products, organizing special events or incorporating customer opinion in the strategy-making of the firm.

AUTHENTICITY IMPLICATIONS FOR SUSTAINABILITY

In terms of being local, small, traditional and with strong community ties, authenticity can also be linked to the theme of sustainability in the F&B industry. It's interesting to note, however, that consumers and producers seem to have adopted authenticity more easily in the past decade than sustainability.

Why is this the case and what can F&B managers and entrepreneurs learn from authenticity in regards to their efforts in becoming sustainable? Like authenticity, sustainability cannot be improvised or staged ad hoc. This implies that consumers are smarter than we think and can easily detect when a firm's efforts to become sustainable are inauthentic. We speak about *inauthentic sustainability* (i.e., greenwashing) when sustainable actions are not consistent all along the value chain but only show up at certain stages of the value creation process.

Authentic sustainability actions should go beyond pure reporting or marketing actions and should be used to uphold how sustainable actions are present along the F&B experience. For example, by using narratives that highlight how sustainability has been implemented along the entire value chain, how localness and smallness helps in reducing waste, and how creating community action with customers helps in supporting local communities too.

Authenticity constitutes an important asset for F&B businesses. While there are innovation challenges to being authentic, authenticity offers an important learning case for entrepreneurs and managers in the F&B industry to better connect with customers and deploy important implications for sustainability in their businesses.

AT A GLANCE

WHY HAS AUTHENTICITY BECOME SO IMPORTANT FOR A BRAND'S IDENTITY?

Consumer trends go hand in hand with how industry has evolved. We are now seeing a return to values based on genuine, local and traditional processes after a long spell of large chain mass production. This shift is today becoming very present in F&B, hospitality services and travel experiences. Many consumers, especially the young Gen Z, are now looking for authentic meaning behind their purchases and are willing to pay the premium this requires. In the last 15 years, consumers have become increasingly aware that a less standardized product is often healthier, more attractive and unique. These preferences are based on products that involve a simpler and smaller supply chain, e.g., local produce, family businesses, items that are as close to a 'handmade' approach as possible, (this also extends to clothing, cosmetics and furniture among many other sectors).

HOW IS THE THEME OF AUTHENTICITY RELATED TO SUSTAINABILITY?

The two issues are definitely co-related and share some main principles, but one is not necessarily a trigger to the other. When it comes to communicating the message, it has to be consistent, credible and clearly perceivable in both cases. You can't make up authenticity or sustainability; it has to be there at the core of the brand and its processes, not just in part.

Consumers have become more conscious of what a supply chain might involve and how, in terms of mass production, this alienates them from the originality of the product. Hence, with authenticity, there's an additional motivation: selfishness on behalf of the consumer, e.g., "I want to enjoy a product or experience that's not available to everyone." There's certainly an element of exclusivity to authenticity.

WHAT ARE THE SOLUTIONS TO THE CONSTRAINTS THAT AUTHENTICITY OFTEN BRINGS?

Authenticity is certainly a valuable brand asset but can be very constraining when it comes to wanting to innovate the business model base and operations. On the organizational side it can lock you in. It's often hard to deviate from the main strategy as seen with the Champagne industry. When trying to diversify production processes, some producers were hit hard from different sources: the grape growers gave them higher prices and the connoisseurs didn't approve of the 'unauthentic' changes.

The solution is to remain small when introducing new products or processes, and keep strong connections to the local customer base. Rather than go for 100% new methods, it's best to work on a small product portfolio, good lines of communication and continued use of tradition along the production chain - then gradually introduce the innovation. Make sure to carry on emphasizing the history of the company – this is especially important for F&B brands.

Margarita Cruz — Assistant Professor of Strategic Management and Entrepreneurship at EHL Hospitality Business School
Margarita Cruz, PhD in Economics, is an Assistant Professor of Strategic Management and Entrepreneurship at EHL. Margarita's research lay at the intersection between organizational theory and entrepreneurship, with a particular focus on the role of authenticity on entrepreneurial outcomes such founding of new organizations and introduction of new products. During her doctoral studies, Margarita has also been a visiting PhD student at Robert H. Smith Business School, University of Maryland (2015-2016), thanks to the competitive Fellowship for most promising candidates granted by the Swiss National Science Foundation. In her research, Margarita is passionate about breweries, restaurants, and luxury hotels. In the classroom, Dr Cruz likes to bring state-of-the-art trends and practices about the entrepreneurial and strategic scene in the hospitality and F&B industries. Before joining academia, she gained experience as business engineer in the banking and chemical industries.

EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

Five steps towards AI Maturity in travel & hospitality

Emily Weiss
Global Travel Industry Sector Lead, Accenture

Synopsis
The travel and hospitality industry is using data and AI to maximize value from micro-moments and respond to real-time trends. Accenture's research found that AI-influenced revenue for travel companies more than doubled between 2018 and 2021 and is projected to triple by 2024. However, only 13% of travel companies surveyed by Accenture were considered AI "achievers" who are significantly ahead of the rest in using AI to reinvent core parts of the business. The majority of the industry, up to two-thirds, was underdeveloped in AI strategy and practice. Accenture identified five priority actions to build AI maturity in the industry: making AI a C-level priority, investing in AI training, building an AI core, championing responsibility, and looking at both the long- and short-term.

From capturing changing demand to pinpointing customer needs to managing revenue, today's travel and hospitality industry is all about maximizing the value of micro-moments and responding to trends in real-time.

It's why capitalizing on data for improved decision-making has become a critical capability in the industry. It also explains the recent growth in the use of artificial intelligence among travel and hospitality companies.

From P3's intelligently personalized booking engines to IHG's voice-controlled smart rooms, there's evidence of companies across the industry embedding AI into their core business processes and customer experiences.

What's more, Accenture's research has shown that, collectively, travel companies' AI-influenced revenue more than doubled between 2018 and 2021, and is projected to triple by 2024. Not only that, almost half of executives surveyed said the return on their AI investments exceeded initial expectations.

Dig a little deeper, however, and the research suggests that, while some hospitality companies are gaining a strong competitive advantage from the technology, many others in the industry are lagging behind.

TRAVEL'S AI ACHIEVERS BLAZE A TRAIL

Accenture identified a small group of "AI Achievers" that are significantly ahead of the pack when it comes to using AI to reinvent core parts of the travel and hospitality business.

That includes embedding AI in everything from pricing and marketing to revenue management and streamlined operations. Their end goal? Deliver the highly personalized experiences that travelers now demand in real-time.

However, AI Achievers make up just 13 percent of the travel companies Accenture surveyed. The research indicates there's another 20 percent of companies are somewhat advanced in their use of AI. But that leaves a sizable majority – as much as two-thirds of the industry – that's underdeveloped in both AI strategy and practice.

The size of this lagging group means the travel industry as a whole underperforms many other sectors in terms of average AI maturity.

This matters because companies that can't fully leverage capabilities like machine intelligence struggle to identify relevant data and trends quickly enough to capitalize on them. Their use of outdated historical data means they risk missing out on opportunities to secure future revenue growth and improved customer experiences.

FIVE STEPS TOWARDS AI MATURITY

The good news? From our analysis of what makes AI Achievers tick, we've identified five priority actions any business can take to build greater AI maturity:

STEP 1: MAKING AI A C-LEVEL PRIORITY

Initiatives lacking formal senior sponsorship inevitably struggle to compete for resources and attention. Most AI Achievers have executed successful AI programs by securing the support of the CEO and the entire executive suite.

STEP 2: INVESTING IN AI TRAINING

The higher the AI fluency across the workforce, the greater the return on AI initiatives. Around 70 percent of AI Achievers have mandatory AI training for employees across all levels, leadership included.

STEP 3: BUILDING AN AI CORE

By creating an industrialized core of AI tools, teams and platforms, Achievers make it easier to integrate AI into existing solutions, increase operational efficiency, productize AI concepts faster, and deliver seamless end-to-end traveler experiences.

STEP 4: CHAMPIONING RESPONSIBILITY

AI development involves a whole range of moral, reputational and legal considerations. As a rule, Achievers look to avoid bias, protect privacy and build trust through transparency from the very start of the design process.

STEP 5: LOOKING AT BOTH THE LONG- AND SHORT-TERM

Doubling down on AI investments is essential for the long-term health of a business. But it may not be realistic for those still in a post-pandemic recovery phase. Careful prioritization can enable the business to deliver important short-term initiatives —such as a strong data foundation—without the need for a broader transformation.

GREEN LIGHT FOR TRAVEL'S RACE TO AI MATURITY

Achieving AI maturity is essential for travel and hospitality companies looking to transform traveler experiences, support employees, streamline operations and become more sustainable. This will be pivotal to future growth in the post-Covid economy – both in capturing new customer segments and in recovering those lost during the pandemic.

Take Meliá Hotels which undertook a sizeable initiative in AI workforce training. Its CEO-championed AI drive saw the organization train 1,000 "change makers" to support the automation of administrative tasks and focus staff on guest service. Or Ireland-based Dalata Hotel Group's integration with Arvoia. The latter's AI platform allows Dalata to learn about individuals' website behavior and so prioritize recommendations by relevance rather than price.

The group saw consistent month-on-month rises in average booking values and conversion rates as a result. Furthermore, several hotels have invested in AI-enabled food waste management systems to significantly improve reporting and data collection to further reduce food waste. Using a camera, a set of smart scales, and the same type of machine learning technology found in autonomous vehicles, the system 'learns' to recognize different foods being thrown away and calculates the financial and environmental cost of this discarded food to the kitchens. It then enables the hotels to adjust their food purchasing decisions accordingly.

Examples like these illustrate AI's transformative potential across travel and hospitality. The immediate priority for companies in the industry is to acquire the AI maturity they need to lead – not follow – in that transformation.

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Here's why 2023 needs hotel employee wellness

Larry Mogelonsky
Partner at Hotel Mogel Consulting Ltd.

Adam Mogelonsky
Partner at Hotel Mogel Consulting Ltd.

Synopsis
Every hotel company has some form of employee health or wellness program in place, but we argue that it won't be enough as cyclical and secular forces converge this year. While we start by stating these trends to paint a broad picture of the future of hospitality labor, the ironic yet obvious cure is ultimately a further deepening of your organization's commitment to your employees' wellbeing.

In the cyclical or near-term over the next 12 months, the hotel industry is still contending with the aftermath of the pandemic, which is acting to both shrink labor supply and spur wage increases, with many of these trends – directly or circuitously – affecting your team's overall health. These include:

1. *Permanent exits* and reskilling into other industries within the broader service sector, largely as a result of the uncertainty over the future of the industry in 2020-21 and fears over working in a high-contact environment, with both of these also affecting those who have remained by increasing workplace stress.
2. *Real price inflation* of household goods as well as greater media attention around inflation, both of which impact financial security, acting as another life stressor and compelling many to seek out higher paying jobs (as encapsulated by "The Great Resignation").
3. Greater awareness for the concept of *work-life balance* as the pandemic forced us all off the proverbial hamster wheel to reconsider our daily routines and our own mental health, altogether leading to more appreciation for employers who can accommodate this shift.

As the travel recovery period normalizes, it's easy to shrug the cyclical trends off with a 'this too shall pass'. But the long-term forces are what employee wellness a do-or-die initiative. Notably, these are:

1. The combination of retiring baby boomers and low birth rates in advanced economies will mean a *shrinking working-age population* over the next decade, meaning fewer employees and no end in sight for inflationary wages as workers continue to seek out the highest compensation.
2. With the *aging of the boomer generation*, demand for home health services, long-term caregivers and nurse practitioners will all surge; many of these high-touch jobs are in direct competition with hospitality and offer better wages to thus incentivize more exits from the hotel industry labor pool.
3. The *geopolitical decoupling of East and West* already underway will add fuel to the fire by spurring yet more inflation of household goods, thereby compelling workers to secure their own financial security by shifting to higher-paying forms of employment.

All this is to say that every hotel should expect to bite the bullet by paying their teams more in order to prevent turnover. Individual actors are hardly that rational, though.

If you recall Maslow's Hierarchy of Needs, indeed financial security exists at the basal layers of Physiological Needs (ability to pay for food) and Safety Needs (ability to afford a place to live). But beyond meeting the threshold for these two, everyone also then seeks Belonging; in the realm of scorporate culture, this is friendship and family.

And it is this sense of belonging where a sharper focus on employee wellness can work to counteract the forces at play that are leading to inflationary wages. As an example, a team member currently earning $20 per hour but intrinsically doesn't feel valued will have no problem jumping ship to the competitor next door offering $21 per hour. But if that $20 per hour wage is buttressed by staff lunches, periodic team activities and continuing professional development, the case for quitting is hardly as convincing.

Thus, we see employee wellness – and mental health initiatives – as the best way to improve team retention by developing this sense of belonging through a meaningful non-wage incentive. Especially in the current state of the gig economy, it's all too easy to leave when you view yourself as a mercenary for hire, but family is life and this is what hotels need to continually address to combat the abovementioned macroeconomic trends.

Perhaps the biggest problem, though, is the ambiguity of the term 'wellness' which, by virtue of being all-encompassing, induces a sense of shopper's paralysis insofar as to where hotels should start or what they should focus their limited resources on next. The answer here is never everything because we must be highly programmatic with each new initiative to ensure it becomes a perpetually successful fixture of the corporate culture.

In this, we can leave you with four top choices for what to consider for employee wellness in 2023, with the execution of each dependent on the individual brand or hotel's unique situation. The commonality throughout is that doing more for your people will halo positively back onto service delivery and your ability to grow revenues for the decade ahead.

1. Those that eat together stay together. Just as your guests now want healthier food options in the restaurant, keeping your teams healthy with good staff meals – especially when combined with the familial bonding of eating together – will result in fewer sick days taken and better overall moods amongst individual employees to help combat turnover.

2. Teambuilding happens through group activities.
Beyond the bonds that team lunches or offsites help to form, you also have to now consider repetitive strain injuries and how these chronic physical stressors can lead to lower morale or even short-term paid leave. Weekly stretching, yoga or any other form of exercise classes for housekeepers check this box, but also think of your managers. Sitting is the new smoking, after all, so get your teams off of their chairs.

3. Automation lets employees be more guest-facing. Very few choose a career in hospitality because they want to look at computer monitors all day. In fact, too much tech can become a job stressor, so the key is to integrate and automate as much as possible in order to minimize the interruptive busywork that all these systems may create. While many of you may not see the direct connection to wellness, a hotelier far wiser than the two of us put it this way: increase the ‘no touch’ of tech to enable the ‘high touch’ of real hospitality.

4. Succession planning, mentorship and continuing professional development. These three programs are kindred spirits in that they reinforce the feelings of belonging and hope. Whether young or mature, every employee wants to know that there are opportunities to move up the ladder, both for the sense of worth that comes from more responsibility as well as for the prospects of a bigger salary. Develop internal training and one-on-one mentor-mentee programs to guide career development, then make it abundantly evident that if an employee works hard they will be duly rewarded.

Much like how post-pandemic inflation has come to affect the cost of labor on an individual-property level, know that, like wages, wellness is now in an arms race. The best brands around the world are already heavily engaged on this front and they aren’t letting up. Going back to our previous example, if the wellness incentives at both properties are apples-to-apples comparable, it then becomes easier for that $20-per-hour employee to consider the $21-per-hour position across the street.

That means that you can also not treat this topic as a one-and-done activity. You may be able to get ahead of the curve in 2023 but to stay in first place you need a roadmap with quarterly reviews to both benchmark where you stand and continually improve against that index.

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Larry is managing partner of a hotel consultancy that assists independent luxury hotels meet their goals and helps technology companies understand how their solutions work in the hospitality filed. Together with his son, Adam, they are the world's most published author in the field of hospitality, with weekly columns in many leading industry publications, as well as seven, 400+ page books on hotel management. He has been recognized by Hotel Sales and Marketing International (HSMAI) as "One of the 25 Most Extraordinary Minds in Hospitality" and by TravelClick as "Worldwide e-Marketer of the Year." He is also much sought after as a public speaker.

Adam Mogelonsky — Partner at Hotel Mogel Consulting Ltd.
As one of two principals at Hotel Mogel Consulting Ltd., Adam Mogelonsky is a strategic advisor primarily for independent properties, small hotel groups and technology vendors for the industry, specializing in helping brands determine the best path to increased profitability whatever that direction requires. As a thought leader, he has coauthored seven books on hotel management and over 1,200 articles over the past decade across a variety of trade publications, in addition to regular podcast and conference panel appearances. Lately, the focus for Hotel Mogel has been on automation, tech stack auditing, labor efficiencies, employee retention programs, heightening managerial productivity and upselling practices to maximize total revenue per guest.

Hotel Mogel Consulting Limited — hotelmogel.com
Hotel Mogel Consulting Limited works exclusively with investors/owners/operators to help solve critical investment, management and marketing issues in the luxury segment. We also undertake public speaking at corporate and association events, where an independent point of view is desired.

Top 5 Procurement Megatrends in Hospitality for 2023

Gareth Fraser
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Synopsis
The procurement industry has faced disruption in recent years due to the COVID-19 pandemic and its effect on the global supply chain. As a result, businesses have had to adjust their operational infrastructure and procurement practices in order to adapt to the new environment. In the hospitality industry, sustainability and technological overhaul are among the top procurement trends expected to influence the industry in 2023. Sustainability is becoming increasingly important as consumers favor eco-friendly practices and hotels are responsible for a significant portion of global carbon emissions. Technological overhaul is also necessary as the pandemic exposed vulnerabilities in the industry and many hotels are looking to reduce costs and drive revenue through automation. Additionally, the incorporation of IoT technology in the supply chain is becoming more prevalent as it allows for better management of purchasing and compliance, inventory, supplier payments, and more.

Over the last few years, the procurement industry has found itself in a period of continued disruption. As the COVID-19 pandemic swept across the world, the global supply chain faced unprecedented challenges and then an abrupt halt. One by one, businesses across industries arrived at a critical inflection point; if business as usual was no longer an option, it was time to shake up legacy processes to make way for a more adaptable, future-proof approach.

The hospitality industry was, of course, no exception. As travel came to a collective standstill for the better part of two years, hospitality brands had to adjust their operational infrastructure and look to the top of the food chain to reconsider and, where needed, overhaul their procurement practices. After all, procurement best practices have a significant trickle-down effect, as they influence nearly every touch-point of the guest journey down the line.

With Q1 of 2023 already underway and the post-pandemic landscape bearing all the markings of an exciting year of travel, emerging procurement trends are, understandably, top of mind for any hospitality professional. With this in mind, we've rounded up the top 5 procurement (mega) trends influencing the hospitality industry in 2023.

1. SUSTAINABILITY

With the World Economic Forum (WEF) now ranking climate action failure as the top global risk, sustainability is the most cited trend of 2023 across all industries. Consumers are leading this charge, as those brands that offer eco-friendly practices and value sets are consistently favored over those that remain behind the sustainability curve. The hotel and venue sector, specifically, accounts for around 1% of global carbon emissions and, as such, has an undeniable responsibility to make environmentally-conscious decisions.

From a procurement perspective, the supply chain directly informs the experience hotels offer to their guests, which adds considerable weight to hotel procurement sustainability initiatives. To this effect, a 2016 whitepaper from McKinsey revealed that 80% of the average company's carbon emissions come from its supply chain, and travelers are increasingly critical of hospitality brands that don't place sustainability efforts front and center – starting with their procurement practices. Now, more than ever, guests expect hotels and venues to assess suppliers through a more eco-conscious lens while offering their audience increased visibility into the supply chain that feeds the guest experience.

2. TECHNOLOGICAL OVERHAUL

Across the hospitality industry, the adoption of new technology is happening at an accelerated pace. This should come as no surprise; after all, the COVID-19 pandemic exposed a number of vulnerabilities within our sector, and many of those vulnerabilities could be attributed to lacking technological infrastructure. Those properties that paid the price for relying on legacy technology and/or policies well past their expiration date are now determined to avoid repeating the same mistakes. With this in mind, they are overhauling their tech stacks. In fact, global spending on digital transformation is expected to hit $6.8 trillion in 2023.

Unfortunately, procurement is a business segment that has far too often been overlooked. As a result, hotels and venue spaces still need to capitalize on the power of intelligent procurement and automation. That is, until now. As hotel brands seek ways to do more with less from a staffing perspective, reduce costs, and drive revenue, procurement technology solutions represent hospitality brands' best bet to develop an intuitive, agile, and more efficient procurement process. In 2023 and beyond, more hospitality brands will leverage powerful procurement solutions to manage purchasing and compliance, accelerate invoice processing, automate key touchpoints, manage inventory and supplier payments, better anticipate and respond to industry-wide challenges, and so much more.

3. WHERE IOT MEETS THE SUPPLY CHAIN

In today's increasingly tech-driven world, the supply chain is mainly digital, and the goods procured by hotels and venues are based on demand predictions and guest consumption patterns. Of course, predicting demand is hardly a perfect science, and guest preferences change frequently – fortunately, this is where the Internet of Things (IoT) comes into play. IoT is defined as "a network of interconnected computing devices, mechanical and digital machines, and people with unique identities (UIDs)."

This cloud-based network facilitates data transfer without the need for human-to-human or human-to-computer contact. In the world of procurement, it is hailed as the "next big thing in the era of digital transformation." Why? Because IoT provides hotel and venue properties with the opportunity to improve spend visibility and gain an enhanced understanding of supply and equipment utilization throughout the supply chain. Furthermore, data gleaned from the IoT network informs more accurate demand forecasts, leading to more intelligent budgeting and procurement decisions.

4. MANAGING CYBERSECURITY RISKS

The hospitality industry is no stranger to cybersecurity risks; in fact, Ponemon and IBM Security's 2022 global case study report revealed that $2.94 million was the average total cost of a data breach in the hospitality industry from 2021 to 2022. Procurement represents a key area of cybersecurity vulnerability if hospitality brands do not embed protections into their framework.

After all, throughout the supply chain, a wealth of information, including contracts, private data, and confidential documents, is exchanged and could be inappropriately leveraged if it is not adequately protected. With this in mind, hospitality brands are expected to invest heavily in their procurement security, with an increased emphasis on staff training, compliance, and data encryption between suppliers and properties.

5. STRONGER SUPPLIER RELATIONSHIPS

As we've learned, the global supply chain is always subject to change and/or large-scale disruption, and with this in mind, procurement strategies must be exceedingly agile and adaptable. Of course, this cannot be achieved without cultivating dynamic, high-touch relationships between suppliers and properties.

Just as hospitality properties strive to establish meaningful relationships with guests and technology vendors, properties must maintain close relationships with suppliers. Notably, properties should seek out those suppliers whose business strategies are aligned and synergistic with their property in the hopes of building a mutually beneficial relationship in which both parties are equally invested in each other's success. Now, more than ever, a better supply chain starts with better relationships.

Hospitality leaders, 2023 is shaping up to be a big year for hospitality – is your supply chain ready to meet that demand?

Gareth Fraser — Vice President of Sales & Marketing Enablement, Birchstreet

Gareth is a highly motivated management executive with international sales & marketing experience. He is passionate about helping people achieve success through secure data-driven growth strategies. He has a proven track record of over 30 years as an integral member of high-performing C-level executive teams working with top global and national companies from News Corp to Cargill to achieve performance exceeding expectations. Gareth leads by example with personal encouragement, inspirational leadership, and a healthy sense of humor. He has obtained degrees in Business & Hospitality Management from Queensland University and the Australian College of Journalism. He is also an Advisory Board Member for Customer Experience at the University of South Florida.

BirchStreet Systems — birchstreetsystems.com

BirchStreet Systems, Inc. provides global enterprises with a complete procure-to-pay business solution deploying a SaaS model using cloud technology. BirchStreet software focuses on improving business processes by automating eProcurement, AP Automation, Inventory Control, Invoice, Recipe, & Pay Management, Capital Projects, Sourcing & Analytics modules to support the hospitality industry. Thousands of businesses in over 130 countries currently subscribe to BirchStreet to connect and do business with a network of more than 400,000 suppliers. Established in 2002, BirchStreet is privately held and is headquartered in Las Vegas, Nevada with offices in the UK, China, Singapore, and India.

HY8

Instilling Company Culture into Business Operations

Chris Green
President at Remington Hotels

Synopsis
In this article, Remington Hotels President Chris Green explains that integrity in business is essential for building a positive reputation and fostering strong relationships with guests and employees. To achieve this, the best management companies align with five guiding principles: ethics, profit, tenacity, innovation, and engagement. One way to stay aligned with these principles is to filter out anything that does not align with the company's values and mission, similar to how a coffee filter separates grinds from coffee. This can be achieved through constant communication, training, and reevaluation of goals, as well as creating a company culture where every employee has mission buy-in.

Integrity in business enhances one's reputation — which in turn can help attract and retain guests, foster employee loyalty, and build stronger relationships. Integrity goes beyond doing the right thing even when nobody's watching. In hospitality, we need to act with honor, transparency, and ethics to create a culture that permeates the entire organizational ecosystem.

The best management companies align with five guiding principles: ethics, profit, tenacity, innovation, and engagement. How do the best of the best stay aligned with these five guiding principles? Let's think of the humble coffee filter, which gives way to what matters most (coffee) and keeps out the excess (coffee grinds). If we apply this to business integrity, we should *only* let through what matters most, which are our five guiding principles. All of the other stuff will hinder success and affect the bottom line. For example, Remington takes pride in providing guests with all-around great housekeeping. The traits that don't exemplify top-notch housekeeping (like shoddy service and cut corners) will be filtered out. This concept is what has allowed Remington's company's mission to succeed. This may all sound easier said than done. How do we instill these values into the daily work lives of our employees, both on the corporate level and on the ground? Constant communication and reference back to company values are vital, which can happen through training and continuous reevaluation of goals.

Additionally, this goes back to creating a company culture where every employee has mission buy-in. My company's guiding light is our motto, "Where Passionate People Thrive," and every department has its own set of goals that align with these values. It's important that a company's mission is well thought out and meaningful, and it shouldn't be empty marketing jargon. To break down our mission statement, we are looking for highly engaged, excited employees to cultivate an environment where they can reach their full potential and meet career goals. Without these values, it's difficult to attract good talent if it's not where they want to be.

THE KEY DIFFERENTIATORS

One of the most important aspects of integrity is having a keen understanding of the rules by which you're playing. Having a number of initiatives in place not only gives your organization KPIs but also paints a picture of how you will separate your brand from your competitors. A few of my favorite KPIs include:

- **Provide Operations Excellence:** Remain steadfast to providing exceptional guest service, asset stewardship and maintenance, full operational transparency, and consistent, timely, and proactive reporting and communication.
- **Incorporate a Distinctive Commercial Strategy:** Focus on providing seamless strategy and execution to drive revenue and market share through thoughtful approaches to sales, revenue management, and digital marketing.
- **Integrate Business Intelligence Systems:** With more technology, companies are given access to more resources that can affect change. Doing so allows people to spend more time on the details.
- **Lead Food and Beverage Operations:** Help guests create memorable dining experiences while focusing on operational efficiencies like revenue generation strategies, concept development, as well as outlet openings, renovations, and acquisitions.
- **Offer Centralized Support Services:** Deliver strong, discipline-specific support across a number of different sectors like accounting, legal, human resources, information technology, and risk management.

It's important to note that these KPIs don't specifically mention cost-savings and increasing profit margins, which differs from many management companies. The fact is by putting company values first, profits will follow. The same goes for the industry-wide struggle for talent recruitment and retention. Remaining steadfast to your values and mission will trickle down to every associate being treated with dignity and respect, leading to an organization with a positive, productive, and collaborative environment where employees will want to work to help build and grow a successful company.

When it comes to incorporating integrity into your business, the most important thing is to be unrelentingly committed to your mission and its corresponding KPIs. Once the mission and KPIs are determined, it's vital the message is consistently echoed across the company to employees at all levels. Constant communication, reference back to the company values, and continuous reevaluation of goals each day is when the company mission will succeed.

Chris Green — President at Remington Hotels
As Remington Hotels President, Chris has more than a quarter-century of successful hospitality operations experience.Previously Chris served as the President and CEO of Chesapeake Hospitality, a premier third-party hotel management firm with a diverse portfolio of properties across the country.

Remington Hotels — remingtonhotels.com
Remington is a dynamic hotel management company providing top-quality service and expertise in property management. Founded in 1968, the hospitality group has grown into a strong, industry-leading service provider and today manages 118 hotels.

It's time for hotels to build 'places' rather than 'spaces'

Andi Davids
Global Strategic Business Director at Bulletproof

Synopsis
Andi Davids at Bulletproof argues that hotels are often considered "non-places", spaces of transience and impermanence where people remain anonymous and interactions are mostly transactional, which does not inspire brand recognition, affinity, and loyalty. They suggest that the hospitality industry has a unique opportunity to rearticulate their market relevance by offering more meaningful travel experiences in more memorable places, in order to drive brand recognition and loyalty as consumer's fatigue with mass-produced travel and the rise of Airbnb.

Ever heard of a 'non-place'? If not, it's time to take note. Because the hotel industry is filled with them. And they might just be the reason hotels aren't filled with more people.

First coined in the mid-90s by French anthropologist Marc Augé, a 'non-place' is a space of transience and impermanence, where humans remain largely anonymous, and interactions are mostly transactional.

It's not a leap to see why hotels are prime non-places (alongside others – airports, service stations, shopping malls, for example). Guests pass through. They don't stay long. And they're known primarily by their room number. In short, not the best recipe for inspiring brand recognition, affinity, and loyalty.

'Places', in contrast, are meaningful spaces that empower individuals' identities and offer people the opportunity to meet and share social references. Things any industry expert will tell you are key to building brand love.

A UNIQUE OPPORTUNITY

It's a pivotal moment for hospitality brands. As demand increases, hotels face three key challenges.

First, they need to rearticulate their market relevance in a landscape that's vastly changed. Consumers' fatigue with mass-produced travel is one of the key factors that led to the rise of Airbnb. In fact, Airbnb's positioning - 'belong anywhere' - was in direct opposition to the idea of non-places. You could have more authentic experiences, feel a part of the local community, and get the kind of travel credibility usually reserved for those with dog-eared passports.

But Airbnb's rapid commercialisation means it now suffers some of the same afflictions as hotels previously: impersonal and largely interchangeable experiences, at exorbitant prices. For the first time in years, hotels are uniquely positioned to be the antidote to this.

Second, with 700 million people predicted to book travel digitally by 2023, hotels will need to drive brand recognition both online and in-person.

And finally, the pandemic's wind down has released a pent-up desire to travel, but cost-of-living rises mean people are seeking less risk and greater value (as in, 'money well spent'). To drive loyalty in the face of price sensitivity, hotels need to foster brand resonance - ultimately, offering more meaningful travel experiences in more memorable places.

Considering the above, it's the perfect time for a hotel renaissance. The key? Think 'places', not 'spaces'. Three characteristics – identity, relations and history – can help you do so.

MAKE PEOPLE FEEL SEEN

Identities are rooted in places from birth. Our birthplace is on our birth certificates, after all. And as we go through life, the places we're associated with become part of our personal narrative, communicating something fundamental about us to the outside world.

Non-places, however, aren't a reflection of the self but an abstraction of it. They homogenise individuals into 'guests', and who you are and how you define yourself is only relevant in transactional moments.

The first way to combat this is to know who you're targeting. It doesn't matter if it's budget-conscious families, high-flying business travellers, or culture vultures. Craft a brand that reflects guests' identities. Create experiences that make them feel valued. Curate environments that reflect their attitude and character. Essentially, design a place in which they can naturally see themselves, and one where they'll naturally want other people to see them.

The Michelberger in Berlin, for example, has turned itself into a destination in its own right, with a thriving community space capturing the youthful, creative spirit of the Friedrichshain district. That sense of fandom doesn't just have to be about what's hip and cool – it's about cultivating a community of people that feel like they belong.

And remember, status doesn't always come from exclusivity or luxury. Depending on who you target, it may come from just the opposite. The key is making people feel like they're seen, understood, and 'in the know'.

Another way to tackle the identity challenge is to create a more bespoke offer. Augé's research was written in the early days of the internet, long before the word 'personalisation' had entered the common vernacular. But with modern technology and a glut of data, we're now in an incredible position to provide a more personalised experience. Get to know your guests. Greet them using their name whenever possible. Ensure their bedding, toiletries and level of service reflect their tastes. And flip the notion of loyalty programmes. Show loyalty to your guests rather than simply rewarding them for showing loyalty to you.

HELP PEOPLE CONNECT

The second characteristic of a non-place is relations. In places, people form a community and have a collective identity (think 'Brits', 'Londoners', 'Arsenal Fans'). All share a common language, implied behaviours and known rituals.

Non-places, meanwhile, mediate a whole mass of relations in a transactional way. They communicate through generic messages ('we apologise for the inconvenience'), impose codes ('please consider reusing your towels') and enforce rules ('we require our guests to check out by 11am').

So, a key goal in turning non-places into places is to remove the focus on transactionality. Again, there's a great opportunity for technology to help. Apps can make the experience seamless. Beyond that, simply focusing on the way your brand communicates and behaves can create a feeling of conviviality. Look at your tone of voice. Is it personal? Better yet, is it ownable?

And it's not just guests' relations with the hotel that matter, but with each other. Provide opportunities for people to meet, connect and create. Build communities. Offer activities related to the interests of the people who frequent your hotel. Create mixed-use spaces. Rather than a 'business centre' consisting of a computer and printer in the corner of a lobby, create co-working space. Name gyms, spas, and restaurants, to give a sense of place within a place. Better yet, create an ecosystem of branded services, like Soho House, with hotels, clubs, spas, workspaces and even home goods.

And finally, turn your brand into a badge of honour. Build meaning into your distinctive brand assets. Make them recognisable, covetable and easy to share.

LET PEOPLE LIVE HISTORY

The final characteristic of a non-place – history – is particularly important when it comes to placemaking.

I'm not talking about simply putting up archive images on the wall with a timeline. In non-places, history becomes something to observe rather than be part of. In places, it's about helping guests live it. Letting them become part of it. And creating experiences that establish a shared narrative for all.

You can do this by creating signature sensory experiences, ones that only happen at your hotel. That could mean multi-sensory brands, immersive environments, or unique displays. Take the TWA at JFK airport. From the custom font, to the spot-on replica of Howard Hughes' 1962 office, to the 60s tunes playing in the Runway Chalet; it's a feast for the senses that transports guests back in time to the golden era of air travel.

At the other end of the scale, it can be as simple as offering a signature scent – like Marriott Westin's White Tea. An olfactory memento that transports them right back to their time in the hotel. It's proved so popular and evocative, that guests can now buy it as a home fragrance.

MAKE SPACE FOR 'PLACE'

Whether you add these to your to-do list ultimately depends on your strategy – is it about getting as many people in and out as quickly as possible? Or is it about creating more meaningful experiences? Whether just the lobby, or the whole hotel, every hospitality brand can benefit from 'place' making.

Tackling non-places within the hotel industry is a huge opportunity for hospitality brands to drive growth, standout, and fandom. Guests are increasingly looking to experience places. As an industry, we owe it to them to deliver them, in the true sense of Augé's definition.

Andi Davids — Global Strategic Business Director at Bulletproof
Andi Davids is Global Strategic Business Director at Bulletproof, an independent brand creative agency with studios in London, New York, Singapore, Amsterdam, Sydney and Shanghai. Andi loves to unpack the way that people form meaning in their lives, elevating brands beyond recognisable identities to dynamic reflections of human experience. She's used this approach with some of the world's most iconic brands including Deloitte, Heinz, Mars, PepsiCo, the UK Government, and the United Nations. Combining consultancy with academia, Andi is a guest lecturer at Cambridge University, leading the latest discussions on media, marketing, semiotics and psychology of communications.

Bulletproof Design Limited — wearebulletproof.com
Bulletproof is a brand creative agency with studios in London, New York, Singapore, Amsterdam, Sydney and Shanghai. Proudly independent, we exist to vanquish mediocrity and build the most successful brands of the future. Working in partnership with clients of all sizes, from Mondelez International, The HEINEKEN Company and Diageo, to Soapsmith, White Claw, Booking.com and the Football Association of Wales, we create bulletproof brands that deliver real commercial results.

Beyond zero – moving our industry along the pathway to net positive hospitality

Glenn Mandziuk
CEO, Sustainable Hospitality Alliance

Synopsis
Glenn Mandziuk, CEO at the Sustainable Hospitality Alliance, writes that the travel and tourism industry are seeing a rebound in occupancy levels after the pandemic, proving the industry's resilience and ability to adapt to changing situations. However, negative impacts such as damage to the environment and cultural disconnection must also be considered. With a projected 1.8 billion international tourists by 2030 and 2.5 million hotel rooms in development, it is crucial for the industry to prioritize sustainability. Despite this, less than 1% of companies have set science-based targets for carbon reduction and only 28% have a climate strategy in place.

As someone who has devoted my life's work to the travel and tourism industry, it's hugely heartening to see the sector bouncing back after the pandemic and occupancy across the world returning to previous levels. Our industry has once again demonstrated our resilience in an unprecedented crisis and our ability to flex to meet the demands of a rapidly changing situation. We were also able to prove the central role that hotels play within our communities – offering accommodation to frontline workers, becoming temporary medical and quarantine centers, supporting food banks and other local charities, and many other acts of localised hospitality.

However, as gratifying as it is to see the industry thriving once more, we cannot forget the negative aspects that all too often occur as a result. Beaches overfilled with people; damage to the local environment and sites; lack of cultural integration between visitors and the local population; poorer quality of life for the residents; risks of exploitation in the labor supply chain; over-consumption of natural resources; waste and pollution to name a few.

With the number of international tourists expected to reach 1.8 billion a year by 2030 (UNWTO), and a pipeline of 2.5 million hotel rooms in construction or planning (STR), we need to be mindful to ensure that our growth is sustainable. Being part of our local communities is a privilege, not a right. We all operate in one mutual ecosystem, which we must respect, sustain and cultivate.

And yet, currently less that 1% of companies who've set a science-based target for carbon reduction are hotels (STBi), and only 28% of hospitality companies have a climate strategy in place (UNWTO). The latest World Ecomomic Forum Global Risks Report rates failure to mitigate climate change as the most severe risk over the next ten years, demonstrating the urgency with which we all need to be putting dialogue into action.

Additionally, the industry is well-recognised for bringing opportunities to local communities and economies – both through the visitors they attract to an area and the employment opportunities they create for the local population. Prior to the pandemic, 10% of global jobs were in the travel and tourism industry – over 300 million jobs (WTTC). But, the industry is not equally being recognised as being a desirable place to work. Hotels make up less than 2% of the companies in the World's Best Employers list (Forbes) and, in real terms, we're seeing the industry struggle to re-hire to the positions that were lost during the pandemic.

Hospitality is facing, yet again, a range of new challenges and uncertain market conditions which will impact and change the industry in 2023 and beyond.

NET POSITIVE HOSPITALITY – GIVING BACK MORE THAN WE TAKE

That's why it is our belief that every hotel around the world must move towards *Net Positive Hospitality.* Net Positive is a way of doing business that puts back into society, the environment, and the economy. *Zero* impact is no longer enough. We must be starting from the viewpoint of how can we make a *positive* impact across all areas of our business, and work towards becoming a prosperous and responsible hospitality sector that gives back to the destination more than it takes. That way everyone has a chance to prosper – businesses, individuals, local communities, and the environment.

Net Positive Hospitality also recognises how our social and environmental impact is intrinsically interlinked, bringing together people, planet and place – for example, water stewardship not only impacts the quality of water but also the local residents who rely on this resource, and local procurement not only ensures we are providing opportunities for businesses within our local community but reduces our environmental footprint with less transportation required.

The future of the tourism industry depends on protecting the locations, livelihoods and communities in which hotels are based. Therefore, we must all, as responsible business leaders, be asking what can we give back?

Far from being a cause for concern, though, this presents a huge opportunity for us all. "Companies perform better when they are deliberate about their role in society and act in the interests of their employees, customers, communities, and shareholders," according to Black Rock CEO Larry Fink.

We are rapidly entering an era of increased awareness of the world around us – reviewing our impact on people, communities, ecosystems, and destinations. Our customers are increasingly looking for sustainable travel options, with 81% of global travelers stating that sustainable travel is vital (Booking.com). This trend is just as strong in the business travel sector, with 76% of travel buyers having incorporated, or planning to incorporate, sustainability objectives in their travel policies (GBTA).

In an industry that is struggling to recruit, particularly among the younger age range, it's also worth considering that 64% of millennials won't take a job if their employer doesn't have a strong CSR policy, and 83% would be more loyal to a company that helps them to contribute to social and environmental issues (ConeComm).

Additionally, regulation at a local and national levels is only increasing. Over 100 countries now have fees or taxes related to environmental protection (EY), and directives such as the EU's Corporate Sustainability Reporting Directive mean that sustainability reporting will be a matter of standard from 2024 for a portion of the industry.

The failure to convert hotels to become net-zero carbon emitters will be a major impact on the bottom line by incurring carbon penalties and leaving them at high risk of becoming million-dollar stranded assets when they no longer comply with legal regulations (AP).

Meanwhile, the investment community is already advancing in their recognition of the importance of sustainability for future prosperity. Sustainable investment is worth in excess of US$35 trillion (GSI Alliance), with 74% of institutional investors now more likely to divest from companies with poor sustainability performance (EY).

COLLABORATION FOR PEOPLE, PLANET AND PLACE

So how can we make Net Positive Hospitality a reality? We know that we work in a complex industry, which has a spiderweb of stakeholders across the value chain from investors and owners to franchisees, and an equally long and complex supply chain – all of which have an influence on how our brands and properties impact on the world around them. Therefore collaboration is central to ensuring we are giving back to the destination more than we take.

And this will need to go beyond our direct industry stakeholders. Net Positive Hospitality is about working in partnership with your local area, community leaders, authorities, and the public sector, to understand the needs of the people in your community and your local environment, and working together towards shared solutions and opportunities. To use the words of the Sustainable Development Goals: A successful sustainable development agenda requires partnerships between governments, the private sector, and civil society, built upon a shared vision and shared goals that place people and the planet at the centre, at a global, regional, national and local level (SDG17).

HARMONISING STANDARDS

This concept of shared goals is the other crucial element. As an industry that is becoming increasingly rated on its sustainability from all sides, we lack a shared language when it comes to evidencing our impact and progress. We need to ensure that we control our destiny and don't allow others to define the targets for our industry. Therefore we have to work collaboratively to put the frameworks in place, develop agreed standards and streamline reporting and benchmarking in sustainability. This will not only reduce the asks on our teams to allow them to focus on their core sustainability work but will ensure that our guests, clients, partners, and stakeholders are receiving robust and comparable information which reflects the most meaningful issues for our societies, destinations, and the world.

I am immensely proud of the advancement of sustainability across the industry – both within our community of hospitality companies and partners at the Sustainable Hospitality Alliance, and across the wider industry. We all, though, recognise that there is an immense way to go to bring everyone on this journey and achieve our vision. Let's use the learnings of the pandemic to show that we can be rapid in our ability to flex and prioritise sustainability, and ensure that Net Positive Hospitality is placed at the very heart of everything we do.

Glenn Mandziuk — CEO, Sustainable Hospitality Alliance
Glenn Mandziuk has over 25 years of leadership experience in advancing sustainable practices in tourism, hospitality and economic development, and establishing strategies and programmes that inspire responsible growth. Currently the CEO of the Sustainable Hospitality Alliance, Glenn convenes senior leaders from across the hospitality industry, strategic partners, international bodies and governments to drive the industry towards Net Positive Hospitality. Prior to joining the Alliance, he was President and Chief Executive Officer of Canada's Thompson Okanagan Tourism Region (TOTA). Glenn has 10 years' experience in the hospitality industry in family-owned and operated hotels and resorts and is also a director on the Board of the Global Sustainable Tourism Council and the Responsible Tourism Institute.

Sustainable Hospitality Alliance — sustainablehospitalityalliance.org
The Sustainable Hospitality Alliance brings together the hospitality industry and strategic partners to address key challenges affecting the planet and its people, local destinations and communities. They develop practical free resources and programmes to create a prosperous and responsible hospitality sector that gives back more than it takes. Their members have a reach of over 7 million rooms and include world-leading hotel companies including Marriott International, Hilton, IHG, Hyatt and Radisson Hotel Group as well as regional brands. Their network also includes other parts of the hospitality value chain, including owners, investors and suppliers, to further drive joined up action on sustainability, and accelerate the industry on the path to net positive hospitality.

Above the clouds: Taming multicloud chaos

Mike Bechtel
Chief futurist | Deloitte Consulting LLP

Synopsis
The growth of cloud computing has led to a complex and redundant web of cloud tools and platforms. Despite the benefits of a multicloud strategy such as specialized capabilities and optimized pricing, complexity and interoperability issues make it challenging for companies to fully realize all the benefits of their cloud investments. To simplify this management, enterprises are turning to a layer of abstraction and automation known as metacloud, supercloud, or sky computing. This concept puts a compatibility layer on top of multiple clouds and is gaining popularity, although it still has important considerations for businesses to take into account. Today, the majority of enterprises are using two or more cloud platforms and are unlikely to consolidate operations within a single cloud vendor. Multicloud is likely to remain a dominant trend in the future.

To simplify multicloud management, enterprises are beginning to turn to a layer of abstraction and automation that offers a single pane of control.

The early days of cloud computing felt boundless. Freed from the limitations of on-premises servers, developers could build exciting new products and services tethered only by their imagination. Unconstrained by bureaucratic processes governing resource utilization, software engineers enjoyed an infinitely scalable palette that could seemingly manifest exactly what they needed at the push of a button. And as vendors began adding more and more capabilities providing advanced functionality like machine learning to their platforms, the cloud quickly became a one-stop-shop for all needs, everywhere.

But enterprises are awakening to the gray lining of the cloud. As developers' enthusiasm for the latest cloud services and tools grew, so too did the number of platforms businesses were supporting. This has created a tangled web of cloud tools that are sometimes interconnected but just as often redundant.

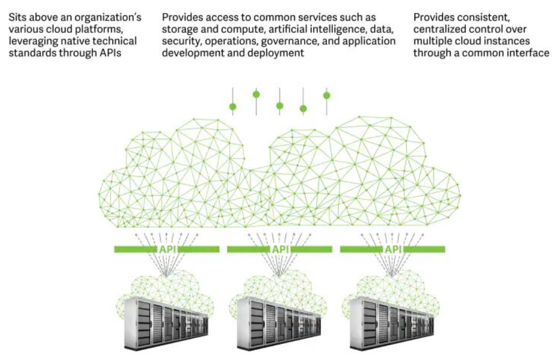
Enterprise adoption of multicloud strategies—using a mix of cloud environments and providers—continues to grow. But while a multicloud strategy can at least in theory provide specialized capabilities and optimized pricing, applications and workloads can be challenging to design and operate due to the complexity of working with a heterogeneous mix of proprietary platforms, services, and interfaces. And that means many companies struggle to fully realize all the benefits of their cloud investments, which, when done right, can include on-demand self-servicing, broad network access, rapid elasticity, resource pooling, and measured service. To simplify this management, some enterprises are beginning to turn to a layer of abstraction and automation that sits above the burgeoning multicloud. Alternately known as metacloud, supercloud, or sky computing, the concept of putting a compatibility layer on top of multiple clouds is gaining steam, even though it still carries some important caveats that businesses should consider.

NOW: MULTICLOUD IS A TANGLED WEB

Today, the vast majority of enterprises are living with multiple platform-as-a-service tools, whether they want to or not. As much as 85% of businesses are using two or more cloud platforms, and 25% are using at least five. This situation is unlikely to change anytime soon. Solution teams want to use what they perceive to be the best tool for the job, regardless of what cloud it's in.[1] They do not want to be subject to the availability of tools within a single vendor's walled garden. Also, they're using vendors' competitors as leverage to obtain better terms for services.[2] Consolidating operations within a single cloud vendor is unlikely to be a tenable solution for most businesses, and multicloud will likely be a dominant thread for the foreseeable future.

However, many companies that are now in a multicloud environment find they got there inadvertently. They brought in new services ad hoc without a higher-level strategy for dealing with things like redundancy and security.[3] Complexities in multicloud environments come from maintaining multiple security configurations and data repositories. Technology leaders would like to eliminate these complexities because their organizations are unlikely to realize the cost savings or operational efficiency gains that can come with cloud adoption.[4] Their experience with multicloud complexity has led to problems such as paying for redundant services, holes in security, and difficulty finding workers to tame all the mess.

FIGURE 1: What is a metacloud?



Source: Deloitte analysis.

Deloitte Insights | deloitte.com/insights

NEW: SIMPLICITY AS A SERVICE

Savvy business leaders aren't simply living with the convolution created by multicloud and the growing technology footprint. Instead, they're looking for ways to harness the operational gains that come from managing multiple cloud instances while slaying the dragon of multicloud complexity.

The approach known as metacloud involves building a compatibility layer that provides access to common services such as storage and compute, AI, data, security, operations, governance, and application development and deployment. This compatibility layer logically sits above a business' various cloud platforms and leverages their native technical standards through APIs—with the result that applications still enjoy the strong security of the cloud provider, but in a consistent manner with centralized control. Metacloud does this through a common interface, giving administrators centralized control over their multiple cloud instances. In a paper presented at the Association of Computing Machines' HotOS conference, computing luminaries Ion Stoica and Scott Shenker explain that the compatibility layer in the metacloud can be centered around APIs (figure 1). This is how the compatibility layer sends instructions to each of the separate cloud interfaces.

They compare the cloud compatibility layer with a computer's operating system, managing a computer's resources and exposing APIs to applications.

BENEFITS OF METACLOUD

With an extra layer of abstraction and automation between the various cloud platforms, organizations don't need as much specialization in their workforce. Instead of specializing in specific cloud platforms, cloud developers can build more general skills.

Metacloud may also elevate security. Each cloud platform generally has good security standards and, in a silo, performs well. Problems arise when enterprises start mixing and matching. With multiple platforms to manage, the task of configuring necessary security settings becomes more daunting. "Hackers can leverage multiple clouds against each other," says David Linthicum, chief cloud strategy officer at Deloitte. "They're not breaching technology; they're breaching humans."[6] Metacloud can eliminate this problem by allowing developers to set one security configuration from the compatibility layer that is executed across each cloud platform through its native interface.

By eliminating unnecessary cloud services, enterprises can reduce their security exposure, enhance user privacy, lower costs, and do more with less. Teams may become less specialized in their abilities, and thus more capable of tackling whatever higher-level, generalized problem comes along.[7]

CHALLENGES OF METACLOUD

From a technical perspective, Stoica and Shenker believe metacloud makes perfect sense. From a business perspective, things get more complicated.

"We think achieving a widely usable compatibility layer is, on purely technical grounds, easily achievable," they write. "The problem is whether the market will support such an effort because, while the compatibility layer has clear benefits for users, it naturally leads to the commoditization of the cloud providers, which may not be in their interests."[8]

The other potential pitfall of this approach is that enterprises are on the hook for building it themselves. Right now, there are few vendors offering metacloud as a service. Instead, development teams will need to take the lead building each of the connections and the ultimate interface themselves. It's a complex solution to dealing with complexity, but the ultimate outcome should be greater simplicity.[9]

NEXT: CONSOLIDATION AND CENTRALIZATION

History suggests, however, that metacloud may only be an interim solution. Past efforts to reign in sprawling data centers, databases, and operating systems have ultimately resulted in consolidation, centralization, standardization, and rationalization—not via middleware or orchestration engines, but with refactoring and simplicity. Improving license utilization has always been a focus of consolidation, and most enterprises have policies in place that control utilization of cloud resources.

Further, cloud services are often sold to various teams within IT. This could mean that as soon as IT centralizes cloud services under a metacloud, it may discover additional platforms that need to be reined in. At this point it becomes a game of whack-a-mole.

What could end up taking the place of metacloud is a more tactical approach, one that borrows the centralization and control of metacloud but leaves in place the freedom developers currently have to choose the right tool for the job. This tactical metacloud could govern provisioning of cloud credentials and allocate resources only to users that have a valid business case and the technical knowhow to make use of cloud resources without creating complexities.

Self-service has been the ultimate game-changer in IT. Any approach to centralizing cloud resources will have to respect the end users' desire for agility. In the past, centralization generally meant bureaucracy. Line-of-business users went around IT to get out from under burdensome processes that slowed their ability to solve business problems. But automation tools are making it easier for IT to deliver functionality without slowing down business initiatives and could play an important role in any effort to rein in multicloud complexity.[11]

Multicloud may feel messy, but it's the world we're living in, and likely will be for the foreseeable future. Smart business and technology leaders should look for areas to reduce complexity wherever possible—potentially through approaches like metacloud—and eliminate security and redundancy problems created by maintaining multiple cloud instances.

This article is part of Deloitte's Tech Trends 2023 report. Deloitte's 14th annual Tech Trends report explores the impact of emerging technologies on groundbreaking innovations and foundational business areas. Read the Prologue: A brief history of the future.

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Mike Bechtel is a managing director and the chief futurist with Deloitte Consulting LLP. Mike helps clients develop strategies to thrive in the face of discontinuity and disruption. His team researches the novel and exponential technologies most likely to impact the future of business, and builds relationships with the startups, incumbents, and academic institutions creating them.

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HY8

The Evolution of Consumption and the Future of Reporting Standards in Lodging

Frank Wolfe
Chief Executive Officer (CEO) at HFTP

Synopsis

HFTP CEO Frank Wolfe writes that his association, in partnership with AHLA and the Global Finance Committee (GFC), is modernizing the Uniform System of Accounts for the Lodging Industry (USALI®) to its 12th edition to address evolutions in information consumption and energy/resources use. This requires a shift from traditional learning methods to an interactive, online platform accessible on digital devices, making use of cloud-based publishing and multimedia-enhanced e-books.

Two clear objectives emerged when we contemplated the future enhancement of operational information and reporting standards for the lodging industry, objectives designed to address evolutions in consumption – specifically, that of information in the digital age, and that of energy and resources.

For starters, traditional learning and referencing have taken place within the pages of a printed textbook. This is no longer standard practice, as more often the modern information seeker turns to their computer, phone, or e-reader to source content digitally. Additionally, it is progressively evident that the intricately connected, globalized hospitality industry necessitates communication, collaboration, and interfacing, wherever and whenever possible.

Thus, the need for an interactive, online learning platform became a priority when HFTP set out to update the *Uniform System of Accounts for the Lodging Industry (USALI®)* to its 12th edition. Organizations have increasingly turned to cloud-based publishing platforms to make their content digitally available to readers on popular devices such as smartphones, tablets, and PC. These technology solutions allow for the printed books of old to be replaced by interactive and multimedia-enhanced e-books accessible via the Internet, an app, or even when offline.

The platform may also incorporate valuable opportunities for collaboration through the integration of discussion boards, as well as opportunities for content engagement with the ability to add personalized notes and comments to the digital content. All these features are available through the SaaS-based digital publishing platform Kitaboo, which will produce the soon-to-be-available *USALI* 12th edition e-book – allowing HFTP to achieve its objective of meeting the modern information seeker however, whenever and wherever they choose.

Expectations of the modern hotel guest and traveler have evolved, as well. Environmental, social, and governance (ESG) investing has become an especially significant and recurring theme in the travel and accommodation space as of late.

This was most recently discussed at the 2023 American Lodging Investment Summit (ALIS) during a panel session that featured me, alongside a powerhouse group of hospitality and sustainability experts: Michael Chang, VP energy and sustainability at Host Hotels & Resorts; Lauren Sandler, director ESG at Greenview; Robert Mandelbaum, director of research information services at CBRE Hotels' Americas Research; and Ralph Miller, president at Inntegrated Hospitality Management Ltd.

Mandelbaum and Miller are also members of the Global Finance Committee (GFC), which is responsible for creating the content for *USALI's* 12th edition under the guidance of its co-chairs Raymond Martz, executive vice president, and CFO at Pebblebrook Hotel Trust and Gina Tallarico, VP, asset management at Hyatt Hotels Corporation.

This session at ALIS helped shed light on why ESG has become so important in the lodging industry. Surveys have continuously found that many of today's guests consider ESG a top priority when making their travel plans. Companies are also constantly looking for ways in which to meet carbon reduction goals and requirements, so virtually all requests for proposals (RFPs) call for sustainability data – information that is often difficult or impossible to find and can cost hotels valuable group and corporate travel business.

Hotels are notoriously considered substantial energy consumers, making a critical case for finding ways to save on the use of energy and resources. So much of a hotel's success also depends on the natural and cultural identities of the location to which their guests have traveled, so hotels should be invested in the preservation of the property's surrounding environment.

Furthermore, there are greater expectations from investors regarding the management and disclosure of climate risk. Investors want to know: what is your plan to reduce carbon emissions and mitigate the adverse effects of climate change? The potential exists for reducing the cost of capital when there is a successful ESG program in place, tied to metrics. And everyone in the global lodging industry is looking for the same thing: consistent, comparable, and reliable ESG reporting standards.

In updating the *USALI* to its 12th edition, HFTP and the GFC partnered with the American Hotel and Lodging Association (AHLA) Sustainability Committee to enhance the Utilities-Schedule 9 in the USALI 11th edition. This section has been remodeled to become the new Energy, Water, and Waste (EWW) of the *USALI* 12th edition. It incorporates a new EWW-Schedule 9, as well as a new metrics section to align with existing industry metrics, intended to improve the monitoring and benchmarking of EWW cost and usage.

In addition, the revised 12th edition provides guidance to support lodging properties as they evaluate their efficiency performance and prepare for information requests from stakeholders. It includes guidance to assist in calculating a hotel's environmental impact to address the increasing need at the property level where meeting planners, cities and/or other third parties request these statistics. Managing EWW cost, utilization and environmental impact may improve a hotel's profitability, enhance compliance with environmental regulations, and reduce its environmental footprint.

Since 1926, the *USALI* has been a leading publication providing operational information to the lodging industry. The information and guidance provided within the *USALI* should naturally evolve to reflect the latest industry trends and expectations of hotel professionals, guests and investors.

This is what has driven the evolution of the *USALI* as it approaches its newest version in a nearly 100-year history. The new digital version of the current 11th edition of the *USALI* is expected to be available in Spring 2023, while the 12th edition with the new EWW section is expected in late 2023. Learn more about the *USALI* at www.hftp.org.

HFTP PURCHASED USALI RIGHTS IN 2018

In October 2018, Hospitality Financial and Technology Professionals (HFTP®) purchased the copyright to the Uniform System of Accounts for the Lodging Industry (USALI), a resource the association has been connected to since its origins. Widely used internationally, the primary purpose of the USALI is to offer operating statements formatted to provide hotel owners, managers and other interested parties with operational information pertinent to the lodging industry. The USALI was first published in 1926 and is currently in its 11th edition. The copyright was previously owned by the Hotel Association of New York City. The resource is published by the American Hotel & Lodging Educational Institute, and HFTP has been a continuous sponsor and contributor to the publication.

The USALI, 11th revised edition was released in January 2015. Revisions to the USALI are overseen by the Financial Management Committee (FMC) of the American Hotel & Lodging Association (AHLA), a majority of which are HFTP members. Although the revision process will not change, HFTP plans to lean on its resources as an international organization to drive greater global adaptation.

"HFTP's goal is to be a source on finance and technology for the hospitality industry and owning the rights to the USALI, an essential resource used across the industry, aligns directly with this directive," said 2017-2018 HFTP Global President Timothy Nauss, CHAE. "With the new ownership responsibility, HFTP will continue to prioritize the evolution of the guidance within the USALI to reflect the changing nature of the hospitality industry."

HFTP's existence is due in large part to the establishment of the USALI, when the Hotel Accountants Association of New York met in 1925 to write and publish the book. From that point, the New York group and other state-centered hotel accounting groups moved to organize a national association. It eventually did in 1952 as the National Association of Hotel Accountants, now known as HFTP.

Frank Wolfe — Chief Executive Officer (CEO) at HFTP
Frank Wolfe, CAE, FIH is the CEO of HFTP and an inductee into the International Hospitality Technology Hall of Fame and an HFTP Paragon Award winner. As HFTP's CEO, Wolfe oversees the association's operations, as well as represents the association worldwide at industry events, on industry boards and committees and via the news media. He often speaks on hospitality and travel related issues, and is an author, speaker and an advocate of careers in hospitality technology or finance.

Hospitality Financial and Technology Professionals (HFTP) — hftp.org
Hospitality Financial and Technology Professionals (HFTP®), established in 1952, is a hospitality nonprofit association headquartered in Austin, Texas USA with offices in United Kingdom, Netherlands and Dubai. HFTP is recognized as the spokes group for the finance and technology segments of the hospitality industry with an international network of members and stakeholders. HFTP uniquely understands the industry's pressing issues, and assists its stakeholders in finding solutions to their challenges more efficiently than any organization. HFTP offers expert networks, educational resources, career development programs, research, leadership opportunities and conferences and events.

Rethinking Revenue Management for 2025 and beyond

Russ Stanziale
Chief Growth Officer, IDeaS

Synopsis
The industry's most impactful pricing strategies are intimately linked to data. In the post-pandemic era of ongoing uncertainty, hotels with access to the insights and automation needed to react to new market dynamics quickly will have access to a greater range of commercial opportunities. IDeaS' Chief Growth Officer Russ Stanziale explains why now is the time to rethink your revenue strategies to drive lasting change and improve profitability.

Many hoteliers are rethinking revenue management's place as a commercial function within the larger hospitality industry. The many challenges of the day – from staffing shortages and inflation to rising energy costs and rising competition among hotels – are testing operators' abilities to maintain consistency and profitability. Hotels that can overcome their preconceived notions about revenue management and its place in hotel operations will be better prepared to adapt to this evolving marketplace as the year progresses.

This process starts with reframing the people and technology hotels rely on to drive their daily success. With fewer hands on deck, their roles must inevitably change. Just as the purpose of the front desk has begun to transition into a more dynamic role, yesterday's revenue managers are becoming tomorrow's revenue leaders thanks to innovations allowing them to adapt to shifts in market dynamics on the fly.

For hotels to remain successful during this ongoing transformative period in and around hospitality, embracing the current rate of change will become necessary. Here are three key areas hoteliers can focus on that can positively impact hoteliers, staff, and guests.

ONE: CONSIDER OPPORTUNITIES BEYOND ROOM REVENUE

Hotel operators are often fixated on maximizing room revenue, and for a good reason: Room revenue is the bedrock that supports the hotel industry. But today, there are great incentives for hoteliers to consider a property's more general commercial functions. This trend is becoming more evident as travel levels surge and operators seek new ways to push rates. However, the properties that have found ways to increase ancillary revenue are quickly out-earning their competitive set.

Unfortunately, many hotels do not have their tech stack aligned in a manner allowing them to reach the full potential of their ancillary revenue management. These insights are formulated using hotel and guest data, which must be fed into the revenue management system. Such a strategy is only possible in a connected commercial organization that has lowered the barriers separating departments' data. Doing so changes how – and how often – your hotel makes decisions.

Centralizing hotel data in this manner will be one of the defining trends impacting hospitality over the next few years as operators continue to realize the benefits of a united hotel data ecosystem. Most importantly, it allows hotels to shift their focus away from room revenue to a deeper commercial understanding of their property and how it achieves financial success.

Most importantly, it can create a more impactful commercial culture within your property or organization, leading to better communication and decision-making overall.

TWO: SOLVING THE STAFFING CRISIS

The hotel industry has long been challenged to overcome staffing and talent shortages, but this issue has since passed its inflection point. Staffing and talent are currently down at least 15% - causing £21 billion in lost trade, clearly signifying that the industry is facing a crisis that can only be overcome by rethinking the model used by the industry today.

Step one is to convince hoteliers to call for a cease-fire in the recruitment war for new talent and instead refocus their efforts on building small, agile teams supported by technology.

Automation and mobile connectivity features have already evolved to save commercial teams vast amounts of time when processing and analyzing data, as well as improving communications between team members and guests. These investments have gone a long way toward improving efficiency and profitability across hospitality while leaving staff with more time to interact with guests rather than time-consuming administrative tasks.

Hospitality's staff shortage remains persistent and will not go away overnight. Instead, the industry will continue to iterate on the technology that has supported its success while investing in the workers driving it. Hotels must redefine technology's role across all departments to get there, particularly automation. Where systems can source, collate and analyze activity, people can focus on strategic opportunities identified in the data and act swiftly.

THREE: DIVERSIFY OR DIE – MAXIMISING PROFITABILITY FROM A WIDER PORTFOLIO

Hospitality has entered a new era of diversification, with major hotel companies announcing soft brands left and right to fill every niche – from business travel to alternative accommodation.

Serviced apartments and private hire properties, which had steadily grown in popularity before the pandemic, experienced a surge in demand as guests sought ways to minimize face-to-face interactions. With hospitality supply returning to pre-pandemic levels and hotels competing directly with alternative accommodation companies, pricing a hotel stay has never been more complicated.

Whether your brand is diversifying through property type and product mix or adding personalized services like activities and excursions, a wider portfolio is essential for maximizing revenue and profitability as we move toward 2025. Retaining competitive pricing in this environment will require access to advanced revenue management technology capable of automatically contextualizing the value of each of these rooms. Without these capabilities, hotel operations may become drowned in minutia when agility is needed most.

This trend highlights another challenge facing hospitality: the need to move away from Revenue Per Available Room as a key metric, and instead focusing on Revenue Per Available Guest (RevPAG). Assessing your hotel (or accommodation's) RevPAG is complex, but using revenue management tools to assess the relationship between business and guests is essential for attaining meaningful revenue growth.

CONCLUSION

As we round out the first quarter of the 21st century, technology and data use is increasingly vital. Data analytics and advanced pricing tools were valuable before the pandemic. Today, they are necessary for attaining a competitive advantage.

Information is the key to making informed and profitable decisions, and automation gives operators the leeway to act on the information collected from daily data analysis.

Once this is adopted in mentality and practice company-wide, rather than consigned to a revenue or commercial team, organizations will be primed to gain new insights into commercial opportunities. These new capabilities are helping hoteliers automate their back-end processes so that they can focus on hospitality by design.

Russ Stanziale — Chief Growth Officer, IDeaS
In his role as chief sales and growth officer, Russ is focused on the evolution of IDeaS in new industry segments, expansion of sales within various regions of the world, and the exploration of new verticals for future growth. Russ began his career with a wide variety of professional experiences. Following graduation from the University of Georgia (USA), Russ combined his data science degree and people skills to forge a successful career in consumer insights, marketing/pricing optimization, and supply chain analytics. After holding leadership positions at ACNielsen, Teradata, Hewlett Packard, and IDeaS, Russ briefly left IDeaS but returned in 2022 as the revenue solutions company's chief sales and growth officer.

Payments: The ultimate guest centric tech-experience for travelers

Lennert de Jong
President Hospitality at planet

Synopsis
The hotel industry has been going through a technological revolution for decades, causing hotels to change pricing, business models and distribution strategies, and re-thinking the physical experience for guests. Despite this, the hotel experience has not changed much and the industry is behind on digital maturity. This is due to the structural ownership and operating of hotels, the overwhelming choice of different technology suppliers, and lack of consistency in the guest experience. The author left a leading hotel company to join Planet, which aims to solve some of the biggest frictions in the guest experience through a transformation led by software on payment rails.

For decades, the hotel industry, has been going through a technological revolution that's disrupted the industry like never before. Hotels have had to change pricing and business models, and re-think distribution strategies. At the same time the technology revolution has changed so many aspects of the physical experience.

Looking around you in your every day travel, a lot has happened in the last two decades. I boarded a flight recently just by using facial recognition , without the airline having ever taken a picture of me (as far as I know). Book online, check in on the phone, walk through security with your QR code, facial scanning for passport control, followed bya friendly "Hello Lennert" by the airline employee when I enter the plane ready to take my seat.

Wow... can you imagine how this process compares to what we experienced in the early 2000s? It's improvement is awesome.

I am always using Uber as an example of how simple innovation can be. In truth, Uber did not invent that much. It used a phone, a map, geolocation, a user profile and payment details, to make the process of ordering a taxi, seeing where it is, paying for a taxi , and paying for it, very simple. And people love it precisely because it's so easy to use

Or think about the good old Citi bikes in the big cities. Great idea to get people out of the taxi or being stuck on public transport. But renting one was hard. Registering on a device on a street, adding card details and cycling whilst checking where you can dock it again to finish. What a hassle. Look at the city e-bikes and scooters now. Download the app, register, and from there you scan a code on the bike or scooter and off you go. Park it anywhere and your card gets charged in the background, receipt in your inbox. It's so easy – there's no friction and people love it.

All of these winning modern use cases of existing technology have one thing in common; they solve user problems by simplifying things and focusing on the core steps needed to get it done.

Let's go back 20 years and imagine how the hotel experience of booking a room, checking-in, getting around, enjoying breakfast, managing the in-room experience, and checking-out will have changed in 20 years.

Check-in must have become seamless, no more queues? Breakfast lists must be a thing of the past? The concierge must have been replaced by chatGPT? What kind of cool technologies will be there in the hotel room? Smart mattresses, showers, AI to help get you the best sleep you have ever had? 20 years ago people had the wildest Jetson-like fantasies of all the possibilities that lie ahead of us in hotel experiences.

But the truth is far from that. Where online travel agencies have changed the way people book hotels for good, the hotel experience in general is more or less the same. Yes, some hotels might have an app for check-in, or entering a room, but is it really much better than the process of presenting a key to the door? How many times are guests still queuing for a reception desk for check-in, or to get their name ticked off a breakfast list?

Why is an industry devoted to guest satisfaction so far behind on digital maturity? You might even have read the McKinsey digital report that puts farmers higher on the digital maturity curve than hotels.

Partly it is a structural thing. So many hotels operate in the middle of a triangle, where there is a brand at the apex, a management company and a property owner at the other two corners. And in the middle a friendly hotelier trying to integrate tech and systems, bouncing between the three different stakeholders. With guests experiencing the disconnection and friction that comes from it.

But it's not just the owning and operating structure of hotels, its also the market. With thousands of local and very few global players on each side. Different aspects of the guest experience managed by different technology suppliers. The choice is overwhelming and leads to a different guest experience at every hotel, and hardly any consistency.

Can you imagine walking into the same fast-food chain restaurant in the same city, with a different way to order, a different look and feel? I am not advocating to become like fast-food restaurants, but you get the point.

A lot of people have been asking me why I left one of the most innovative hotel companies in the world, citizenM, after 16 years to a company that is one step removed from the ultimate guest experience?

At citizenM I always had pretty much *carte blanche* to innovate, driven by a centralised owner operator with institutional investors that were always happy to write a cheque to improve our NPS score, and therefore long-term revenues.

When I was approached by the co-investors behind Planet, Advent International and Eurazeo, I realised that I was staring at a once in a lifetime opportunity. To lead a transformation of a company that aims to solve some of the biggest frictions in the guest experience. Just being focused on Hospitality and Retail, there is a firm belief that with software on payment rails, some of the core processes can be improved. Just think about it.

Source: depositphotos.com

20 years ago at industry conferences we were talking about distribution issues on how to get across rates and availability in the best way, and get reservations from travel agents or OTA's into the PMS in the best way.

These are all transactional processes. Mobile apps don't write anything on a ride folio, it charges a payment method on a user profile. In the hotel industry there are either loyalty cards to identify a customer, or email addresses. But just think about the opportunities of payment methods.

I might have changed my email address when I left citizenM to Planet, but my private Amex and Visa are still the same. Now combine my gmail address with my new corporate card, and you can understand my spend across all your hotels, as well as recognise me based on the card.

Lennert de Jong — President Hospitality at planet
Lennert De Jong is President Hospitality at Planet since 2022. Before Planet he was one of the founding team members of citizenM and their CCO since 2006. He began his career in hotel distribution at SynXis where he guided its expansion in Europe from the year of 2000 onwards. Lennert has a passion for customer centric use of technology in hospitality.

Implementing ESG in 2023: Less talk, more action

Ross Petar
EMEA Head of Hotel & Hospitality Valuation, JLL

Rekha Toora
SVP EMEA Hotels Capital Markets, JLL

Synopsis
The environmental dimension (E) is taking precedence as the hotel industry joins the race to reach net zero carbon emissions. Sustainability programs are evolving quickly as customers and asset owners demand green credentials and make net zero commitments. Despite good intentions, emissions from real estate are at an all-time high and hotels face a greater challenge to reach net zero goals due to their high energy use intensity. Making hotels more energy efficient, switching to renewable energy, and filling a skills gap in teams are important steps to close the gap between intent and action. Consumers and employees want sustainability initiatives to go faster and further, and hotels must also consider the social dimension (S) such as fair pay, labor rights, and diversity, equity, and inclusion. A joined-up ESG strategy provides accountability for driving and managing the strategy, and reporting transparently on outcomes.

Uncertainty and change keep many people awake at night – even in the most comfortable hotel bed. Right now, there's plenty to ponder in the early hours, from the impact of record-high inflation and rising interest rates to supply chain issues. Throw climate change and the growing pressures of complying with incoming regulations around building emissions and a restful night's sleep all but evaporates.

Yet it's not all doom and gloom. While uncertainty and change are disruptive forces, they're also a chance to rethink old ways of working and try out new ideas. And we know the old ways aren't going to cut it in a more sustainable, inclusive world – a world that consumers and employees increasingly want to see businesses play a lead role in shaping.

Leading hotels and brands are responding by creating and using ESG frameworks as a lens through which to assess risks and opportunities as they aim to reduce their carbon footprint and build the resilience they need to thrive in the coming years.

Understandably, the E – the environmental dimension – has taken precedence, as the hotel sector joins the race to net zero.

Phrases like green premiums, brown discounts and green finance are featuring more strongly in business conversations. Whilst there is insufficient transactional evidence of brown discounts on account of sustainability considerations, this is because sustainability is often one consideration amongst others in deal discussions. However, it is certainly considered to be key for liquidity from the perspective of both lenders and investors.

For hotel brands, sustainability programs are evolving quickly as customers increasingly say green credentials matter. But it is not just customers but asset owners who are making net zero carbon commitments and taking steps to implement strategies to achieve them, outdated brand standards require revision to consider what we need to do to make our hotels more resilient, efficient and sustainable.

TIME FOR ACTION

Despite all the good intentions, emissions from real estate are at an all-time high: JLL's Decarbonising Cities and Real Estate report published in 2022 showed that buildings account for 60% of carbon emissions in cities and as high as 78% in highly service oriented cities such as London. Hotels, like all buildings, need to 'walk the talk' to close the gap between intent and action; and due to their operational nature, they face an even greater challenge to achieve net zero goals since their Energy Use Intensity is significantly higher than offices, for example. More and more operators and asset owners are engaging to conduct gap analyses of their portfolios and now consider sustainability-related due diligence to be a key component of investment committee decision making.

Some of the measures needed to create a low carbon future will help relieve some of the uncertainty currently facing businesses. Making hotels more energy efficient will help manage rising energy costs. Smart meters can assess energy performance across hotels and identify areas for efficiencies. Advanced building management systems can adapt to peak and non-peak energy usage to reduce unnecessary energy consumption.

Hotel owners have seen utility costs soar, so the link between energy efficiency and value has become a prominent focus area. Switching to renewable energy by installing it onsite or procuring it offsite can provide energy security and support ongoing progress towards net zero goals. The payback from implementing solar panels can be as little as two years, but the benefit can be restricted by the roof space available to install such technology, particularly for city hotels.

This is the technical side; there's also the people side. Consumers and employees say they want sustainability initiatives to go faster and further, yet they also have a role to play in making it happen. Large-scale behaviour change is needed that goes beyond reusing towels. Hotels must also fill a skills gap in their teams and educate them on the importance of sustainability. Will consumers pay more to stay in a more sustainable hotel? It is not clear but what does seem clear is that hotel occupancy is likely to be higher., according to JLL's research. This applies to the S – the social – as well as the E.

Indeed, the social side is increasingly in the spotlight. For employees this means fair pay, labour rights, health and wellbeing, and diversity, equity and inclusion. For communities, it extends further to sustainable procurement, healthy spaces, and inclusive places.

THINKING HOLISTICALLY ABOUT SUSTAINABILITY

Despite ambitions being strong, hotels often approach the E and the S in narrow and fragmented ways. Instead, they should have a joined-up ESG strategy. Organisations such as the Energy and Environment Alliance (EEA) of which JLL is a strategic partner have become a key driving force in bringing asset owners, owners, brands, operators and advisors together to propel the concrete action needed.

Environmental and social efforts are intrinsically linked and require a coordinated approach underpinned by effective governance - the G of ESG. Done properly, it provides accountability for driving and managing the strategy, and reporting transparently on outcomes.

What's more, successful ESG strategies mean accounting for *differences*: not all hotels are equal. Location matters. Asset class matters. Service levels matter. Different locations have different local communities and different social challenges. Data shows that a city hotel can be less carbon intensive than a resort hotel. A modern limited-service hotel can be five times more efficient than upscale or luxury hotels.

These varying characteristics on the E side make hotel benchmarking complex. The Technical Committee of the EEA has established a global initiative with certification experts BREEAM to help with the benchmarking of hotels based on energy consumption, which will help asset owners in a similar way to STR for performance benchmarking.

Investors are starting to price in sustainability transition risk, which we are starting to see in hotels as well. Retrofitting hotel buildings will be essential, albeit not as straight forward to justify if there are limits to the existing building. For example, if it has heritage status. Investors must pinpoint where assets sit on the net zero carbon pathway and establish what the impact of increasing regulation will be. But there needs to be more transparency on subsidies and benefits to help incentivise cash constrained hoteliers.

Hotels have been buoyed by the sharp recovery in performance in 2022, but staffing and inflationary challenges continue to prevail. What is clear though is that as investor engagement and regulations step up, sustainability will continue to rise in importance as a liquidity and pricing consideration.

Ross Petar — EMEA Head of Hotel & Hospitality Valuation, JLL
Ross Petar is a Managing Director and EMEA Head of Hotel & Hospitality Valuation Advisory at JLL, focusing on all valuation advisory matters within the hospitality and leisure real estate markets including hotels, hostels, service apartments, and general leisure related assets. Ross has a Masters in Property, Valuation & Law and is RICS Registered Valuer with extensive experience providing advice to owners, lenders, financial institutions and private equity firms within the EMEA Region. In the last few years, Ross has undertaken a number of research and thought leadership pieces related to ESG and sustainability matters in hotel real estate, and how this could impact value.

Rekha Toora — SVP EMEA Hotels Capital Markets, JLL
Rekha Toora is Senior Vice President, EMEA Hotels Capital Markets, part of the JLL European hotels and capital markets team focussing on advising investors on hospitality transactions Europe-wide, with a focus on the U.K. Passionate about sustainability, particularly with a focus on the built environment and green finance, Rekha is a regular panellist and speaker on sustainability in real estate and hotel capital markets at conferences and member of the global sustainability committee at JLL. She is also the Chair of the Capital Markets Committee of the Energy and Environment Alliance, a hospitality focussed not-for-profit organization.

JLL — joneslanglasallehotels.com
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HY8

Digital Transformation in Guest Behaviour: The Ultimate Driver of True Innovation in Hotel Technology

Kevin King
Chief Operating Officer, Shiji Group

Synopsis
The hospitality industry is facing the challenge of maintaining its customer service excellence in the face of guests' growing expectations for faster service and digital solutions. The pre-arrival experience in travel and hospitality has evolved rapidly with most customers now booking their travel and hotel through digital channels. However, the in-house experience hasn't kept up due to outdated hotel core technology, which makes it difficult to implement new and better workflows. A decade-long search for a future-proof hotel PMS solution revealed that the needs are much more complex than just being cloud-based or API-first. The author claims the primary system, the PMS, must be updated to truly transform guest experiences using all the digital solutions on the market today.

Our industry is rooted in creating a memorable experience for the guests. For centuries hotels have pioneered service in ways that most other industries could only dream of. So much so that when today's most successful retailers per square foot had to design the experience in their stores – they went to hotels to discover what made excellent customer experiences.

But in the last two decades, hotels have met a new challenge to maintain their service excellence with their customers, namely guest expectations for faster service and digital solutions to provide that faster service.

Most industries today have implemented technology in ways that were not imaginable just two decades ago. Industries such as retail, transportation, travel, food, and even utilities, have all implemented applications, payments, customer accounts and more which means the customer no longer needs to wait for service.

The digital transformation of customer experience has been moving fast globally. Our industry, the hospitality industry, has pioneered online selling. The pre-arrival experience in travel and hospitality has evolved so quickly that today very few would consider booking their travel and hotel anywhere else than through digital channels. But the in-house experience hasn't been updated as fast.

A lot of this is due to the hotel's core technology, which has not been updated in many decades. Legacy, on-premise PMS systems, and POS solutions make building new and better workflows difficult. And when innovative solutions are brought in on top of the old, they require the hotel staff to maintain multiple databases and dashboards to operate. Which ends up taking more time away from the guest.

A decade ago, together with a few other Shiji pioneers, I embarked on a journey to find the best hotel PMS solution, one that would be truly future-proof and which could be the backbone for a hotel operating platform. We travelled the world, visiting all the big and small providers on the market. Speaking to the CIOs of the most luxurious hotels, the global chains, and the local hotels as well. We were sure we could find a partner to help us bring modern technology to hotels worldwide.

After over an entire year of research, looking at what was on the marketing and listening to customer requirements, we learned that no system could genuinely deal with today's requirements.

The problems we encountered were beyond the usual marketing headlines of cloud-based or API-first etc. Yes, these are critical attributes of a modern system. But today's needs are much more complex than that.

For example, one of the companies we acquired had built a state-of-the-art task management system that would turn guest feedback into action items for the teams within the hotel, but the information didn't live in the hotel PMS. So, hotel staff now had to monitor a separate dashboard to manage those tasks. The same exists today with better housekeeping solutions; the maintenance tasks are better viewed within the housekeeping solution than the PMS. So, the front desk staff must monitor multiple dashboards to ensure the guest is taken care of.

Much progress has been made in APIs and integrations. Still, because the primary system, the PMS, the "source of truth", cannot cope with modern solutions, the modern solutions don't get adequately implemented and their full potential is never achieved.

Transforming guest experiences with technology is a particularly challenging task for a hotel. When I started my career at the front desk of a large hotel in Sydney, I got a first-hand experience with how much human touch means everything in hospitality. One can solve almost any issue with excellent human skills and genuine care for the guest.

But technology has accelerated behavioural changes with guests and how our customers expect service. Immediate replies are now expected and managing transactional steps to purchase is meant to happen in the background. Guests know that if they request fresh towels for their room, technology exists to ensure this task is channelled to the right person and not forgotten. Guests know that on Amazon, they do not need to verify their credit card at every purchase. They know that if they need the bill from their utility provider, they do not need to call or wait in line; they log-in to their account and download it.

The technology for this exists, and your guests know it, they expect it.

To bring digital experience to the level of the in-hotel experience we need to address the PMS first, not last. Once the old technology has been replaced in hotels and in hotel chains, we will be able to truly transform guest experiences using all the digital solutions on the market today.

Source: Depositphotos

Currently there is a small handful of providers who are building POS and PMS platforms around the guest and improving the guest experience, which is a lot better than it was a decade ago.

It is going to be a long process to change this internationally, those hotels, groups and chains who take the step first will gain a competitive advantage for many years until the rest of the industry switches, but the digital transformation of guest experiences is inevitable.

Kevin King — Chief Operating Officer, Shiji Group
Mr. Kevin King serves as Chief Operating Officer of the Shiji Group. Prior to joining Shiji, Mr. King worked with a leading Hospitality technology solution provider for over 17 years in various operational and business management roles, including the business and technical development of global payment solutions.

Shiji Group — shijigroup.com
Shiji is a multi-national technology company that provides software solutions and services for enterprise companies in the hospitality, food service, retail and entertainment industries, ranging from hospitality technology platform, hotel management solutions, food and beverage and retail systems, payment gateways, data management, online distribution and more. Founded in 1998 as a network solutions provider for hotels, Shiji Group today comprises over 5,000 employees in 80+ subsidiaries and brands in over 23 countries, serving more than 91,000 hotels internationally, 200,000 restaurants and 600,000 retail outlets.

HY8

Hologram Enabled Hotel Check-In - A Holoconnects Use Case

Andre Smith
Co-Founder & CEO, Holoconnects

Marnix Lock
Co-Founder & COO, Holoconnects

Synopsis
With the rise of hotel self-service, such as mobile apps and self-service kiosks, guests still prefer authentic human experiences. It is no surprise that hologram technology is finding a home within the hotel industry. Recently deployed in over 30 hotel properties in Scandinavia for check-in, check-out, and guest services, the Holobox by Holoconnects offers a two-way, interactive holographic technology that delivers a real-life, real-size, real-time experience that self-service kiosks cannot emulate. The technology automates tasks and optimizes FTE's time to improve operational efficiency, reduce costs, drive revenue and enhance service. Holoconnects is the evolution of hospitality that's less like science fiction and more like a vision of the future.

If you thought holograms were an invention reserved for imaginary worlds or science fiction stories – think again. As technology continues to innovate at a blistering pace, many of the digital experiences and conveniences that once seemed like a distant possibility are, in fact, already embedded into our everyday lives. From AI-powered chatbots that can pass MBA exams to the Metaverse, the evolution of Web3, the development of truly immersive VR technology, and now, hologram technology, the influence can be felt across every industry. Hospitality, as you might have guessed, is no exception, and holograms have become the next big thing to take the industry by storm.

The appeal of hologram technology is rather self-explanatory. In a world where teleportation is impossible, holograms provide a worthy compromise. Using three-dimensional projection, which can be seen without special equipment such as cameras or glasses, holograms project a realistic representation of people, scenery, or objects that are either pre-recorded or transmitted live.

Holograms can capture the depth, parallax, and other lifelike properties of the original item in a way other mediums never could. In fact, research from Mordor Intelligence predicts the holographic display market will grow by 27.3% from 2020-2025 and see high growth rates in North America and Asia, specifically.

THE RAPID EVOLUTION OF HOLOGRAMS

Hologram technology isn't technically new; in fact, the first laser-based human hologram was created in 1967, but the way it exists today is a far cry from its original conception.

The music industry, in particular, has taken a shine to the latest hologram tech, with a 2019 Rolling Stone article describing the music industry's "booming new hologram touring business" as a way to bring beloved artists, such as Whitney Houston, Tupac, and Amy Winehouse, temporarily back to life on stage. Looking beyond the entertainment world, holograms offer businesses extensive practical utility. Some convenience stores have launched a new trial of non-contact self-checkouts that feature hologram registers.

Although they are an advanced digital tool, holograms can tap into our human desire for connection. This desire is arguably more omnipresent than ever following two years of a pandemic. Over this time, we learned that Zoom and Facetime are often unsatisfying replacements for an in-person exchange. With advancements in holograph technology, users can engage with the person on the other end of the line in real time and see their holographic figure (complete with all their gestures, body language, facial expressions, and other unique likenesses) as if they are in the room with them. In a world that often feels starved for human connection that is more tangible than the interactions offered via social media, holograms hold the potential to put the human at the center of the digital experience.

CHECK-IN TO THE FUTURE WITH HOLOCONNECTS

While we've witnessed the rise of hotel self-service, such as mobile apps and self-service kiosks, many guests still prefer authentic human experiences. It is no surprise that hologram technology is finding a home within hotels as a "human-centric" spin on digital touch points across the guest experience.

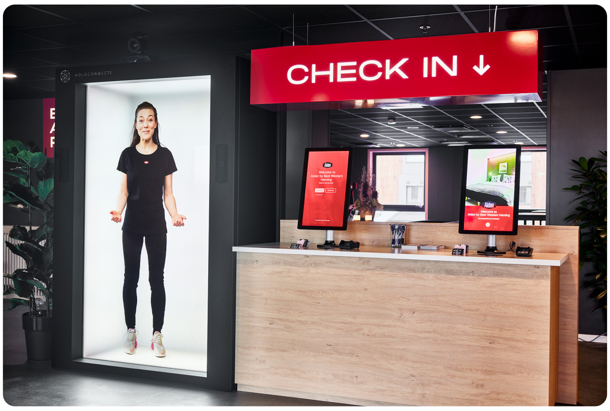
The Holobox by Holoconnects offers a two-way, interactive holographic technology that delivers a real-life, real-size, real-time experience with a level of personal engagement that self-service kiosks cannot emulate. It allows users to 'beam in' from anywhere in the world. An advanced touch system can be used as an addition to a self-check-in or as extra support during busy moments.

This technology marries innovation and superior guest service to bring a truly unique and modern experience. Despite the complex technology, the Holobox is surprisingly user-friendly: it is a plug-and-play system requiring only electricity and the internet. With the advanced software, the Holobox can be deployed at multiple locations simultaneously, enabling the properties to operate multiple receptions with one recording set, maximizing the use of the available FTEs.

The Holobox has just most recently been deployed at CIC Hospitality's 30 hotels in Scandinavia for check-in, check-out, and guest services. Through the remote sensor, a welcome video is activated. After a welcome video, guests can select from 5 buttons, 4 with pre-recorded information and one connecting to a live employee. Employees at headquarters or one of the other hotels are alerted and can respond to the guest's request, and within seconds they are digitally present to answer any questions. The Holobox provides 24/7 convenience with an agent that speaks the local language and English, and interactions are tracked with an NPS score to ensure optimal guest satisfaction.

Besides check-in/out, the Holobox concierge can inform guests about hotel amenities, experiences, and local events, make reservations, book tickets, and act as a guide to optimize the guest stay. The unique ‘insta-worthy’ technology provides a memorable experience that will be shared again and again on social media.

Holobox is also valuable for hotels hoping to capitalize on group business by promoting unique venue offerings, enabling brands to place a three-dimensional version of the person on a stage or in a boardroom. As the closest thing to teleportation, the technology provides a unique, engaging element that is free of the logistical constraints that may otherwise interfere with booking speakers, talent, and/or company executives joining IRL (in real life).



Much like VR, AR, and AI, holograms represent the future of customer-first industries like retail and hospitality. This technology does not exist to eliminate human interaction or the connection between hotel brands and their guests. Instead, it provides an opportunity to enhance engagement.

Hotels can use hologram technology to automate tasks and optimize FTE's time to improve operational efficiency and personal service. The return on investment (ROI) can be measured immediately with the consolidation and optimization of employees and resources, upsell and marketing opportunities, and increased guest satisfaction and loyalty. Hotel franchisees or single hotel owners using the Holobox as a concierge/reception can see savings of 30% - 40% in staffing costs.

With 2023 officially underway, hologram technology moves us closer to bridging the gap between the digital and real world. It’s the evolution of hospitality that brands like Holoconnects have made less like science fiction and more like a vision of the future.

Andre Smith — Co-Founder & CEO, Holoconnects
With the Holobox hologram technology it is now possible to realize digital check-ins with personal contact. With the advanced software, the box can be deployed at multiple locations at the same time. This allows you to efficiently use your available FTEs and maximize the commitment of your employee with a unique experience for the guests.

Marnix Lock — Co-Founder & COO, Holoconnects
With the Holobox hologram technology it is now possible to realize digital check-ins with personal contact. With the advanced software, the box can be deployed at multiple locations at the same time. This allows you to efficiently use your available FTEs and maximize the commitment of your employee with a unique experience for the guests.

Holoconnects — holoconnects.com
Andre Smith and Marnix Lock are the visionary founders of Holoconnects, a company that creates an immersive digital reality through engaging, life-like 3D hologram technology for hotels, entertainment, retail, technology gaming, business, and more. They are talented entrepreneurs with a proven track record of success, having held leadership roles in technology, marketing, finance, and the media. The team is now focused on building companies driven by a passion for creating a smaller, more sustainable, and fossil-free world with cutting-edge techniques. Since launching Holoconnects, they have worked with companies including CIC Hospitality Group, Deloitte, TMobile, Deloitte, Playstation, Corner33, Vodafone, Olaf, Kathy Ireland, and more. Andre and Marix currently live in the Netherlands, where they continue to grow the company. Visit www.holoconnects.com.

The new Direct, complexities and rewards of Social Bookings

Greg Berman
COO, Shiji Distribution Solutions

Source: Depositphotos

Synopsis

Social Bookings are a new hybrid category of hotel bookings that originated on social, super-apps such as WeChat, and others. They are a blend of direct bookings and third-party bookings, where the platform has its own custom-built booking module connected via API to the hotel's central reservation system or booking engine, delivering the bookings directly to the hotel without revenue sharing. Social Bookings are becoming the main direct booking channel for hotels in Asia and are expected to grow, especially with the increasing average time spent on social media platforms. To ensure high conversion rates, hotels need to invest in custom experiences per platform for each brand, which could be a new way for hotels to regain control of their direct bookings for the mobile era.

How direct bookings are going to evolve into a hybrid of technology plus channels.

Currently direct bookings are those bookings which happen through a hotel's website (brand.com) and booking engine, call center or on property at check-in. Brand.com has worked for a few decades with very little change, originally built when websites were static brochure-like channels and hotels needed to add a booking element.

While this has worked well for a long time, e-commerce has evolved a lot. Today when one creates a site on Shopify, the default settings from Shopify are just a single Home page full of dynamic shopping content and from there it goes straight to buy and check-out, the default setting is no other pages except a contact page and the legal pages.

It is hard to compare this to a hotel website paradigm where one browses multiple pages, multiple rooms pages, and multiple other pages, and then one clicks to a totally separate website which is the booking engine, selects the dates and the room and then finally reaches the payment check-out.

From my experience with how technology is evolving in Asia, a new hybrid category of bookings is starting to emerge. Coming from the fact that in Asia the internet grew primarily through a mobile-first approach, where loading multiple sites was too slow for a good ecommerce experience, this new hybrid model is going to enhance direct bookings.

The new category isn't pure direct bookings the way we know them today. But it isn't a third party booking either. We're calling them Social Bookings now because it originated on social, super-apps such as WeChat, and others.

They're hybrid because they require each platform to have its own booking module custom built for the hotel and for the platform. The booking module is connected via API to the hotel's central reservation system or booking engine. And bookings are delivered through that system to the hotel.

Hotels receive all the data and manage the relationship to the customer, there is no revenue share with the platform (other than ad costs, or page creation costs). Making this a direct booking, but delivered through a custom booking module on that platform.

To put some context around why this is important, consider that the average time spent per day on social media platforms today is 2 hours and 30 minutes and over 4 billion people are on social media platforms globally. While these platforms weren't being used for search, they are used as the main source for discovery.

In 2019, Ecommerce advertisers spent more on social media platforms than on search. Today social media has become one of the most important advertising channels for those who sell online. Because of the inspirational nature of social media and its strong ability to actively recommend vs the reactive recommendations of search this is an excellent channel for inspirational advertising and sales.

But sending people off-platform to continue their booking is not conducive of high conversion rates, especially not on mobile devices where load times are often slower and booking process is more complex.

There is no one-size-fits-all booking engine that works perfectly with every platform. The responsive booking engines were an attempt to build a hybrid booking system and they're good for people who come from the website. But to ensure conversions, hotels need to have custom experiences per platform for each hotel brand.

In Asia, this is already becoming the main direct booking channel for hotels and growing. The big chains have caught on to the trend, hotel groups should invest in their own and while this might be cost prohibitive for independent hotels, costs will come down and every hotel will soon be able to afford their own set of booking modules for each channel.

To distinguish these bookings and channels from the standard Direct Booking channel of the website, we're calling them Social Bookings.

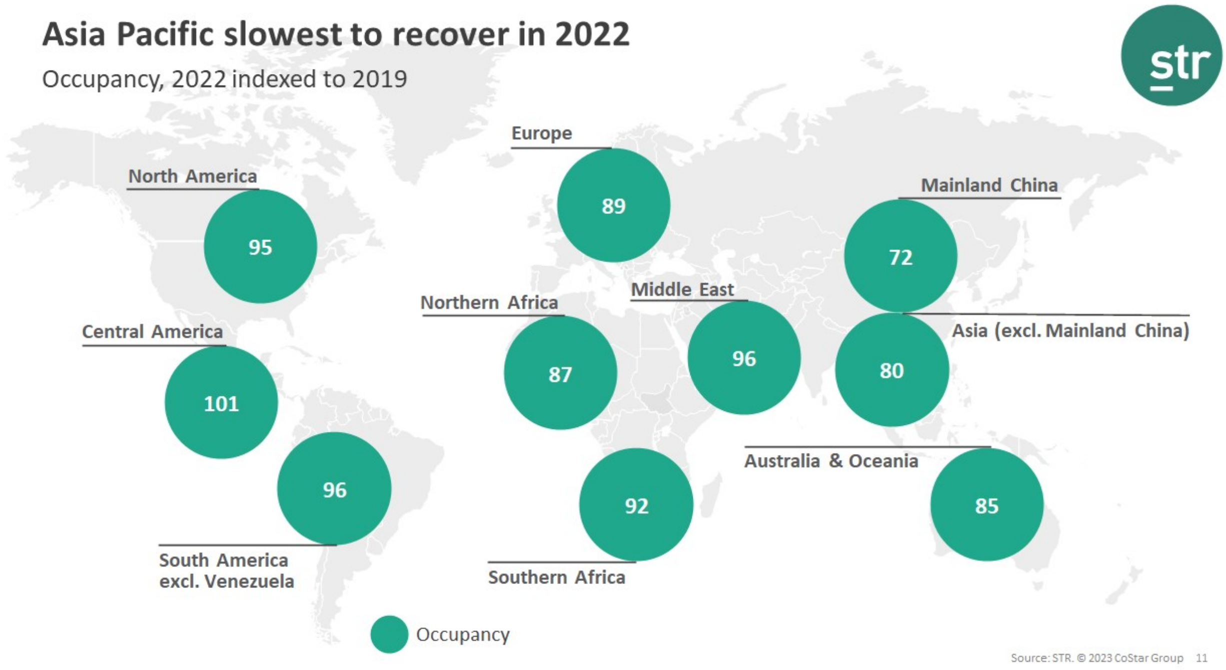
And it could be a new way for hotels to regain control of their direct bookings for the mobile era which is currently very much dominated by the OTAs and their highly optimized mobile applications.

Greg Berman — COO, Shiji Distribution Solutions
Since joining Shiji Group in February of 2018, Mr. Berman has been instrumental in laying the foundation of Shiji (US) Inc., as well as leading the further expansion of Shiji's position in electronic distribution into the Americas, Asia Pacific, and Europe/Middle East. Mr. Berman boasts over 30 years of experience in sales, software development, and information technology across numerous industries. His wide-ranging specialties include business strategy planning, product management, global sales, and major account management, complex enterprise software delivery, and data-driven business intelligence. Mr. Berman has also held multiple COO positions with HBSI, eRevMax, and DHISCO.

Shiji Group — shijigroup.com
Shiji is a multi-national technology company that provides software solutions and services for enterprise companies in the hospitality, food service, retail and entertainment industries, ranging from hospitality technology platform, hotel management solutions, food and beverage and retail systems, payment gateways, data management, online distribution and more. Founded in 1998 as a network solutions provider for hotels, Shiji Group today comprises over 5,000 employees in 80+ subsidiaries and brands in over 23 countries, serving more than 91,000 hotels internationally, 200,000 restaurants and 600,000 retail outlets.

STR Asia-Pacific - Market Snapshot 2022/2023

Jesper Palmqvist
Area Director Asia Pacific, STR



Hotel performance across Asia Pacific trailed the rest of the world on an annual basis, a result of both the region's strict and long-lasting COVID mitigation strategies as well as its reliance on long-haul international inbound travel. It is important to note that the region is varying and diverse in macroeconomic factors and hospitality indices, and larger economy countries such as Australia, India, Singapore, and Thailand had a higher rate of inflation than some others, and rather closer to those seen in Europe.

Asia Pacific's hotel resilience was evident, however, each time a new country lifted restrictions and opened borders throughout the year. Hotel occupancy in newly reopened countries across the region surged following the end of inbound travel restrictions, as pent-up demand and a sunnier economic outlook than other world regions bolstered travel.

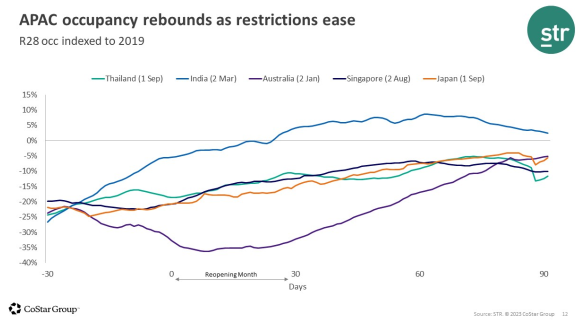
The same resilience could be found in bottom-line performance, as the region realized improvement toward the end of the year. Despite the progress, overall levels came in below the 2019 comparables. Labor costs indexed the highest when looking at profit & loss recovery, coming in at 80% of the pre-pandemic level. The region's TRevPAR and GOPPAR were just 67% and 47% of 2019 levels, respectively. Among key markets in the region, the Maldives had the strongest profitability recovery, greatly outpacing both its 2019 GOPPAR and GOP margin levels due to being one of the first global markets to reopen successfully.

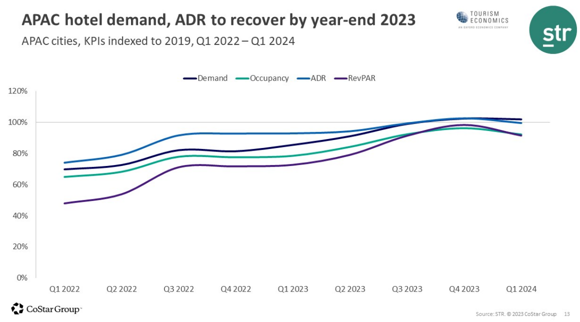
Once other APAC markets reopened, performance grew at a quicker speed. Singapore, for example, showed hyper rate growth and occupancy climbed quickly in Japan during the fourth quarter. Central Business Districts, helped by weekday/business travel, have also shown faster recovery since countries have reopened.

By the end of the year, virtually all markets outside of China either significantly reduced or eliminated COVID restrictions.

Mainland China's continued reliance on COVID-zero policy combined with increasingly contagious variants of the virus put market-level performance on a roller coaster in 2022, as lockdowns in Tier 1 cities affected both their own performance and performance in secondary and tertiary markets reliant on Tier 1 residents traveling. During periods of lower caseloads, however, mainland performance strengthened in key leisure destinations and secondary markets. The country was less V-shaped in recovery compared to 2020-21 due to more severe and larger lockdowns, which held back any significant recovery on an interim basis.

As a key source market for the APAC region, the absence of outbound China travel remained the biggest roadblock to full recovery for markets with a historically high dependency on Chinese travelers. At a macro level, the biggest roadblocks are the remaining restrictions for either domestic or inbound travel, as well as the low seat capacity on flights compared to 2019. While that absence, alongside slow-to-rebuild short- and long-haul airlift, kept the region from a full recovery, it also helped shape the region's relatively strong macroeconomic landscape.





The later start to recovery will help drive GDP growth and hotel performance in 2023, as disposable income and pent-up business and leisure demand are expected to support demand growth across the region.

China's recent moves to ease its COVID-zero policy and allow both domestic and international travel will further support industry recovery, as will the slow normalization in airlift.

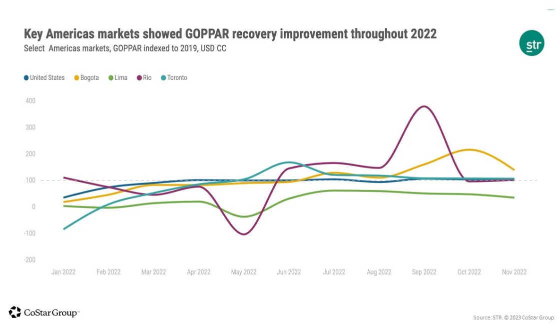
Jesper Palmqvist — Area Director Asia Pacific, STR
Jesper Palmqvist has led STR in the Asia Pacific region since 2013, and from the regional headquarters of Singapore, he oversees teams across China, Japan, Australia, Singapore, India, and Indonesia. Together with the team, he grows and services the renowned STR data set under the CoStar Group banner, while simplifying the numbers through storytelling for clear decision-making across hospitality and investment companies – as well as government branches and academia. He has experience across hospitality, online travel and IT, via the supplier and aggregator side in IT start-ups and regional hotel chains. He also has experience with global companies such as Orbitz Worldwide, Wyndham Hotel Group and Groupon, leading efforts in distribution, sales & marketing, strategy and contracting. Originally from Sweden, Jesper is an avid musician and technophile. He frequently presents and discusses the latest trends and updates at industry events, as well as providing insights for media outlets across the region.

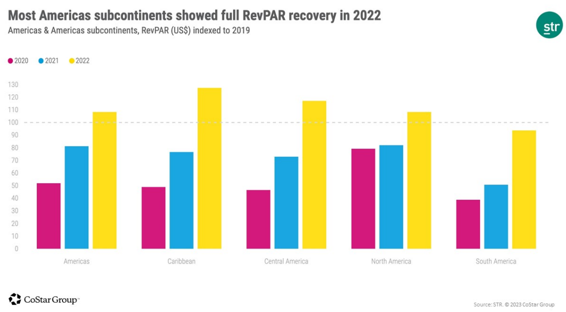
STR — strglobal.com
STR provides clients from multiple market sectors with premium, global data benchmarking, analytics and marketplace insights. Founded in 1985, STR maintains a presence in 10 countries around the world with a corporate North American headquarters in Hendersonville, Tennessee, and an international headquarters in London, England.

STR Americas - Market Snapshot 2022/2023

Isaac Collazo
Vice President of Analytics, STR

The Americas had a successful year, building on hotel performance recovery already set in place from 2021. While the early months of 2022 showed lower performance due to Omicron, the region held strong from March onwards resulting in levels of average daily rate (ADR) and revenue per available room (RevPAR) that were higher than the 2019 comparables. Occupancy, while improved from the two years prior, still remained slightly below the pre-pandemic comparable.





RevPAR to grow despite looming 2023 recession

U.S. KPIs – RevPAR index in real dollars

Metric	2022 Actual	2023 Forecast	2024 Forecast	2025 Forecast
Occupancy	62.7%	63.6%	65.3%	66.0%
ADR Change	19.1%	2.1%	3.8%	3.7%
RevPAR Change	29.8%	3.7%	6.6%	4.7%
2019 Real RevPAR Index	-5.7%	-6.2%	-2.5%	+0.1%

TOURISM ECONOMICS

Source: STR. © 2023 CoStar Group

Despite the recovery in top-line performance, the Americas' bottom line did not show the same level of momentum. The region's hotel industry failed to reach or exceed 2019 levels in any of the profit & loss key performance indicators. The metric that came closest to its pre-pandemic comparable was labor costs, at 85% of 2019 levels, which followed a similar trend around the globe as the industry experienced high levels of hospitality unemployment throughout the year.

While the Americas showed a resurgence in top-line performance, recovery was not equal among the STR-defined subcontinents. South America was the only subcontinent to show a decline from 2019 in each of the three key performance metrics: occupancy (-2.6%), ADR (-3.8%), and RevPAR (-6.3%).

The subcontinent had a pretty good head start to recovery heading into 2022, due to seasonality (Q4/Q1 are summer months for most of the region) paired with an early reopening and decent domestic/intra-regional travel. While leisure demand-led recovery efforts, pent-up demand eventually slowed towards the end of the year. The other key consideration for South America was inflation, which rose much higher than in the U.S. or Europe, which in turn translated to higher ADR. Those higher inflation rates, however, have peaked and should start to steady this year.

On the other end of the spectrum, the Caribbean saw the greatest growth in both ADR (+31.6%) and RevPAR (+27.4%).

Puerto Rico has been a key piece of the recovery puzzle for the Caribbean, as the country has benefitted from the U.S. corridor, the fact that U.S. travelers do not need a passport or different currency to travel to Puerto Rico, and of course domestic tourism within the country. Two resort destinations, the Bahamas and Turks and Caicos Islands, have also benefited from the leisure traveler, with all three of these countries reporting the only increases over 2019 in each of the three key performance metrics. Opposite of the aforementioned countries, Trinidad and Tobago was the only country in the Caribbean to report a decline in all three metrics, reporting a steep decline in occupancy which resulted in a double-digit drop in RevPAR.

Moving north, the United States has had its own share of success as the country reported its highest ADR and RevPAR levels for any year on record in 2022. While the U.S. has mostly benefited from the continued strength in the leisure segment, there has been a substantial return of group business and increasing transient business travel, both of which are expected to grow further in 2023.

Across the U.S., inflation has been significant, peaking in June at 9.1% year over year. Since 2019, consumer prices have risen 14.5%. While inflation has helped propel rates, leisure-oriented demand also provided a boost. Overall, 40% of reporting U.S. hotels had ADR growth above of inflation (>15%) as compared to 2019. Seventy-five percent of reporting hotels in the luxury class saw ADR rise faster than inflation. When looking at real (inflation-adjusted) ADR, levels are still below 2019, but just by 0.8%. On a hotel-level, 40% saw real ADR growth above 2019.

RevPAR at year end was up 28.9% year over year, which was 8% higher than the 2019 level. Real RevPAR ended the year 5.7% below 2019. ADR drove most of the growth in RevPAR as occupancy was at a 3.2% deficit to 2019.

Our 2023 U.S. forecast is centered around a widely expected mild recession taking place during the second half of the year. Forecasted GDP for 2023 will be a nearly flat 0.1%., and when broken down into quarterly sections, GDP is expected to be positive year over year in Q1 and Q2 and negative thereafter, however, government reporting will likely show declines on an annualized quarter-over-quarter basis in Q2 and Q3. We also expect to see reduced inflation in 2023 with the annual estimate for inflation hovering around the 3% - 3.5% range, which should contribute to ADR growth, on a nominal basis, slowing across the industry.

In our latest forecast with Tourism Economics, just released at the end of January, we projected occupancy to reach 63.6% in 2023, with ADR and RevPAR anticipated to increase over 2022, +2.1% and +3.7%, respectively. While RevPAR recovered on a nominal basis in 2022, we do not expect the metric to achieve that status when adjusted for inflation until 2025.

The U.S.'s neighbor to the north also experienced substantial performance recovery in 2022. Canada started off the year with a relatively lackluster performance compared to 2019, but the country was able to attain higher levels during the summer due to domestic leisure demand. Once restrictions at the border eased in the latter half of the year, the country's occupancy levels were able to bounce back, however it was not enough to push the full yearly level over the 2019 comparable.

Canada's economy has faced similar obstacles caused by higher inflation rates, which peaked in June at 8.1% and has since been trending downward. Although the country is expected to enter a moderate recession in 2023, we expect more recovery to take place throughout the year. Room rate growth, however, is forecasted to pull back while remaining in positive territory.

Moving forward, all eyes will be on international travel for countries throughout the Americas as this is a segment that, despite a resurgence, lacked in 2022. The same caveat can be applied to group/business demand as these segments were yet to show full recovery throughout the year but did give us a taste of what performance could be like if they were to fall back into the pre-pandemic pace. Despite economic headwinds, much of the industry is in a solid position moving into the new year.

Note: All financial figures presented in U.S. dollars.

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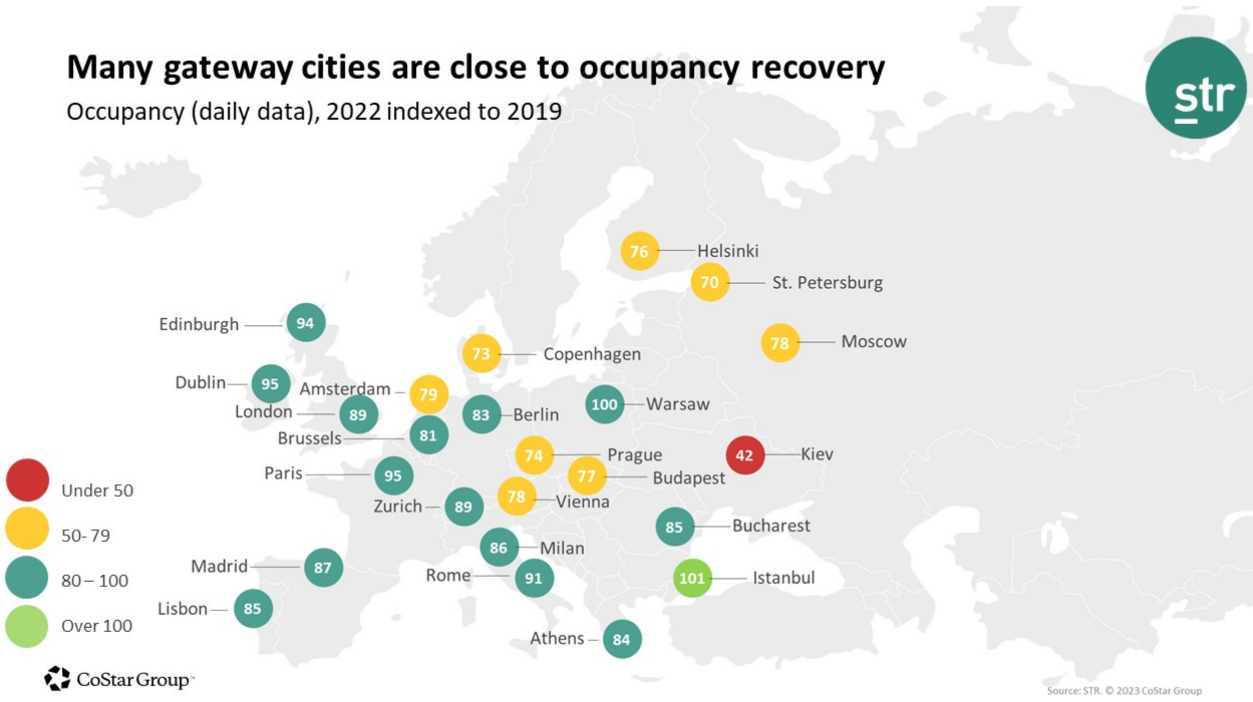
Isaac Collazo, formerly of InterContinental Hotels Group, was named VP of analytics for STR. in January 2021 Prior to STR, Collazo served in a VP capacity at IHG for 18+ years, including competitive intelligence with a focus on performance analysis, predictive analytics, modeling and macroeconomic interpretation. His more than 30-year industry resume also includes earlier positions with Marriott International, Promus Hotel Corporation and La Quinta Inns & Suites.

STR — strglobal.com
STR provides clients from multiple market sectors with premium, global data benchmarking, analytics and marketplace insights. Founded in 1985, STR maintains a presence in 10 countries around the world with a corporate North American headquarters in Hendersonville, Tennessee, and an international headquarters in London, England.

STR Europe - Market Snapshot 2022/2023

Robin Rossmann
Managing Director Europe, STR



European hotel performance strengthened in 2022 as recovery from the pandemic kicked into full gear despite both public health and economic challenges.

Hotel occupancy across Europe improved substantially following the end of the Omicron surge in the first quarter. Similar to 2021, leisure travel again led demand recovery. However, with COVID restrictions all but ended by mid-year, corporate demand finally started to return, and weekday occupancy rebounded rapidly over the second half of the year.

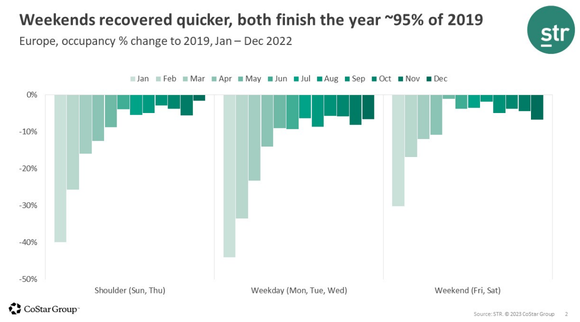
Recovery pace and drivers varied widely across markets. For some regions, such as Southern Europe, strong summer leisure travel remained the key driver. In other markets, like Warsaw and Dublin, humanitarian aid efforts arising from the war in Ukraine lifted hotel demand. However, despite the Omicron variant's outsized impact on the first quarter of the year, most markets reported occupancy near pre-pandemic levels by year end.

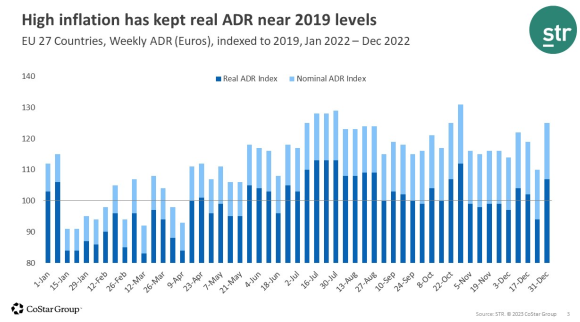
Unfortunately, as COVID concerns waned, and occupancy steadily improved, economic headwinds started to emerge. Historically high inflation across the continent contributed to a rapid rise in average daily rate (ADR) well above the 2019 comparable. Over the popular summer months, extremely high leisure travel supported by pent-up demand, savings, and a lack of COVID restrictions pushed ADR growth well ahead of inflation with temporary recovery in real ADR (inflation-adjusted). As leisure travel waned post-summer, pricing power moderated, and real ADR remained roughly in line with 2019 levels, which was a major success for hoteliers contending with rising costs.

Similar to top-line performance, the continent's bottom-line also improved throughout the year, with total revenue per available room (TRevPAR) and gross operating profit per available room (GOPPAR) indexing at 110% and 107%, respectively. A group of key European markets (Amsterdam, Berlin, London, and Paris) realized GOPPAR improvements in 2022, all having reached the pre-pandemic comparable in the metric at some point throughout the year. Among those major markets, Paris was the only market to exceed its annual GOPPAR level from 2019 (+$13) as well as its GOP margin, while London and Amsterdam ended the year with slightly lower GOPPAR and margins than 2019.

Labor costs in the country also moved ahead of pre-pandemic levels (at 107% of 2019) due to hospitality unemployment – an occurrence across the global hotel industry.

Headwinds are expected to intensify in 2023, as sticky inflation, increased interest rates, and an energy crunch led to a mild recession for the region. Unlike prior downturns, the ongoing cost-of-living crisis is expected to limit discretionary spending, putting leisure demand more at risk than corporate travel over the coming year. Corporate-led markets are less at risk in 2023, as are markets reliant on U.S. or Middle East travelers, as the strengthened U.S. dollar supports international inbound demand from these regions.





More specifically within Europe, the U.K. and key German markets will face a challenging year. For the U.K., high inflation in the first half of the year as well as the cost-of-living crisis will be key challenges, and domestic leisure demand is expected to lag. However, major events such as King Charles III's coronation, as well as the country's popularity with U.S. travelers and major markets' reliance on corporate travel will help to offset the slowdown in domestic leisure travel.

For more conservative Germany, a reliance on slower-to-return trade fairs as well moderate GDP decline will depress ADR and RevPAR in major markets over the second half of the year.

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STR Middle East - Market Snapshot 2022/2023

Philip Wooller
Area Director Middle East & Africa, STR

Supply growth has been the name of the game for the Middle East hospitality industry, and 2023 is expected to be no different. Ambitious plans to bolster both tourism and corporate travel across the region have led to significant development efforts from major Western hotel brands. The "Big 6" hotel companies account for nearly half of the new rooms presently under construction across the Middle East, while independently owned properties account for less than one-third of the 93,000 rooms in development. When looking at countries around the world with at least 10,000 room openings scheduled for 2023, Qatar leads in projected supply growth at 29%. Saudi Arabia (+15.3%) and United Arab Emirates (+9.8%), are third and fourth on that list, respectively.

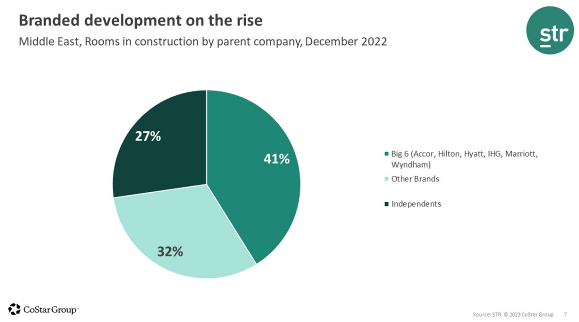
Historically high supply growth can constrain gains in both occupancy and average daily rate (ADR), but in 2022, mega events across the region as well as the continued post-COVID travel rebound helped limit the new supply impact on market performance.

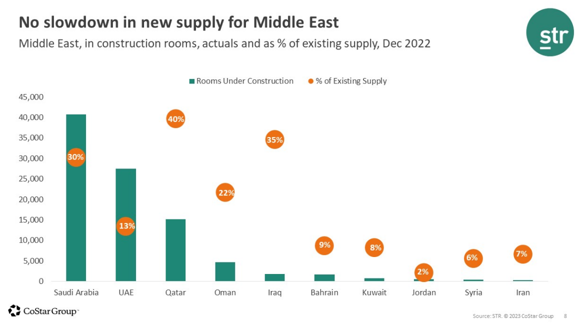
The second half of the delayed EXPO 2020 in the first quarter of 2022 spotlighted popular leisure destination Dubai even as the Omicron variant surged. The market's hotels held rates well above pre-pandemic levels throughout the year even as new rooms came online. Doha experienced a similar phenomenon during the 2022 FIFA World Cup, as both official FIFA demand and ticket holding fans flocked to Qatar's capital.

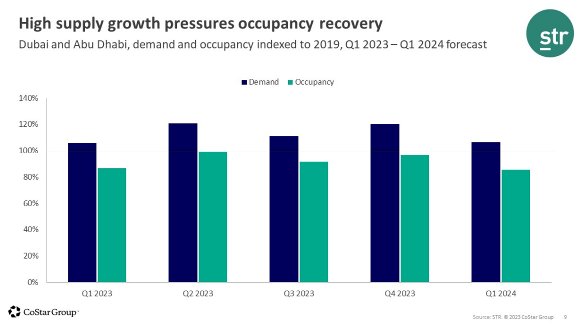
While the host markets reported the strongest performance, the mega events' popularity saw demand spillover into nearby markets, boosting ADR even outside of the immediate event radius. Strong regional economies further supported rate growth well ahead of pre-pandemic levels in 2022. The Middle East's status as an oil producer helped to shelter the region from the heightened inflation that gripped the rest of the world in 2022, which meant that real ADR (adjusted for inflation) also increased substantially.

The Middle East has been the strongest around the globe when it comes to bottom-line performance, as the region reported the highest index in both TRevPAR and GOPPAR, at 114% and 120% of 2019 levels, respectively. Profit & loss performance has been stable over the latter half of the year, with each of the key markets approaching or surpassing pre-pandemic levels on a monthly basis.

Events helped propel performance in 2022, but continued supply growth, recessions in key source markets, and a quieter events calendar will create challenges for Middle East hoteliers in 2023.







Philip Wooller — Area Director Middle East & Africa, STR
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It is time to rethink loyalty in travel and hospitality

Liselotte de Maar
North America Market Lead for Accenture's Travel Practice

Synopsis
Hospitality loyalty programs are still a key tool for customer retention and incentivization but with the recent shift in customer mix and changes in business travel due to the pandemic, hospitality loyalty programs need to evolve to remain relevant to current customer needs. Several hospitality companies have already taken steps to revamp their loyalty programs to better meet the needs of travelers. Companies should focus on three areas: "the power of now," which is about creating a real-time program, "flexibility, my way," which involves expanding the program's reach and increasing flexibility, and "tried and true experiences," which emphasizes delivering memorable experiences that reinforce the quality of the guest experience.

Loyalty programs have been one of hospitality's great historical success stories – that goes without saying. Along with their peers in aviation, hotels were some of the earliest and most enthusiastic adopters of accumulative points-based programs that gave customers powerful incentives to remain loyal to a brand.

Such programs remain core to the industry to this day. They're still one of the most powerful customer retention and incentivization tools any hospitality business has to offer, with guest promotions and messaging not only driving repeat business, but also providing an invaluable source of data on customer preferences and behaviors.

KEEPING LOYALTY RELEVANT IN A CHANGING WORLD

But for how much longer? No loyalty program, however historically successful, can be set in stone forever. Especially given the disruptive forces that are now transforming just about every aspect of the hospitality industry.

Consider, for instance, how much the customer mix has changed recently. With business travel – once the absolute bedrock of hospitality revenues – taking longer to recover from its pandemic disruption, hotels are adapting to a mix of customers with a much greater proportion of leisure travelers than they've historically been used to.

Of course, this may only be a temporary shift. But it still represents a challenge for hospitality programs because leisure travelers have different desires and behaviors. They don't travel as often to reach high loyalty status and don't usually earn enough points to redeem 'big ticket' experiences.

Not only that, but as business travel returns, we're seeing that it doesn't look the same as it did pre-pandemic. A series of technological and cultural trends are driving more and more corporate travelers to become digital nomads, combine business with leisure ("bleisure") or simply do business digitally. So focusing loyalty around the traditional business "road warrior" is increasingly anachronistic in any case.

TAKING LOYALTY TO NEW PLACES

It's clear, then, that hospitality loyalty needs to change. But how? The core objective is to ensure that programs remain relevant to the needs and behaviors of the current hospitality customer base, while also maximizing the value returned to the business.

In 2022, IHG Hotels & Resorts revamped its loyalty program, IHG One Rewards, with faster earn, richer benefits and more choice, alongside a refreshed mobile app designed for current and future members to get the most out of staying at any of IHG's 18 brands and more than 6,000 hotels. The new IHG One Rewards mobile app is a sleek and seamless personalized experience for everything from ultra-fast booking, sorting results easily to find the best rates and information, enjoying exclusive loyalty member benefits, and managing stays all in one place.

The impact? Compared with pre-pandemic metrics, IHG Hotels & Resorts has seen revenue, usage and downloads from the app all also grow by more than 20 percent.

There are several examples of hospitality rewards programs being rethought for this new era. Meliá Rewards, Radisson Rewards, and Hilton Honors have all been redesigned with greater flexibility and reoriented around today's member needs.

Further, earning loyalty points inside and outside the travel ecosystem is familiar to travelers, thanks to co-branded credit cards and coalitions. These aggregators capture loyalty mindshare by eliminating boundaries, making "earn anywhere, redeem anywhere" a reality. This option of everyday earn and burn is very appealing to people. Such partnerships are common, but even seasoned members aren't always aware of the available opportunities—such as Delta's partnership with Instacart that allows members to earn points from grocery purchases.

THREE WAYS TO WINNING LOYALTY EXPERIENCES

Examples like these offer a useful lodestar for the rest of the hospitality industry. In planning their own transformations, companies should consider focusing on three areas in particular.

The first, we call "the power of now". This is about developing a real-time loyalty program that lets travelers see – and spend – their rewards as soon as they're earned.

In this way, rewards become more transactional, more immediately available, easier to spend on smaller items, and more closely aligned to the day-to day needs of travel today. Guests can spend points on something as simple as a drink at the bar, for example, rather than hoarding them to earn a free stay at some distant point in the future.

The second priority should be “flexibility, my way”. On the one hand, this is about expanding a program’s relevance by letting travelers earn and redeem points in a wider set of contexts and partners – including those outside the hotel stay or travel experience itself.

On the other hand, it’s about extending flexibility to the way customers achieve loyalty status. That might include, for example, letting guests qualify for the upper echelons of the program via their overall spend rather than more traditional metrics like stays per year.

The third priority is about delivering “tried and true experiences,” recognizing that price is only one driver of long-term loyalty. A loyalty program can be used to reinforce the overall consistency and quality of the guest experience. An example might be providing added benefits that make members feel special and valued, such as luxury experiences or excursions.

RECAPTURING THAT PIONEER SPIRIT

As the hospitality industry continues to recover and adapt to a new era, there’s a key opportunity to reset traditional loyalty programs. With flexibility and innovation, hotels can align their programs more closely with the needs of today’s travelers, and make rewards truly rewarding – for everyone.

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Liselotte helps clients to design a seamless travel experience, drive efficient operations and create value from new business models.

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Are hotels ready for their tech-destined future?

Prince Thampi
Founder & CEO, Hudini

Synopsis

The global COVID-19 pandemic has accelerated the need for the adoption of technology in the hospitality industry, leading to an increase in the deployment of contactless and self-service solutions in the guest journey and the automation of business processes. However, the industry's readiness for technology investment and transformation, and the guests' readiness for use and adoption, is still in question. The role of technology in transformation goes beyond automation and optimization and requires a rethink of how hotels operate, restructure teams, and leverage technology. The process of readiness is a shared responsibility between hotel operators, owners, vendors, and consultants, and requires collaboration and interoperability.

Technology has long been identified as a core driver of transformation in hotels, but is readiness holding us back?

The global COVID-19 pandemic has accelerated the need for the adoption of new technologies in the hospitality industry. The resulting sharp rise in the deployment of contactless and self-service solutions in the hotel guest journey, and the automation of business processes to drive efficiency, was largely a response to the uncertainty and deep impact the pandemic had on the sector.

With uncertainty as the new normal, what is the industry's readiness for technology investment and transformation and the guests' readiness for use and adoption?

As a tech entrepreneur coming into the hospitality industry right before the pandemic, one of my biggest observations was the keenness of hotels to transform their guest journey and make their operations more seamless and efficient for both guests and staff.

On a surface level, we see the deployment of technology drive the digital guest experiences in hotels with the relatively rapid adoption of services such as mobile check-in, digital room keys, online restaurant ordering and digital concierge services. This is encouraging, and evident from the rising demand for hotel guest technology we're witnessing as the industry recovers post-pandemic.

On a deeper level, I sense that as an industry we haven't yet fully grasped the significance and potential of the business processes and workflows behind the hotel services. Rethinking and reengineering those are integral to the transformation of the digital guest and employee journey.

Also, I haven't seen the same drive to learn about the latest technology innovations, trends and best practices as in other industries I've operated in. This is where the question of readiness comes in. In our pursuit of digital transformation and an enhanced guest experience, how ready are we as an industry - as vendors, hotel operators and owners - to fully embrace the task at hand, and how ready are our guests?

Digital transformation is dynamic and ever-evolving and needs to consider the many interdependencies and connections between and within the different parts of the hotel operation.

Looking at the guest journey and its many touchpoints - from discovery, booking, arrival and check-in, to requests, activities, check-out, payment, and loyalty – it's important to ask ourselves what opportunities we have to truly transform these processes without looking at just automating what's in place right now. Besides cost savings, increased productivity and sustainability, we should also ask ourselves what completely new guest services and employee experiences we could develop powered by digital.

The answers to these questions will not just determine the type of technologies a hotel may need to drive its digital transformation. More importantly, it will define what and how business processes and workflows can be redesigned to add more value, differentiate hotels from their competitors and drive guest satisfaction.

Digital transformation is not just about technology investment. The role of technology in transformation goes way beyond automation and optimization. It's about how hoteliers rethink the way they operate, restructure their teams, adapt to a culture of innovation, leverage technology, and even redesign spaces, to take their hotels to new heights. For example, a front-desk-less check-in experience that allows guests to go straight to their rooms when they arrive after being automatically checked in by linking their identity documents to their loyalty profile. Not only does the lobby look much more welcoming, but guests will enjoy a seamless and frictionless arrival experience.

This will also free up screen time for staff which can be used to engage with guests. Also, by offering an omni-channel experience to guests, they can choose how to engage and communicate during their stay, both offline and online, all designed to deliver a truly connected experience.

I see this process of readiness as a shared responsibility in our industry, between hotel operators and owners, vendors and consultants, for several reasons:

1. If we don't collaborate now, a big tech disrupter may rise and make many of the independent technologies hotels use today, obsolete in a very short period of time
2. Hotels need to be able to operationalize technology effectively and efficiently and this requires strategy alignment, strong leadership and change management as well as training to develop the right skills, mindset and working culture. For example, having digital menus without the buy-in of the restaurant team is a recipe for failure
3. Going digital is only half the battle. Getting guests to use the technologies is as important, if not more. Hotels need to get creative in increasing their guest adoption – involving all divisions of the hotels – from operations and marketing to learning & development. For example, if your guest segment is reluctant to use mobile keys, adoption will be hard!

As vendors, I see our role as far more than just the technology we sell, the platforms we offer and the solutions we deliver to hotels. We are an integral part of the hospitality ecosystem and need to contribute to technology readiness on the part of hotel operators, owners, hotels teams, guests, and yes, the technology vendor community at large. Collaboration and interoperability is vital; we should join forces and efforts and act as digital transformation leaders and agents of change for our industry.

There are thousands of us around the world that work hard to develop the latest and most innovative solutions to help drive digital transformation in hotels and elevate the hotel guest experience. To do so, we all need technology readiness to succeed and whether that's through open and free APIs, industry standards and certifications, training & development programs, thought leadership or industry professional organizations. At Hudini we will do our part, we're ready.

Apart from creating a world-class, seamless guest experience platform, we work closely with our hotel partners in developing strategies to increase guest adoption. We use our rich experience in working with nearly 400 hotels across the world in sharing the best practices with our clients – from marketing inputs to suggestions in changes in their SOPs.

After all, we are in the business of transformation, not just automation.

Prince Thampi — Founder & CEO, Hudini
Prince Thampi is a serial entrepreneur with over 30 years' experience in business leadership. With his broad knowledge of business formation and operations, Prince has successfully incubated numerous technology start-ups, raised capital, and nurtured them to growth stage. Prince is co-founder and CEO of Hudini, a technology company with a global client list that is at the forefront of digital transformation of the hospitality industry. He founded Hudini in 2018 based on the opportunity he saw for a proprietary middleware platform driven by data and AI for the hospitality industry that could connect the many systems and applications hotels use in a single guest interface. Prior to founding Hudini, Prince was the Founder CEO of Arowana Consulting, an IT services and consulting company. Under Prince's visionary leadership, Hudini's customer base has grown to over 300 hotels across 25 countries.

Hudini — hudini.io
Hudini is the leading digital transformation platform for the hospitality industry. Powered by a proprietary middleware and an omnichannel (App, Web, TV) guest interface that leverages data + AI to increase guest engagement and hotel revenues Hudini delivers an enhanced guest experience. Through its 100+ pre-built integrations across all functionalities, Hudini delivers personalised, immersive guest experiences that enable guests to communicate, control and interact with hotels closer than ever before. With over 300 hotels across 25 countries, Hudini is fast becoming the industry benchmark for digital transformation in the hospitality industry.

ESG and Hospitality: An Evolving Sustainability Context

Willy Legrand
Professor at IU International University of Applied Sciences Germany

Synopsis

This article discusses the importance of understanding the relationship between sustainability and hospitality in the current global context, which is characterized by a convergence of global risks linked to climate change and biodiversity collapse. The hospitality industry operates in a volatile, uncertain, complex and ambiguous environment, which makes it difficult to devise a resilient path that considers environmental, social and governance risks. In his article, Professor Willy Legrand argues that it is crucial for business leaders to understand both sides of sustainability and hospitality and build connections between them. This means considering global goals and initiatives, as well as national and supranational guidelines and legislations that affect a business's ESG reporting strategy. By taking a holistic approach, the hospitality industry has the opportunity to advance sustainability overall.

French poet Paul Valery once stated that 'everything simple is false, everything complex is unusable'[1].

Today's global context is anything but simple. We are exposed to a convergence of global risks linked to climate change and biodiversity collapse posing a threat to the fabric of society. We are also faced with turbulent socio-economic situations and unstable geopolitics. The convergence of global systemic risks is coined as the 'global polycrisis'[2]. The hospitality industry operates in a volatile, uncertain, complex, and ambiguous environment. Since *complex is unusable*, and knowing that hospitality performs best under stable conditions[3], what is the best strategy to devise today to lay the foundation to a resilient path considering the Environmental, Social, and Governance (ESG) risks?

EVOLVING SUSTAINABILITY AND HOSPITALITY CONTEXTS

If you were to look at your hotel from above, say on a hot air balloon ride, you would be able to point out the many hospitality and building-features down below. The shape of the building as well as the surrounding lawns, flowerbeds and trees. You would be pointing out the roofing and photovoltaic panels. You could see the waiters busy serving food and drinks on the front terrace and guests lounging or casually strolling around the hotel building.

If you were to slowly rise up with the air balloon, high enough to see the earth' curvature, the view of the hotel building becomes blurred. You see farms cultivating crops, the infrastructure of roads and train tracks transporting goods and passengers, a coal power plant powering a city, a quarry and a forest providing key resources and so on. Rising up further, the earth's meandering streams, rivers, estuaries and vast oceans become the focal point, along with mountains and meadows and climatic conditions or rain, sun, clouds and storms.

When discussing sustainability, a similar scenario occurs as shown in Figure 1. On the right-hand side, **sustainability is the context** within which hospitality operates. This is represented by a series of global goals and various national and supranational initiatives, guidelines and legislations to which everyone, including the hospitality sector, is bound. These are the results of global societal demands and expectations, as well as extensive scientific research on the state of the environment. On the left-hand side, **hospitality is the context** and sustainability a component of the many business strategic and operational decisions. Under the umbrella of the global tourism industry, the ultimate goal is the advancement of hospitality via hotel development, hotel refurbishment and hotel operations. We argue that it is crucial for business leaders to understand the implications of both sides and build the connections. This means taking a hot air balloon ride just above the hotel and slowly rising up. For example, the European Union Corporate Sustainability Reporting Directive[4] and the corresponding European Sustainability Reporting Standards[5] affect a business' ESG reporting strategy. The Kunming-Montreal Global Biodiversity Framework (GBF) [6] laying out concrete measures to halt and reverse damage to the natural environment may guide your hotel biodiversity and environmental protection plans. Building connections between the right- and left-hand side presents immense opportunities to advance sustainability overall.

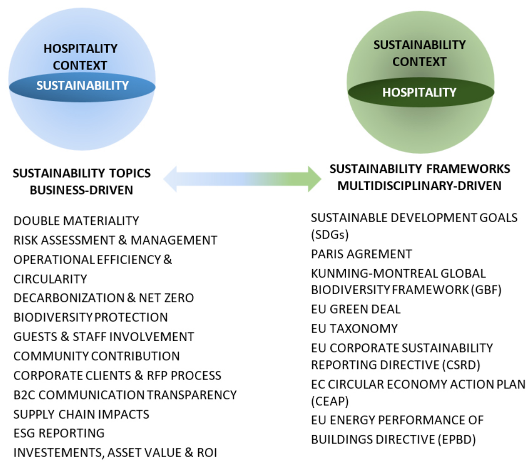

Figure 1. Evolving Sustainability and Hospitality Contexts Source: Adapted from Fletcher and Dewberry, 2002[7] & Boley, 2011[8]

TWO SIDES OF THE SAME COIN

The hospitality industry's dependency on stable climate and healthy ecosystem services means that any disruption in those natural cycles can have significant impacts on the financial, reputational and legal performance of a business [9]. Conversely, the hospitality sector affects its environmental and social surroundings through operations, products or services. Hospitality companies leading the sustainability conversation are those that 1) understand the double materiality of their business, 2) have identified the related risks and 3) have assessed opportunities with a clear focus on tangible impacts.

However, there is a tendency to see and deal with problems or challenges in silos: Focus on one problem, fix it and move on - and this is particular to sustainability with an acute carbon tunnel vision. In other words, all eyes are on the carbon ball, but biodiversity loss, water crisis, inequality, health and education, resource shortages and overconsumption are all part of a sustainability transition.

The argument is that climate change and biodiversity loss are two sides of the same coin and should be tackled accordingly [10, 11]. Similarly, environmental sustainability and social justice are interlinked. Environmental sustainability aims to protect, preserve and restore the natural resources and ecosystems that support life on Earth. Social justice aims to create a fair and equitable society by addressing issues such as poverty, inequality, and discrimination. Both environmental sustainability and social justice must be integrated and prioritized in decision-making and actions to shape a desirable future for all.

MATERIALITY ASSESSMENT AS A GUIDING TOOL

For hospitality business leaders still wondering what to do today or where to start on the environmental and social sustainability path, undertaking a materiality assessment would make sense to pave the way. Through a materiality assessment, a business can identify and prioritize the ESG issues that are most relevant and impactful to 1) the operations, economic stability and reputation as well as 2) the stakeholders including customers, employees, investors, suppliers, and local communities. The purpose of this exercise is to inform and guide the development of a company's sustainability strategy, programs, and actions while ensuring transparency and accountability to the stakeholders.

A materiality assessment typically involves the following four steps:

Step 1: Stakeholder engagement: The first step is to engage with stakeholders, such as customers, employees, investors, suppliers, and local communities. The purpose is to gather information, perspectives and opinions on the ESG issues that are most important to them.

Step 2: Issue identification: The second step is to identify the ESG issues that are most relevant and impactful to the business and its stakeholders, based on stakeholder engagement and other relevant data and information.

Step 3: Assessment of materiality: The third step is to assess the materiality of the identified issues. Those issues are evaluated in terms of their level of significance and impact on the stakeholders and on the business's operations, finances, and reputation. This step often includes the creation of a materiality matrix, which is a visual representation of the identified ESG issues.

Those ESG issues are placed on a scatter chart with one axis depicting the impact intensity on the business (from *low* to *high*, or *minor* to *strategic* for example) and the other axis showing the impact intensity on the stakeholders.

Step 4: Prioritization: The final step is to prioritize the material ESG issues based on the results of the materiality assessment. The highest ranked issues in the materiality matrix are considered the most critical and impactful and should be integrated and prioritized during the development of the company's ESG strategy, programs and actions.

A materiality assessment helps hospitality business leaders to answer the following five questions related to sustainability within a business-context, always keeping in mind the evolving sustainability-context (see Figure 1):

1. what issues matter to my business?
2. what issues matter to my stakeholders?
3. what and who do I impact with my operations?
4. what are my biases, what are my risks and ESG dead angles?
5. how can I prioritize my actions with the greatest impacts?

SIMPLIFYING ESG REALITY WITHOUT BETRAYING THE COMPLEXIT

Global environmental phenomena are complicated and interdependent but increasingly well-researched [12]. And 'in business, complexity gets bad press' [13]. Hospitality operations and business development amidst unstable environmental and social structures is extremely complex. Shifting from the '*what'* of ESG to '*how fast can the industry adopt new models to mitigate and cope with increased uncertainty'* is the name of the game.

Hospitality business leaders and all those dedicated to advancing ESG-matters are encouraged to analyze, structure, express and formulate simple and actionable answers to complex ESG challenges, without betraying the inherent complexity. It is said that '*every journey starts with the first step*'- in 2023, take that first step.

<u>References</u>

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Dr. Willy Legrand is Professor at the IU International University of Applied Sciences in Germany with a specialization in sustainable hospitality development and management. He is the lead author of Sustainability in the Hospitality Industry: Principles of Sustainable Operations (4th ed, 2022) and of Critical Questions in Sustainability and Hospitality (2023). Prof Legrand chairs the Hospitality Net World Panel on Sustainability in Hospitality with the aim is to get sustainability anchored more than ever into the business conversation and decision-making. Finally Prof. Legrand is also the co-editor of the Journal of Global Responsibility.

IU International University of Applied Sciences — iu.de/en
With over 100,000 students, IU International University of Applied Sciences (IU) is the largest university in Germany. The private, state-approved educational institution with its main campus in Erfurt brings together more than 200 bachelor's and master's programmes under one roof, which are offered in German or English.

The Rising Importance of Sustainability in Hotel Valuation - In 2023 and Beyond

Alan Jutte
VP & Appraisal Leader, CBRE

Synopsis

In this article, CBRE's Alan Jutte provides insights on a study of hotel operating statements from CBRE's Trends in the Hotel Industry which showed that new properties with energy-efficient features resulted in substantial energy savings compared to older or less efficient properties. The study concluded that while sustainability efforts can lead to reduced costs, the extent of these savings may depend on various factors such as room size, building size, amenities, building materials, etc.

Sustainability is an increasingly crucial component across almost all industries. Embracing new and more efficient business models and technologies is expensive, and often developers and operators will not embrace them unless it results in a sufficient return. Indeed, developers may not have a choice as government officials have mandated increasingly stringent standards for any type of new development. These include anything from high efficiency toilets, guestroom automation systems, solar panels, and lighting control status systems.

Many cities across the country have already approved a natural gas ban in effort to lower emissions, forcing developers to consider other options. Government incentives will also play a role in sustainability, especially with the recent passage of the Inflation Reduction Act. The legislation includes billions of dollars in grants and loans to spur the development of clean energy technologies. Other measures are not as difficult to implement. One silver lining of the pandemic is daily maid service is not offered nearly as much as pre-pandemic. Guests often prefer hotel employees not enter their room to clean anyway, and can simply call the front desk when extra towels are needed. This has resulted in significant lower operational costs as the washers and dryers are not operating nearly as long.

Still, the major question regarding sustainability, as it relates to hotels, (as in other industries) is how much will the effort reduce costs? To answer the question, we examined several operating statements of similar hotel properties to determine how many savings are achieved. The hotel operating statements were taken from CBRE's proprietary *Trends® in the Hotel Industry*. The task was somewhat challenging as our analysis focused on new lodging properties with energy efficient construction standards (including LEED certification) compared to similarly sized properties that are older and/or were not constructed with high energy/LEED standards. To be sure, there are many other differences between the properties that effect energy use, including room size, building size, amenities, building materials, etc.

Our first comparison focused on several select services hotels in the same municipality, all with a similar room count and occupancy. An approximate 150-unit hotel in a downtown urban location was constructed in 2018 with a number of sustainability features, the most notable being a variable refrigerant flow heating and cooling system (VRF) and solar panels. VRF systems only work at the needed rate allowing for substantial energy savings. In conjunction with the solar panels, the result was a significant reduction in utility costs ($3.40 per occupied room for the year).

Compared to other hotels in the same market that had through wall PTAC units and no solar, the difference in utility costs was more than double. A similarly sized hotel (constructed in the mid 1990's) had a utility expense over $4.00 more per occupied room. At 50,000 occupied rooms, this resulted in savings of over $200,000 just for the year compared to this hotel. Again, the savings extended beyond solar panels and an efficient VRF system. The age disparity is certainly notable and the most obvious difference as the building materials and construction methods have improved since this hotel was originally constructed. As such, a comparison was made with another hotel of similar age (constructed in 2016).

This hotel was constructed with high quality materials but does not have any unique energy efficient features (such as solar panels or VRF). This property's utility costs were lower than the older hotel ($5.20 per occupied room), but still higher than the property with VRF and solar. Below is a table illustrating the difference between the properties.

SUSTAINABILITY - SAVINGS ANALYSIS Property	Utility Cost Per Room	Annual savings for Hotel A based on 50,000 occupied room nights
Hotel A (the hotel has solar and VRF)	$ 3,40	**$205,000** relative to Hotel B and $90,000 compared to Hotel C
Hotel B (older hotel without solar or VRF)	$ 7,50	
Hotel C (newer hotel without solar or VRF)	$ 5,20	

Cource: CBRE

As illustrated, the savings for Hotel A relative to hotels B and C hotel are significant, especially compared to the older property.

The question still remains, however. Is $90,000 in annual savings (in this lone example) sufficient enough to justify adding the green technologies? In conversations with developers, the answer to this question is it depends. VRF systems (or other types of central air systems) are very quiet and demanded by guests (compared to much noisier but cheaper PTAC units), especially in high rated markets.

Who wants to spend $300 or more on a hotel room only to be awakened at night due to noisy PTAC units? In a low rated market, on the other hand, it simply doesn't make economic sense to install central air. As for solar panels, most guests are likely unaware of such a component, and therefore have very little input. In this case, the question is often just a cost benefit analysis.

As noted previously, however, future incentives may be enough to entice developers to include solar panels in future developments. Legislation such as the Inflation Reduction Act offers substantial credits (up to 30 percent of the total cost) to install green technologies. Government financing packages that offer low rates for installing energy efficient systems are also attractive for developers who redevelop/rehabilitate older/historic structures.

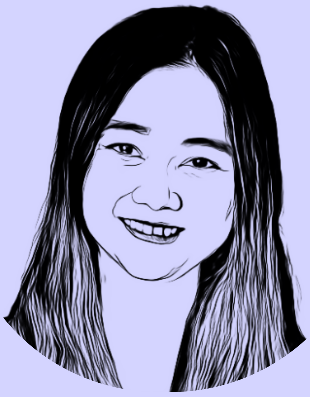
We have also compared LEED certified hotels to non-certified properties. The analysis becomes somewhat muddied, as the overall operations of one property can vary significantly to another. In this case, we compared the utility expense of two new hotels (both constructed in the last five years).

Both hotels ranged in size from 300 to 350 units and had a substantial amount of meeting space. The LEED certified building actually had a higher utility cost on a per occupied room basis ($8.05 per occupied room for the LEED certified building compared to $7.34 per occupied room for the non-certified building). Upon closer examination, however, the LEED certified property had over *three* times the amount of food and beverage revenue relative to the non-certified hotel. If the non-certified property had the same amount of revenue, its utility expense would certainly be much higher than $7.34 per occupied room, and likely much higher than the LEED property.

Given the foregoing, it is clear that green technologies result in significant operational savings. Over time, developers will be forced to adopt environmentally friendly systems as government mandates will continue to evolve (and become more stringent over time). Still, will developers add additional green energy systems beyond those mandated by public authorities? If guests demand it, and/or the cost-benefit is favorable, the answer is likely yes.

Alan Jutte — VP & Appraisal Leader, CBRE
Mr. Jutte joined CBRE in January 2006 as Senior Real Estate Analyst of the Pacific Northwest Region. Prior to CBRE, Mr. Jutte joined Cushman & Wakefield, Inc. in 1998 as an Appraiser in the Washington State Region-Appraisal Division. Mr. Jutte's appraisal and consulting assignments have included vacant land, air rights, office buildings, shopping centers, industrial complexes, commercial properties, universities, residential properties, hotels, resort properties/golf courses, utilities and investment properties throughout the United States. He has performed valuations of proposed, partially completed, renovated and existing structures. He has been qualified as an expert witness in front of public facilities districts, and has been extensively involved in bankruptcy litigation and equity cases. He has acted as a guest speaker before hospitality and other organizations throughout the United States. Mr. Jutte is also a member of CBRE's Hospitality and Gaming Group, and has appraised all types of hotels including extended stay, full service, limited service, resort destination, and conference centers. Mr. Jutte has appraised lodging facilities all across the United States including Hawaii, Alaska, California, Oregon, Arizona, Washington, Nevada, Alabama, and Georgia. Mr. Jutte has also appraised lodging facilities in Mexico and Canada.

CBRE Hotels — pip.cbrehotels.com
CBRE Hotels is a specialized advisory group within CBRE providing brokerage, valuation, consulting, research and capital markets services to companies in the hotel sector. CBRE Hotels is comprised of over 375 dedicated hospitality professionals located in 60 offices across the globe.



Hotel Financing Trends: What's up for 2023?

Kimberly Yoong
Associate, Hotel Financing at Aareal Bank AG

Synopsis
Aareal Bank's Kimberly Yoong writes the hotel financing industry faced turbulence in 2022 due to the pandemic, political instability, and inflation which led to a rise in interest rates and focus on debt serviceability of loans. This resulted in restrictions on new financings and higher financing costs, leading some investors to reconsider their strategies and a slowdown in the hotel transaction market. In 2023, the hotel industry is expected to remain robust as demonstrated by its quicker than expected recovery, but a keen eye on market trends and solid industry know-how will be key to navigating the uncertainty.

2022 was a tumultuous year of economic uncertainty, political instability, and an endlessly lurking pandemic; during which, inflation soared and interest rates saw hike after hike in attempts to tame inflationary pressures.

For lenders, the rapid rise in interest rates shifted the focus of many towards the debt serviceability of loans, which in some cases led to restrictions on new financings in terms of loan quantum and/or covenant structures. The heightened risk environment led to an upward pressure on loan pricing and contraction in availability of debt capital, particularly in the hotel financing space as some lenders unfamiliar with the sector sought comfort in asset classes they may have perceived to be less risky.

Consequently, lesser debt and higher financing costs prompted some investors to rethink their strategies, while much of the hotel transaction market went into 'wait-and-see' mode, especially as pricing expectations between buyers and sellers remained wide. As we move into 2023, the jury is still out on which direction the scale will tip towards, and a keen eye on market trends coupled with solid industry know-how will be key to manoeuvring the continued uncertainty.

JUST AN ILLUSION? FORECASTING SUSTAINABLE HOTEL CASH FLOWS

At the onset of the pandemic in 2020, the crystal ball prophesied that occupancy would recover by 2023/2024, followed by rates in the years shortly after. The opposite rang true in 2022, as travel restrictions were further lifted, and tourism roared back to life. Hotel rates began booming as revenge travellers were willing to dish out the cash, and savvy hoteliers pursued a rate strategy in a strive to compensate for rising utilities and labour shortages – a phenomenon evidenced by several hotel markets even seeing average daily rates (ADRs) surpass pre-pandemic levels in the last year.

However, as the revenge travel hype wears thin and labour shortages persist, prompting more guest complaints as they pay more for less service, the big question is – how sustainable are these rates? Coupled with inflation potentially depressing propensity to spend, as well as continued pressure on operational costs including utilities and labour, 'stabilised cash flows' are only becoming more difficult to forecast.

Accordingly, vigilant underwriting will be crucial to making sound investment and financing decisions in the coming year, as cash flows must be achievable and sustainable for lenders seeking sufficient buffer in debt service coverage ratios (DSCRs) throughout the loan term.

UP IN THE AIR: THE THREAT OF RISING INTEREST RATES AND REFINANCING RISK

For years, the hotel transaction market had reaped the benefits of continuous revenue and net income growth, together with a low-interest environment; money came easy and so did levered returns.

As long as interest rates remain high, however, the availability of debt will likely remain constrained, firstly as DSCRs continue to be tight due to the higher debt service and secondly, higher interest rates (i.e. higher costs of debt) should lead to declines in market value – as all else remaining equal, investors would not be willing to pay the same prices as they strive to maintain their returns.

Together, this would mean lower ceilings on the loan quantum that assets may obtain, as lenders' DSCR and/or loan-to-value (LTV) thresholds become harder to meet. Meanwhile, existing loans maturing this year will come under scrutiny as all-in interest rates have nearly tripled if not more, compared to five years ago.

Accordingly, these assets would need to ensure that cash flows are sufficiently robust to meet the higher debt service required, in order to secure a full refinancing. Conversely, hotels that do not generate sufficient cash flows may be restricted by DSCR covenants that could see some loans being sized down, creating the risk of a financing gap for owners.

While declining values or lower loan sizes are unlikely to cause much concern for lenders, particularly senior lenders who have been prudent in structuring loans conservatively, especially in terms of LTV, owners or investors may need to be prepared to inject more equity or source alternative forms of financing such as mezzanine debt.

In fact, owners may find themselves faced with the refinance-or-sell dilemma: as loans may need to be paid down or as net cash flows shrink with rising financing costs, selling the asset may in fact bring a better overall return in some cases, especially if the proceeds can be better reinvested – which would in turn help to rekindle the hotel investment market.

BUZZING FOR HOTEL TRANSACTIONS

The one certainty amongst today's uncertainty is that the fundamentals of the hotel industry remain robust, as demonstrated by the sector's quicker than expected recovery and proven reputation as an inflation hedge, given its ability to reprice rooms daily. Accordingly, investor interest in hotels have remained strong, but pricing expectations between buyers and sellers have been wide, partly driven by the high interest rates and the contraction of debt capital for hotels.

After a dearth of hotel transaction activity in recent months, many are eager for the bid-ask spreads to narrow and for more assets to come onto the market, i.e. to stimulate more hotel transaction and financing activity – which is not a far-off fantasy as more loans approach maturity in today's high interest environment, together with large amounts of uncalled capital remaining for hotel investments.

With mounting pressures for both parties, many are expecting more activity by the later months of the year. At the same time, as senior lenders remain cautious in loan sizing, cash-rich investors may find themselves at an advantage, while junior/mezzanine lending could help provide that extra bullet of debt capital, especially for less well-capitalised investors.

LOOK BEFORE YOU LEAP

With war, recession, and a pandemic hanging in the balance, it's difficult to tell how the world will emerge at the end of yet another 'roller coaster year', or even what else there is to come. However, as past crises have shown, navigating hotel financing in a tricky environment may be difficult, but not impossible – strong expertise and industry knowledge to appropriately underwrite and structure deals may not be a crystal ball, but certainly at least a trusty trump card for wanderers of the unknown.

Kimberly Yoong — Associate, Hotel Financing at Aareal Bank AG
Kimberly is part of the hotel financing team at Aareal Bank, where she is involved in analysing, structuring and managing hotel financing deals, as well as in the ongoing monitoring and management of existing hotel loans. Prior to joining Aareal, Kimberly worked in hotel real estate consulting at Cushman & Wakefield. She started in hospitality with a background in hotel operations and graduated from EHL in Switzerland with a Bachelor of Science in International Hospitality Management (High Honors).

Aareal Bank AG — aareal-bank.com
Aareal Bank is one of the leading lenders of debt financing in hotel real estate globally, with a loan portfolio of over €10 billion in hotels across 20 countries. Aareal Bank's hotel financing team focuses primarily on first class hotels in prime locations across Europe, North America and Asia, managed by internationally renowned operators.

HY8

Navigating 2023 : How Hotels Continue to Adapt to Changing Guest Preferences

Andrea Stokes
Hospitality Practice Lead, J.D. Power

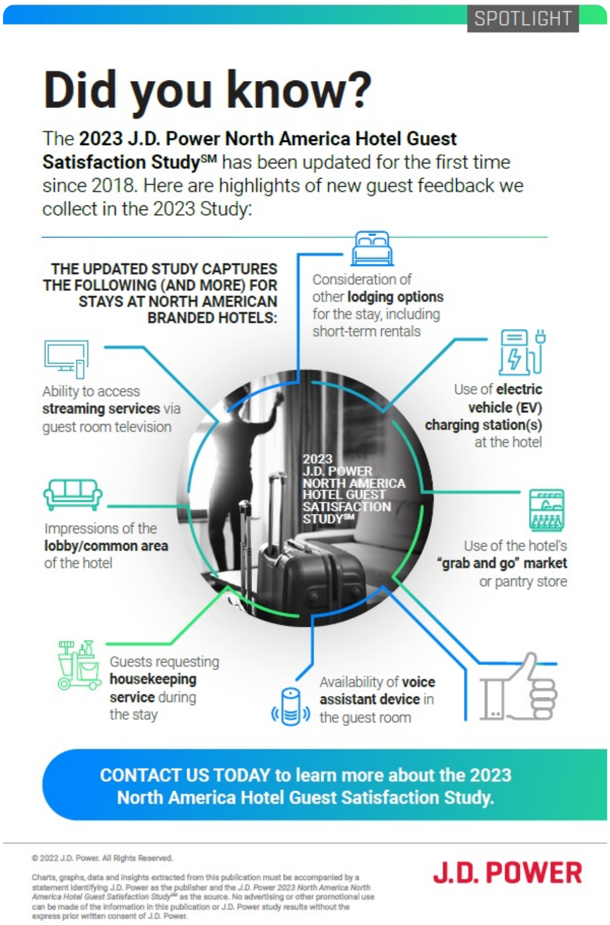
Synopsis
Andrea Stokes at J.D. Power writes that the hotel and travel industry experienced a surprising year in 2022, with a surge in leisure demand and high room rates due to consumers booking "revenge" travel after two years of the pandemic. The labor shortage in hospitality will continue to ease, but the industry needs to work on educating the younger generation about careers in hospitality and improving their software training. Hotel technology still has a long way to go, with many franchisees and independent hotel owners avoiding software updates and sticking to legacy systems. 2023 is set to be "The Year of Sustainability" with hoteliers having the opportunity to make their properties more environmentally friendly, and guests becoming increasingly interested in sustainability programs. With the waning effects of the pandemic and a brighter future, the hotel industry will continue to grow with job creation, resuming property improvements and capital investments, and providing returns for real estate owners.

Were you surprised at how last year played out for the hotel industry and the travel industry overall? In January each year on the J.D. Power Travel & Hospitality podcast, we make predictions about the year ahead. I recall our predictions in January 2022—the continued pandemic would depress (or eliminate all together) international inbound travel demand, luxury-oriented demand would push up leisure room rates, there would be continued softness in transient business travel but green shoots of recovery for group/MICE business travel.

While our predictions were largely correct, we underestimated leisure demand and how high hotel room rates would soar in 2022. While room rates had been rising by the end of 2021, we were experiencing another Covid surge at that time. No one knew how long the surge would continue; thus, it was difficult to predict how the high seasons (spring and summer) would play out. Yet if I were to sum up 2022 in one word, it would be “revenge”. Consumers were booking “revenge” travel after two grueling years of a pandemic, and hotel operators were raising room rates as “revenge” against to two years of ugly property P&Ls. So, what should we in the industry expect in 2023?

First, the labor shortage in hospitality will continue to abate this year; although there remains a longer-term imperative to educate Generation Z about careers in hospitality. Larger hotel operators need to begin working directly with more degree-granting colleges – especially community colleges – that offer hospitality programs. Students benefit from real-world experience gained working at hotels, and operators benefit from young talent eager to learn.

Hospitality education programs also need to up their certification game when it comes to hospitality software. Just as in other industries, training in relevant software programs greatly improves students’ chances of being hired. But it is a two-way street, and software providers could do a better job of partnering with colleges to certify students in the most common PMS, revenue management, and event management tools.



Speaking of hotel technology, the industry still has a long way to go. Unfortunately, many small franchisees and multi-property operators continue to put off updating or replacing outdated technology. They view software updates as simply another cost to be avoided, without considering the higher cost of hanging on to legacy software and systems.

Will the industry move the needle in 2023? As many independent hotel owners are still trying to recover from pandemic-related losses, it will be several years until Web 3.0, 5G, IOT, the Metaverse, and competition from more modernized hotels will force a reckoning. In the meantime, the large global franchisors will keep innovating toward a higher level of personalization for guests.

If 2023 will be “The Year of…” anything in the industry, it will be “The Year of Sustainability”. Hoteliers have the best opportunities yet to make their properties more energy efficient, reduce the use of plastics, support electric vehicle adoption, and encourage environmentally-conscious behavior in their guests. Indeed, the J.D. Power Hotel Guest Satisfaction Study finds that the proportion of guests saying hotel sustainability programs are a “need-to-have” feature (as opposed to “nice-to-have”) has grown from 12% in 2019 to 17% today.

The Study also shows that during the stay, 5% of guests used the hotel's EV charging station to charge an electric vehicle. While this number is small for now, the market of EV-owning hotel guests will grow as more consumers purchase electric vehicles. In addition, the reduction in daily housekeeping (due to pandemic safety and reduced staff) is also contributing to lower usage of chemicals and water. Reduced housekeeping is here to stay, as the J.D. Power Study indicates that most of American and Canadian hotel guests (74%) stay less than 4 nights, yet less than half of these guests (39%) say they need to have daily housekeeping.

With the waning effects of the pandemic, the fog is clearing, and the future is brighter for the hotel industry. The industry continues to add both jobs and workers, and hotel owners and operators are starting to resume routine property improvements and larger capital investments. Hotel real estate is still providing owners with returns that fuel additional purchases and new builds.

Franchisees continue to benefit from brand agreements with the large chains, which in return provide standards-driven platforms and options to help lower operating expenses. While higher room rates are currently dampening overall guest satisfaction and perceptions of value for money, additional staff and property improvements will start to positively impact the guest experience. Continued inflation in many countries will soften leisure travel demand this year compared to the highs of 2022, but most in the industry expect the high travel season to match last year's gains. Make no mistake – the industry still has work ahead of it, but we have entered new era of technological innovation, workforce efficiency, and a changed consumer mindset. This combination is sure to drive business success for hoteliers and a much-improved experience for their guests.

Andrea Stokes — Hospitality Practice Lead, J.D. Power
Andrea Stokes joined J.D. Power as Practice Lead, Hospitality in September 2019. She is responsible for ensuring J.D. Power brings relevant and high-quality intelligence to clients in the Lodging and Senior Living sectors. A results driven hospitality professional with extensive experience in consulting, corporate project management, and brand insights, Ms. Stokes provides J.D. Power clients with hospitality industry expertise and thought leadership, as well as expertise in customer experience management. She is skilled at translating data and insights into actionable strategies and businesses cases for hospitality sector executives. Ms. Stokes has strong expertise in marketing performance measurement, CX, and data analytics. She has led teams, overseen $1 million-plus budgets, and executed cross-departmental programs.

J.D. Power — jdpower.com
At J.D. Power, we amplify the Voice of the Customer and help brands improve the value of their products and services. Together, these principles empower everyone in the global commerce ecosystem, enabling better purchase decisions.

Who owns your rates? Rethinking the hotel tech stack for optimal revenue optimization

Kevin Duncan
VP, Product Management, Cendyn

Synopsis
Cendyn's Kevin Duncan writes that hotels need to take control of rate ownership as booking patterns have shifted during the COVID-19 pandemic. Successful revenue management requires a complete understanding of search and booking data, which can be achieved by deploying a single interconnected system of Revenue Management System (RMS) and Central Reservation System (CRS).

When it comes to revenue management, every hotelier needs to ask themselves – who owns your rates? This issue of rate ownership has taken center stage, as the pandemic shifted booking patterns for hotels in ways that make it crucial for hoteliers to be in complete control of setting their own rates – and not at the mercy of channel partners.

During the earliest stages of the COVID-19 pandemic, customers felt more confident booking directly through the property's own website. Now that travel has rebounded, another shift has taken place, and booking engines are again neck and neck with channel managers as a top source of bookings. While the GDS' share is still much lower than it was, that's expected to grow as business travel recovers.

Even so, the shift towards brand.com bookings has implications for how hotels allocate their inventory and optimize their rates across channels. Successful revenue optimization requires a complete understanding of search and booking data, which then offers opportunities to strengthen engagement with travelers. Here's what hotels need to prioritize right now to optimize revenues and maintain peak profitability.

THE SHIFT IN SYSTEMS

While PMS was once the go-to source for revenue management, it can only show you part of the picture. Fully understanding and optimizing your search and booking data is critical for driving revenue and strengthening engagement with travelers.

However, that's easier said than done, given the three core challenges facing revenue management today: **Manual processes** that are time-consuming and prone to errors; **fragmented data** across disconnected systems; and **inaccurate forecasts** that lack true insight into demand.

Overcoming these challenges – and taking complete control of rate setting – requires a single system with a holistic view across a hotel's entire ecosystem. The ideal cross-functional tech stack has two components. First there's the Revenue Management System (RMS), which supercharges profit from every segment with a total revenue management approach. Next, there's the Central Reservation System (CRS), which optimizes demand across all distribution channels with intelligent rate setting and inventory management.

Deployed together in a single interconnected system, this technology duo seamlessly integrates rates, customer profiles and real-time demand data to efficiently optimize revenues with fewer errors, processes, and inaccuracies.

RMS ←→ CRS: THE POWER OF INTERCONNECTIVITY

Let's dive into the interplay between the two parts of this duo, the RMS and CRS, which has a tremendous influence on empowering hoteliers with complete rate control.

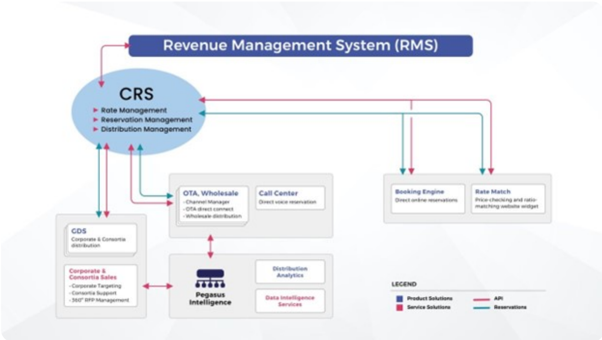
In legacy systems, rate setting has typically been done at the property level within the Property Management System (PMS). But there's a major issue with this approach: each time you build a rate in the PMS at the property level, you have to update it across all properties.

So, if you've got six properties, you'll manually build that rate across each property, duplicating efforts and leaving room for errors. It's also time-consuming, which discourages more nuanced rate setting in favor of blanket segments that aren't optimized for dynamic factors, such as demand, loyalty or a guest's willingness to pay.

It's that last piece that really shapes the future of revenue management: rather than force revenue managers into an inflexible, frustrating workflow prone to errors, it's time to rethink where rates fit into the hotel tech stack.

SO WHERE EXACTLY SHOULD RATES LIVE IN THE HOTEL TECH STACK?

In this future-forward approach, rates live in the CRS, which is then connected directly to the RMS. So that way, rates are only loaded in a single place. With those rates, your CRS can leverage intelligent rate management tools to strengthen direct bookings and more effectively manage your inventory across channels.



And, since the CRS is where reservations and distribution are also managed, it creates a powerful feedback loop that eliminates time-consuming manual processes and reduces errors based on inaccurate data. It also more effectively optimizes revenues, as the RMS uses dynamic pricing based on inputs from the CRS to optimize total profit and unlock the true revenue potential in every booking.

Most importantly, flexible APIs and integrations provide the flexibility to adapt distribution strategies based on shifting priorities while also ensuring that the ideal rates are being distributed in the right channels.

THE BENEFITS OF CRS ⟵⟶ RMS INTERCONNECTIVITY

By integrating your CRS & RMS data, you can create a central source of truth for setting your rates – down to the segment level. Here are some other core benefits:

1. Total unconstrained view of the data
2. Enhanced forecasting with greater accuracy
3. Streamlined management of rates
4. Ability to forecast channel bookings and/or segments
5. No additional interfaces between RMS & PMS

NEW OPERATION METRICS FOR HOTELS

In addition to the benefits explored above, there is another major bonus to greater interconnectivity between the RMS and the CRS: better business reviews and new performance metrics for hotels.

These new metrics emerge from the ability to surface new insights thanks to interconnectivity. For instance, we can share CRS data, such as searches, with the RMS. This sync is done in real-time, which wasn't possible when only seeing guest behavior once a booking had been made.

That creates three new metrics for revenue managers: **CRS search pace**, **CRS search volume** and **CRS conversion rate** on a segment and channel level. Those metrics provide a direct line of sight into price elasticity, and thus a new – and extremely powerful – revenue optimization lever.

Other new metrics include **hotel ranks in search**, as well as **rate position** and **market share by channel**. There are also two competitor insight metrics, with **competitor ranks** and **competitor search rates** providing core competitive intelligence for how competitive your rates are among your compset.

WHAT'S NEXT FOR TOTAL REVENUE OPTIMIZATION

The complexities of revenue management are especially acute for larger properties and multi-property organizations. These groups benefit greatly from a single source of truth for data, presented in a single dashboard across all departments.

Of course, there's still a lot of work to do when it comes to integrating disparate systems and building the type of interconnectivity that drives better business outcomes. Investing in transformational change takes time and it takes agility.

To prepare for what's next, start with a data audit; understanding how data is utilized today is the first step to knowing where that data analysis needs to be for future competitive advantage. We've all become data wranglers – and the better we get at pulling together disparate data into an actionable framework, the more successful we'll be at achieving our goal of total revenue optimization!

Kevin Duncan — VP, Product Management, Cendyn
Kevin Duncan is an energetic leader who has been an innovator of total revenue management principles for the entire hospitality industry. His strategic guidance at every hotel he has interacted with has helped increase profitability and overall service levels. He brings over 20 years of hotel experience and has achieved tremendous success through his hands- on approach of leadership creating a positive working atmosphere. Kevin is the VP, Product Management at Cendyn. He has the rare blend of revenue management experience combined with years of hands-on knowledge of sales, marketing, and operations. He has volunteered his time for industry associations to ensure the education of our future leaders. He continues to look at how to advance Total Hotel Revenue Management for our ever-changing economy.

Cendyn™ — cendyn.com
Cendyn is a catalyst for digital transformation in the hospitality industry. We help hotels around the globe drive profitability and guest loyalty through an integrated technology platform that aligns revenue, ecommerce, distribution, marketing and sales teams with centralized data, applications, and analytics, so they can capture more demand and accelerate growth. With offices located across the globe, in the United States, Germany, United Kingdom, Singapore, Bangkok, and India, Cendyn serves tens of thousands of customers across 143 countries. To find out more, visit www.cendyn.com.

HY8

Sustainability, education and local talents - the secrets to success in the UAE

Ahmed Ramdan
Founder & CEO, Ròya International

Interviewed by **Jonathan Worsley**
Chairman & Founder, The Bench

Synopsis

Ahmed Ramdan, Founder & Group CEO of Ròya International, recently sat down with Jonathan Worsley to discuss the future of the hospitality industry. They discussed the importance of innovation, sustainability, technology, and education in the future success of the industry. Ahmed believes the industry has become more flexible and open to new ideas after the challenges of the past few years and is optimistic about the future.

I recently had the pleasure of sitting down with industry veteran and good friend Ahmed Ramdan, Founder & Group Chief Executive Officer of Ròya International, for a great conversation on the future of hospitality and key ingredients to success ahead of this year's Future Hospitality Investment Summit.

The future of our industry has been on my mind a lot (truth, it's on my mind all the time!) but especially now with travel, tourism and hospitality recovering post pandemic after a few very challenging years. It's also the core focus of our industry conferences at The Bench and a driving force behind our new brand and event series; Future Hospitality Investment Summit.

For those of you that know me, I like to take every opportunity I get to connect with people in our industry, from senior thought leaders and government officials to hotel owners, investors, and students as the next generation of hoteliers. In my recent chat with Ahmed, we explored his views on the secrets of success for the future of hospitality and his thinking is incredibly insightful.

First off, I asked Ahmed about his outlook for the hospitality industry in 2023 and beyond. "I believe the challenges of the past few years have caused the hospitality industry to become more flexible, adaptable and open to new and innovative ideas. I am therefore feeling very optimistic about what is to come, and I think there are many exciting opportunities on the horizon," he said.

I share his optimistic view for the future of our beloved industry and agree that opportunities are plentiful. At the same time, however, I feel that we need to step up innovation and look at how and where we can further accelerate progress, especially when it comes to sustainability, technology, and education. Delving into education, I asked Ahmed for his views on the importance of developing local talent.

"Most importantly, I would like more Emiratis recruited into the hospitality industry in the UAE. Dubai alone is home to almost 800 hotels, and new ones continue to open on a regular basis. Out of all these properties, I would ideally like to see at least 500 qualified Emirati managers. There's a lot to improve in this regard, and I hope the UAE government and international operators will do more to encourage the hospitality sector to focus on local talents. I also believe that many hotel concierge departments would benefit from recruiting UAE nationals. After all, the concierge should be able to expertly inform guests about the local area. Emiratis would be able to do this with pride and genuine affection and provide a true and authentic representation of the seven emirates."

"My own company is making great efforts and advocating to hire more Emiratis. We are partnering with UAE universities to bring in more fresh graduates as interns, and then hopefully keep them on in more permanent roles."

Although first and foremost a people-centered industry, hospitality assets themselves are equally important for a differentiated brand and guest experience, efficient operations and a strong return on investment. Here is Ahmed's view on the future of smart and functional hotel concepts:

"It seems to me that hotel owners are more focused than ever on achieving a high return on investment. They don't just want a flashy property that looks good. Equally, discerning business travelers are now more interested in functional and practical hotel concepts, instead of ones filled with lavish decorations and over-the-top opulent designs.

"Hospitality consultancies such as my own business are now increasingly recruited to help owners develop cutting-edge and efficient hotels that offer premium quality facilities. We advise owners on what to build, how to build and what results they can realistically expect. This advisory process runs all the way through, from the initial concept and design creation to hotel development management and the opening and operating of the hotel."

Going back to the people side of business in hospitality, I was also keen to understand how Ahmed sees the future of owner-operator relationships, a much-debated topic at our hospitality investment conferences.

"As the hospitality industry continues to grow, it's important that we work to narrow the gap between hotel owners and operators. Hotel owners can often have unrealistic expectations, and they need to be better informed about the local market. On the other hand, hotel operators should set aside more time to get to know hotel owners on a personal level. No matter how busy they may be, they need to invest in educating owners about the hotel operations process and accept that not every location will be perfect and picturesque right from the outset."

I echo Ahmed's sentiment that we need to continue to work hard as an industry to narrow the gap between hotel operators and owners and believe that's definitely a priority for many.

It's also been interesting to watch the rise in demand for third-party hotel management in the Middle East, a model that is very prevalent in other markets around the world. I asked Ahmed about his take on the rise of third-party operations:

"Over the years I have noticed that the role of hotel operators has shifted from owning hotels, to managing or franchising hotels. This has led to an increase in operator companies and tipped the balance to give owners greater power. However, as mentioned above, many owners still don't have enough knowledge to be able to operate an asset effectively."

"Consequently, we have seen the emergence of a concept called 'third-party operations.' This sees hospitality consultancies (such as my own business) manage every element of homegrown or franchised hotel brands. I've also noticed that many operators are now focusing more on rooms rather than F&B. This has opened up a window for my own agency to offer specialist F&B advisory. We help owners with everything from creating new F&B concepts and designs, to refurbishing and relaunching restaurants."

Lastly, with our upcoming Future Hospitality Investment Summit (FHIS) event series in the Middle East, I was keen to get Ahmed's view on his outlook for the region, is he expecting a boom?

"Ultimately, over the next few years, I think the region will further strengthen its position as one of the globe's most desirable tourism and business destinations. As the Gulf nations continue to diversify their economies away from oil, more and more focus will be put on tourism developments.

"We are seeing this in Dubai, Abu Dhabi and all across the UAE, and in particular in Saudi Arabia where huge investments are being made in hotels, restaurants and tourist destinations. In my 25 years in hospitality operations, I have never experienced a more exciting time. Hospitality consultancies need to continue to offer well-rounded, 360-degree services, and be ready to adapt and meet the region's ever-developing needs. If we do this, we will be able to make the most of all the opportunities that are about to come our way."

Ahmed Ramdan — Founder & CEO, Ròya International
Ahmed Ramdan is the founder & group CEO of Ròya International. He was truly ahead of his time when he founded Ròya almost 25 years ago. And the company has stayed strong thanks to Ramdan's ability to always stay ahead of the curve. He has played a very key role in developing quality hotels in this region. From delivering hotels for the FIFA World Cup in Doha to assessing rebuild and refurbishment of hotels in Saudi Arabia to opening and managing iconic hotels like the Waldorf Astoria DIFC in Dubai, Ròya International has been a trusted resource for owners and a reliable partner for operators.

Jonathan Worsley — Chairman & Founder, The Bench
Jonathan is one of the founders and organisers of multiple leading international conferences for the hospitality industry including AHIC (UAE); AHIF (Africa); SHIC (Saudi) and SAHIC (Latin America). Jonathan branched out into aviation and F&B, through AviaDev and GRIF. In 2020, the Bench team pivoted quickly to virtual and hybrid conferences with the launch of the www.hospitalitytomorrow.com series and the Future Hospitality Summit for the G20 Saudi Secretariat.In 1997, Jonathan co-founded the annual IHIF (Berlin) which today attracts over 2,500 delegates. Earlier in his career, he worked for real estate consultants CBRE & Hotel Partners, hotel advisors PKF and hotel operator Forte & Holiday Inns. Jonathan was a board director and co-founder of STR Global until 2019 and is on the advisory board of inHovate and Hotel Swaps. He also sits on the Advisory Board for RAK TDA, a member of Women in Hospitality (WiH) and is a Trustee of Future Talent, a charity that provides financial support to gifted young musicians.Jonathan's drive is building great teams and communities around him to propel industry transformation.

Ròya International — royainternational.com
Founded in 1998, Roya International is a leading specialist hospitality consultancy firm offering unparalleled expertise to the hospitality, leisure, tourism and real estate industries.As regional markets have evolved so have our services. Today we have four divisions, enabling us to offer a comprehensive range of specialist skills across the areas of development, hospitality, asset management and project management. Our approach is based on listening to our clients to ensure tailor made solutions are delivered. We take on the business burden; ease the decision-making process and streamline the information flow, leaving our clients free to focus on their core business until their vision is realised. From private investors and governments through to blue-chip corporations, our client list is extremely diverse. Yet our approach is highly focused. Whether we undertake a concept-to-completion multi-million dollar turnkey project or tasked to develop and design a twenty table restaurant, our highly qualified team's approach is always the same. It's personal and professional. We assume nothing and question everything. It's an approach that continues to provide an excellent return on investment for an ever growing portfolio of owners and investors.

Hoteliers Can Drive Profits Through Data-Driven Insights

Steven Moore
Chief Executive Officer (CEO), Actabl

Synopsis

To maximize profits, Hotels should focus on being proactive with labor, using insights to decrease labor costs and develop new revenue streams, preventing analysis paralysis, and applying insights to drive profits. Actabl CEO Steven Moore writes that utilizing insights effectively is the innovation that will drive the next hospitality revolution, and it is recommended to prioritize learning about and testing new insight-driving solutions, platforms and concepts.

In the past, hoteliers could regularly predict the ebbs and flows of occupancy based on past performance, local market trends, and experienced leadership insights. Group, weekday business transient, and weekend leisure travel were predictable and expected. But the past few years have rocked our industry, and, to succeed going forward, we need to rethink how we forecast and plan. Actionable insights will revolutionize this new chapter of hospitality.

Once people began to travel again (and quickly in the form of revenge travel), it became apparent we could not just jump back to operating the way we used to. This new normal brought a wave of chaos and unknowns - largely centered around labor. Former employees found other career tracks, went back to school, or moved to a different city and new employees were less experienced than those they replaced. The need to implement labor optimization strategies in hotels changed from a “nice-to-have” to a requirement.

While labor shortages in the hospitality industry were not a new problem, they became the trigger point that prevented so many hotels from maximizing revenues and profits. In this new operating climate, these are several suggested focus areas hoteliers can take to mazimize profits.

BE PROACTIVE VS. REACTIVE WITH YOUR LABOR

This year, proactive hospitality leaders will anticipate the needs and challenges their portfolios may face. They will be prepared to address these needs and challenges ahead of time instead of reacting to crises and issues while they are happening. While it is impossible to anticipate everything, having a comprehensive approach can help leaders plan agile solutions to quickly changing circumstances.

In response to recurring labor challenges, use of contract labor has risen significantly. Through late 2022 and into 2023, contract labor made up over 20% of total labor costs for many destination and heavy group properties in the US. Using significant amounts of contract labor opens up an interesting challenge – managing contract labor costs alongside direct labor costs. Reactively looking at contract labor costs can lead to subjective cost assessments, missed overages, and, ultimately, lower profitability.

To stay proactive, look at availability and costs of both contract labor and overtime together. Then, prioritize usage of them against key sell out dates and make the first labor scheduling action filling shifts that allow all services to function (and all rooms cleaned) for sell out nights.

USE INSIGHTS TO DECREASE LABOR COSTS AND DEVELOP NEW REVENUE STREAMS

Looking forward, optimizing operations will continue to transition from an analog effort to a digitally-supported one. Innovative technologies will allow organizations to manage labor needs with real-time metrics, while also identifying incremental revenue opportunities based on what guests seek out and are interested in purchasing.

We're now experiencing a new phase of travel where blended group, business and leisure travel are pervasive. As of December, CPOR, or costs per occupied room, are 113% their 2019 baselines, while hours of total labor per occupied room still sit below 2019 levels*.To keep CPOR under control, on-property operations teams should leverage insights to make more efficient labor planning decisions across each pay period, not just have piles of unused data or try to “go off a gut feel.”

As guest stay occasions pivot from our traditional business/leisure mix, guest demands are pivoting too. This transition offers an opportunity to use guest data, noted during on-property requests, to uncover new incremental revenue streams. Having tools or processes to aggregate requests, and then translate those requests into actions above-property leaders can take, enables properties to monetize high-demand experiences. For example, adding new spa offerings at off-peak times when group and leisure demand might intersect, or adding a paid meeting option for spaces in hotel lobbies, could be future revenue streams.

PREVENT ANALYSIS PARALYSIS

Profit-maximizing operations come from transforming an unstructured and often overwhelming flow of data into actionable insights that allow for easier and more effective decision-making. This becomes even more important when we consider the growing number of inexperienced managers in our industry that cannot rely on historical expertise to get the job done. Instead of spending hours, days even, analyzing spreadsheets, during which circumstances and occupancies could have already changed, managers can use real-time software to quickly place employees in the right place at the right time.

Advanced budgeting and performance forecasting tools can also help managers in this new normal. While these tools can equip managers to make effective decisions, it is critical that they also offer clear and actionable insights instead of a deluge of hard-to-interpret data. An example of this would be taking benchmark data that compares minutes-per-clean housekeeping metrics, and then giving managers guidance on specific team members to coach toward improvement.

Alternatively, benchmarking sales director productivity for a chainscale category of hotels in an MSA, or for all properties in a specific submarket, can arm above property leaders with forward looking sales insights that can impact pricing, positioning, and marketing efforts. Understanding this capability maximizes profitability because it not only helps with cost savings but also helps generate revenue at the same time.

APPLY INSIGHTS, DRIVE PROFITS
Utilizing insights effectively *IS* the innovation that will drive the next hospitality revolution. As we move through 2023, arming both on-property managers and above property leaders with easy-to-follow, actionable insights will unlock greater profits. As you move through your year, my recommendation is to prioritize learning about and testing new insight driving solutions, platforms and concepts.

Steven Moore — Chief Executive Officer (CEO), Actabl
Steven Moore is the CEO of Actabl. Steven began his journey with Actabl as CEO of Transcendent which is now a part of the Actabl suite. Steven has also spent time as an investor at PRD Inc, a Houston-based family office focused on real estate, hospitality, and energy investing. Prior to PRD, Steven was an associate at Schneider Electric in the Energy and Sustainability Services Group. Steven holds an MBA from the Kellogg School of Management and a BA from Wheaton College (IL). He lives in Colorado with his wife and four children.

Actabl — actabl.com
Actabl is the newly–launched software company exclusively focused on meeting the evolving needs of leading hospitality businesses. Actabl brings together four powerful hospitality tech solutions to maximize profits for hotel operators. Actabl's integrated solutions include ProfitSword's AI-powered business intelligence technology, Hotel Effectiveness' complete labor optimization, ALICE's hotel operations management platform, and Transcendent's advanced asset management and CapEx. With a global team of 250+ employees boasting over 1,000 years of combined hospitality experience, Actabl serves the technology needs of more than 10,000 properties in hospitality markets around the world. For more information visit www.actabl.com.

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Keg wine: Tradition meets innovation

Stephanie Pougnet, PhD
Assistant Professor and Associate Dean of Undergraduate Programs at EHL Hospitality Business School

As more and more consumers are opting for a sustainability-oriented lifestyle, F&B industries are compelled to explore innovative ways to deliver sustainable production, distribution and consumption solutions. The wine industry is no exception. Growing concerns about the impact of global warming and environmental challenges on wine production-related activities is pushing the industry to search for alternative sustainable solutions. In line with both the International Organisation of Vine and Wine and the International Federation of Wine and Spirits which define sustainable viniculture as one with a triple economic, ecologic and social purpose, a sustainable wine industry should incorporate management of product quality, waste and carbon footprint, and human resource into all of its processes from production to distribution and consumption.

Yet, while alternative packaging solutions exist, e.g., bag-in-box, polyethylene terephthalate (PET), cans, TetraPak and keg wine, the wine industry has so far continuously relied on heavyweight glass packaging, which has a considerable carbon footprint notably due to water and energy demand (Cimini and Moresi, 2016). The question remains: how could the wine industry be more ecological for the environment, more manageable for workers and more economical for all stakeholders involved?

Enter the Swiss keg wine solution To answer this question, Marc Sarrazin, an oenologist engineer, launched Bibarium, a start-up dedicated to sustainable wine distribution in Switzerland. Industry and research partners joined him to conduct an Interreg French-Swiss research project aiming to develop a Swiss keg wine solution which nowadays benefits all stakeholders in the value chain from producers, restaurateurs and caterers to the wine consumers themselves.

The overall Swiss keg wine solution is based on the following steps: Bibarium oenologist fills kegs with wine at the wineries, delivers the kegs to the restaurateurs and caterers by plugging them to either manual or numerical wine dispensers, then once emptied, brings back and cleans the kegs, to refill them at the wineries. CGI Ecofass French keg making company created the ecological, ergonomic and economical recyclable and reusable plastic kegs for wine, including a patent. The Changins School of Viticulture and Oenology tested the suitability of the Swiss keg wine solution for the conservation and consumption of wines by chemical and sensory analysis. The nature of keg materials used was studied in different storage conditions for several months. Results confirm the capacity of the keg to protect wines against oxidation and to ensure the quality of the wine - from the conditioning step to the dispensing system.

Results also confirm that the Swiss keg wine solution preserves the quality of wine from all oenological and gustatory perspectives for at least four months once the keg is plugged to the tap dispenser at point of sales. The Institut Français de la Vigne et du Vin (IFV), conducted a Life-Cycle Assessment (LCA) followed by a counter-expertise led by a third party, to measure and grant the low carbon footprint of the Swiss keg wine solution. Six indicators were considered as relevant with results showing an environmental benefit of the Swiss keg wine solution over usual bottle packaging.

Market study results To check that the Swiss keg wine solution created meets the market demand, EHL Hospitality Business School conducted market studies on hundreds of wine consumers as well as owners and general managers of Swiss food and beverage establishments. The findings of these studies provide an insight into producer, restaurateur and consumer likeliness to adopt keg wine as an innovative sustainable alternative to traditional bottling. Insights into stakeholders' expressed attitudes and behaviors as well as habits in given contexts also inform us on their willingness-to-adopt, willingness-to-invest and willingness-to-pay for such innovative sustainable offering.

Results further show that 64% of restaurateurs and caterers are in favor of adopting the Swiss keg wine innovation for one key reason: economic savings. Thanks to Swiss keg wine, while taste and quality of wine is conserved for up to four months compared to a few days in a bottle, wine in keg is also no longer corked, spoiled or oxidized. Good quality wine is no longer spoiled or wasted because of wrong manipulation in bottling or pouring processes. Goodbye to tiring cork pulling or broken corks in the bottle neck. Additionally, there is no more sorting of waste both at the wineries and the place of consumption, as well as less deviant staff behavior, (stealing a 100 L keg of wine is unlikely). Furthermore, findings show an estimated 17% lower labor costs as well as a reduction by 20% of the cost of wine, while the storage space saved is 85%.

PEOPLE MANAGEMENT BENEFITS

From a sustainable people management perspective, results of the studies conducted by EHL Hospitality Business School show that the Swiss keg wine solution increases staff and service efficiency as well as customer-centricity. The heavy wine bottle loads that staff have to carry are reduced by half thanks to wine in kegs. Wine is served at the perfect temperature thanks to the keg-to-tap dispenser system that includes coolers. While glasses of wine can be poured in less than five seconds, glasses of Spritz are poured in less than eight seconds with the perfect blend, that could even be a personalized blend in accordance to each and every consumer's taste and preferences. This translates into less customer waiting and complaints. Staff can also spend better time interacting with the customers, promoting the wine and wineries they are serving, hence enhancing the customer experience.

A SAFE AND TRACEABLE SOLUTION

In addition, based on the findings stemming from the EHL Hospitality Business School studies, keg wine is a safe solution for producers, restaurateurs and caterers when it comes to wine distribution. Why? Because it reduces and simplifies the logistics of wine distribution from wineries to restaurants and catering points of sales, for instance by doubling the volume of wine delivered in one single trip between winery and restaurant. By reducing transportation by half, limiting delivery interaction, and by implying rigorous hygiene and safety protocols set by the Changins School of Viticulture and Oenology, for plugging and cleaning the kegs for instance, the Swiss keg wine solution means better anti-COVID protection for all stakeholders involved.

Furthermore, the Swiss keg wine solution will soon become completely traceable from production, distribution to consumption, thanks to probes and sensors that will be put on kegs and tap dispensers, and linked to a digital dashboard and a numerical platform including key-business, key-market and key-performance indicators, that would allow for digitally programmed replenishment for instance, so that all stakeholders of the keg wine value chain would access to big data. Such data-driven organization and traceability will ensure higher understanding of threats and opportunities in the wine industry.

WHAT THE CUSTOMERS ARE SAYING

Restaurateurs and caterers are ready for keg wine, provided that their consumers are. The market studies conducted by the EHL Hospitality Business School actually show that 96% of wine consumers are in favor of wine served on tap, namely for its sustainability. One significant result is indeed that the more they value sustainability, the more likely consumers are to favor keg wine.

Results of the market studies show that consumer self-perception of ecological consciousness positively relates to keg wine adoption. More precisely, consumer likeliness to adopt keg wine due to quality aspects correlates positively and significantly with the value they assign to sustainability characteristics. It is also observed that consumers who value sustainability are less misguided about the so-called poorer quality of keg wine in comparison to bottled wine. In addition, willingness-to-pay for wine with innovative sustainability characteristics like keg wine is higher among more senior consumers. Finally, consumer likeliness to consume keg wine to make economies correlates positively with their knowledge as wine connoisseurs.

While totally preserving the wine quality, keg wine is sustainable and also economical. In addition, the consumers' willingness to pay for a more sustainable wine accounts for 10-15% of the wine average price (Schäufele and Hamm, 2017).

Such results show that researchers and industry professionals should consistently partner together to foster research and development, as well as innovation for a more sustainability-oriented future.

HOW CAN THIS INNOVATION MODEL BE IMPROVED OR APPLIED TO OTHER F&B AREAS?

The keg wine idea is already applied to other beverages like cider and cocktails. Take the example of a Spritz cocktail: with a numerical tap dispenser, you could have your personal tailor-made blend of ingredients via a QR code.

This solution is also readily developed for big events which can benefit enormously from the use of mobile kegs (on wheels for example) when it comes to serving at festivals, weddings, street parties, etc.

Lastly, numerical apps make self-consumption easier using a DIY attitude, e.g., the Vaudoise Arena in Lausanne which hosts about 50 sporting events each year and welcomes up to 9,600 visitors for single ice hockey matches up to twice a week.

Thanks to the full integration of beverages like beer, wine and mulled wine in a single automated drinks dispenser that is keg-managed and which allows for automated self-consumption, waste is reduced and monitoring of the sales and the inventory can directly be done from mobile devices.

This keg wine innovation model can be further developed through the creation of an online platform that provides an integrative dashboard for all stakeholders to work more closely together by sharing data and follow-ups with key performance indicators. The dashboard will link consumers to restaurateurs, distributors and wine makers, along the service-profit value chain.

Could it be time for the F&B sector to think about other ways that ancient formulas could be updated to meet today's sustainable needs and consumer's changing habits?

AT A GLANCE

IS KEG WINE A REFLECTION OF CHANGING CONSUMER HABITS REGARDING ALCOHOL CONSUMPTION?

A lot of bottled wine is wasted because it does not keep for long once opened; sometimes we might drink more than planned just because of not wanting to waste the bottle. With growing health concerns over alcohol consumption, the message of one glass a day or just from time to time is becoming prevalent, resulting in many people preferring to consume wine by the glass rather than by the bottle. With keg wine and its own tap dispenser, customers can be served exactly needed quantities, without worrying about the bottle quickly spoiling. This solution brings utility and better value to both F&B establishments and individual consumers.

WHAT ARE THE MAIN CONSTRAINTS TO KEG WINE BECOMING WIDELY USED AND ACCEPTED?

Ironically, the main constraint is a lack of knowledge and awareness. Many people think that using kegs for wine storage is a crazy new idea for the sake of innovation, whereas in reality, it's a return to an age-old tradition with updated features that make it even more in line with the sustainable 3Ps, (people, planet and profit). Here, innovation is actually serving tradition by going back to old ways whilst adjusting to a modern way of consuming, conservation and distributing.

KEGS ARE KNOWN FOR NOT BEING SUITABLE FOR WINES THAT REQUIRE A LONG MATURATION PERIOD, DOES THIS IMPLY THAT KEG WINE IS OF AN INFERIOR QUALITY?

The fact that wine is stored in bigger containers should not equate with low quality. The research done by oenologists confirms that the reusable keg created as a result of the Swiss-French research conducted, with specific patent on its technical aspects, is suitable for all good quality wines and that the bigger storage space does not cause any degradation. Admittedly, keg conditions are not suitable for long maturation, (but this is a requirement of a relatively small percentage of wines overall). As an example, Swiss Airlines Lounges and Marriott Hotels – purveyors of luxury environments – have switched to keg wine.

Stephanie Pougnet, PhD — Assistant Professor and Associate Dean of Undergraduate Programs at EHL Hospitality Business School
Dr Stéphanie Pougnet has management and start-up experience in retail, energy, and food & beverage across Europe, America and Asia. Her courses range from project management to social sciences in the EHL Bachelor and Master programs. Her research focuses on innovative processes impacting employee performance, and subsequently, customer experience.

EHL Hospitality Business School — www.ehl.edu
EHL Hospitality Business School (Lausanne) is an ambassador for traditional Swiss hospitality and has been a pioneer in hospitality education since 1893 with over 25,000 alumni worldwide and over 120 nationalities. EHL is the world's first hospitality management school that provides university-level programs at its campuses in Lausanne and Chur-Passugg, as well as online learning solutions. The School is ranked n°1 by QS World University Rankings by subject and CEOWorld Magazine, and its gastronomic restaurant is the world's only educational establishment to hold a Michelin Star.

UAE's Local Produce: From Import Dependence to Sustainable Agriculture

Atul Chopra
Founder & CEO - Fresh on Table

Synopsis
Dubai-based serial entrepreneur Atul Chopra writes that the use of locally sourced produce in the UAE has been on the rise in recent years, with an increased focus on sustainability and the reduction of carbon footprint. Currently, only 20% of fruits and vegetables consumed in the UAE are grown locally, but this is changing as the local agricultural industry is increasing its contribution to the market. The UAE has more than 30,000 farms, and initiatives like hyper-local sourcing reduce the carbon footprint, improve the freshness of produce, reduce kitchen waste and increase the awareness of local produce. The hospitality industry is also playing a role in promoting local sourcing, with global hospitality chains like Hilton sourcing over 446 tons of local produce, resulting in a saving of CO2. Independent restaurants are more agile in implementing these changes, while larger chains are educating guests and improving their procurement methods. Climate change has brought attention to the need for food security and the importance of sustainable development goals.

The decision to commit to a sustainable strategy is a huge undertaking, for restaurant owners, chefs and operators; but we all have to start somewhere.

LOCAL PROVENANCE POTENTIAL

Currently, only 20 per cent of fruits and vegetables consumed in the UAE are grown locally, the rest are imported from around the world. According to the Abu Dhabi and Dubai Statistics Centres, the combined 2019 local production of crops, fruits, and vegetables amounted to 523,297 tonnes. In value terms, UAE imports almost USD 3.5 bn of fresh fruits and vegetables.

Fruits and vegetables grown around the world need to be stored for days and have lengthy transport time before they reach the kitchen. This means reduced freshness and a higher carbon footprint.

The UAE's agricultural industry has been gradually increasing its contribution to the local market in recent years, in line with the National Food Security Strategy 2018. The pandemic has triggered a significant momentum for local production, increased the number of health-conscious consumers looking for fresh produce, and raised awareness on climate change and sustainability.

In 2019, when I came to the UAE to set up Fresh on Table, I was aghast that there was virtually no awareness about local farms and local produce. Today, there are around 2,000 SKUs grown at and available from farms across the Emirates.

For us, as a digital marketplace that was established to promote locally-sourced produce and unite buyers and local sellers – with sustainability at our core – this affirms that we can look towards a sustainable future, on the food side at least.

Food supply chains are incredibly complex, and food is often labeled as 'fresh' and 'local', but food fraud is a real issue with one of the main challenges of mislabelling. This is where buyers can leverage IoT and blockchain technologies and implement 'track and trace' capabilities. Our own system allows us to share a detailed view of the product journey as well as verify its sustainable and ethical production; thus, contributing towards waste elimination.

HYPER LOCAL, A VIABLE SOLUTION

Hyper local sourcing cuts down the carbon footprint, has a huge positive impact on the freshness quotient, eliminates the need to carry inventory, and results in less waste due to reduced travel time and temperature variation.

When people say that there's no locally grown food available here in the UAE, I point out that there are more than 1,000 farms registered under Silal, the Abu Dhabi headquartered agricultural technology developer, and around 30,000 farms across the UAE.

The lack of awareness of this amazing bounty on our doorstep is also due to the fact that many small-scale local farmers often sell their entire yield to private homes, so the word is not getting out there.

By producing and supplying fresh produce locally, just one farm – Elite Agro, saved 13,258 tonnes of carbon emissions from tomatoes when compared to airfreight imports from Holland and Spain. It also saved 1,501 tonnes of carbon emissions for equivalent airfreight imports of blueberries from the US and is set to save at least 425 tonnes of carbon emissions for equivalent sea freight imports of potatoes from Egypt this year.

The Fish Farm, which has a current annual production of 550 tons of organic salmon, intends to increase it to over 10,000 tons over the next few years, in line with growing demand.

In 2020, the UAE Cabinet approved a national system for sustainable agriculture. This includes improving the efficiency of farms and increasing self-sufficiency of the targeted agricultural crops by five percent. It also aims to reduce the amount of water used for irrigation by 15 percent annually and drive industry-wide adoption of sustainable agri-tech.

Local production in UAE

HYPER LOCAL SOURCING IN PLAY

Hyper local is more nutritious, and fresh and reduces kitchen waste. Here, chefs and restaurant owners need to lead the change and look at responsible sourcing. If the chef isn't on board, then change won't happen, and you also need them to champion the local concept. The only caveat, and rightfully so, is the consistency of product availability.

It's definitely easier for independent restaurants to implement these grassroots changes because there isn't the whole corporate mechanism to navigate, and decision-making is more agile. With food cost typically at up to 30 percent for a fine dining establishment, there is always room to play by implementing responsible sourcing.

The big global hospitality chains are also beginning to assume their role in supporting the zero-waste goal. Several of our global hospitality brand partners are leveraging their networks and voice to enshrine the idea of sustainably grown local produce, both internally as well as by educating their guests.

Hilton has recently published some startling data in partnership with Fresh on Table. In 2022, the Group sourced over 446 tons of local produce, resulting in a saving of approx. 8.9 mm Kgs of CO_2e or getting almost 1,937 fossil fuel vehicles of the road for a year.

At the Future Hospitality Summit in Dubai last September, the hosting venue – Jumeirah Group, saved 44,168 food miles and 288 kgs of CO_2e by consciously adopting maximum usage of local produce during the event.

These initiatives have gone viral and prompted calls from other large, well-known brands eager to sit down and rethink their procurement.

THE WAY FORWARD

Climate change has accentuated the need for focussing on food security. This is no longer a Sustainable Development Goal (SDG) that can be ignored even by the historically agrarian economies. The floods and draughts being witnessed by even a country like Australia are an epic testament to this.

Technology now enables almost anything to be grown anywhere, optimally utilising scarce resources. Supporting local farms that adopt agri/ crop tech will ensure they invest more. This investment will lead to higher production which will then address the challenge of price and consistency in product availability.

CHANGE IS A COLLECTIVE RESPONSIBILITY

A lifestyle decision for a growing number of consumers, the idea that our favorite restaurants can champion the concept of sustainability is one we all need to support, and lend our voice to in terms of spreading awareness and educating the wider community.

It's not just a question of investment on the part of the restaurant and on cost to the consumer. The chefs and restaurant managers I work with understand that in order to get local produce at a good price, they need to commit to repeating orders and volume. In this way, producers can scale up and costs come down. And that translates to consumer value for money on the plate.

In this era of 'storytelling', I feel that consumers are becoming increasingly relatively price insensitive - as long as the message is conveyed honestly and passionately- and with an emphasis on key elements like sustainability and traceability, this can only continue to gain momentum.

If we look at the bigger picture, the legislation also has a critical role to play in creating the right ecosystem. The UAE is committed to a net zero timeline of 2050 and, as a nation that imports 90 percent of its produce, this cannot be accomplished without recognising the urgency of action, whether it's waste management or mitigating carbon footprint.

The UAE may be at the beginning of its sustainable restaurant journey, but I am both excited and hopeful. I've seen first-hand the growing importance placed on responsible sourcing and the desire to remove plastics by the top levels of leadership in the hotel, restaurant, and catering industry.

Dubai is a country where the impossible is possible. When we decide to do something – we do it. Healthier businesses are healthier for the planet; we have no choice but to make this a reality.

Atul Chopra — Founder & CEO - Fresh on Table
Atul Chopra is the founder and CEO of Fresh On Table, a company that aims to boost sustainability in the food industry by reducing the travel times and distances of produce and improving transparency and traceability. Chopra has worked with several hotels and restaurants in Dubai, including Hilton, Marriott, Zuma, and Jones the Grocer, to promote local ingredients and cut down on carbon footprints and waste. His vision is to grow across the region and establish a center of excellence for chefs to experiment with local ingredients. Chopra's collaboration with Hilton on the Growth of the UAE menu is a testament to his contributions to the country's dining scene and his commitment to food security and sustainability.

FreshOnTable — freshontable.com
Fresh On Table is a catalyst with a mission to promote local farms, sustainability and to assist the UAE's food security mission. Our mission is to reduce carbon footprint by keeping the source of production and consumption closest to each other. FOT is working towards its vision to complete the circular economy sustainability loop by recycling food/farm waste. For more information visit www.freshontable.com.

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