

PROCESS INNOVATION STRATEGY IN THE HOSPITALITY INDUSTRY IN THE ERA OF DIGITAL TRANSFORMATION

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ABSTRACT

Process innovation is increasingly becoming the most essential feature of providing services to customers in the hospitality industry. The focal point in the process innovation is to make the service delivery a customer's delight throughout its journey and at the same time create a name for itself in the market. Hotels and other service providers are adopting new technologies for upgrading their service flow process, e.g., self-check-in system, online booking system etc. The digital revolution is moving forward at an unprecedented rate in human history, and businesses in the hospitality industry are well aware that for their survival they need to be on board in this journey of transformation. In the era of digital transformation, businesses face the unique challenge of balancing technology upgradation with keeping the ethos of hospitality, so there is a need of adopting the right technology and the right strategy for a specific business. A successful digital transformation system can make a significant impact on the profitability and brand value of the company or it may result in doom if went in the wrong direction. An attempt has been made by the authors in this article to explain the challenges and opportunities that lie in process innovation strategies in the hospitality industry, especially in the era of digital transformation.

Keywords: Process Innovation, Hospitality Industry, Service Delivery, Self-Check-in System.

Introduction

Services in the Digital Era

The new world order has set in since the past decade which is slowly revolutionizing the whole dynamics of doing business and is affecting all walks of its operations from the way the businesses are set up, they are run, delivered to a customer or even getting a customer. As we keep moving further down the road, these changes are happening at a very rapid pace and are likely to even increase manifolds by the next decade. It will be too early to say how the business is going to be run by the end of this decade and how many businesses will survive by that time.

The most drastic change which we can observe is the way GDP distribution has changed over the past decades and how sectors that used to be the major contributor to the economy earlier are contributing much less to the economy now (ref. Fig 1). Service industry which used to have less than 50 percent share of the US economy before 2000 seems to be more than 75 percent share of the GDP in 2019. These changes have also been seen overall in developed countries where the difference between these sectors is much higher as compared to the developing countries. Developing nations only started measuring their service contribution after 2000 which used to be less than 40 percent then but have now a contribution of more than 60 percent in their GDP. It can be concluded from the above statistics that

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countries are slowly moving towards the `service economies`. This also can be concluded from the fact that more and more people are absorbed by the service industry as compared to other industries. It appears that Vichor Fuch`s concept of the `service economy` has finally reached its place as we see most of the employment is absorbed by the service-based industries now(OECD, 2010).

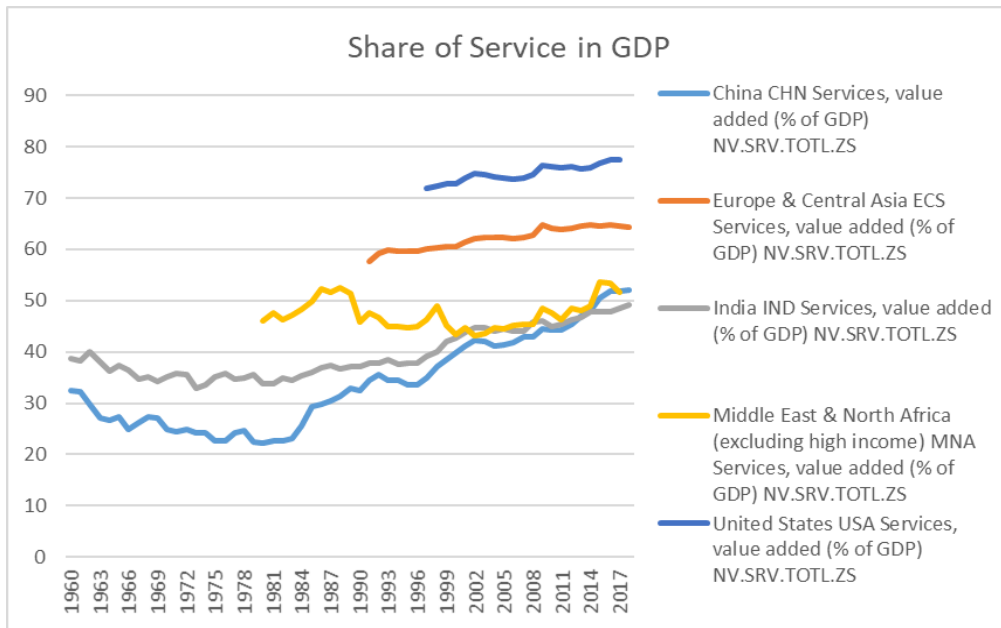


Figure 1: Share of Service in GDP

Source: World Bank (2020)

The world is witnessing today two major events that are occurring at the same time, and which are likely to change the course of the world as we see today(ref. Fig 2). On the one hand, we have the service economy becoming the major part of the world GDP and for the most developed nations, and on the other hand, we are moving into the era of digital transformation as technologies such as machine learning, artificial intelligence, and data analysis come to the fore. As such these two events are likely to impact each other, or rather will drive each other.

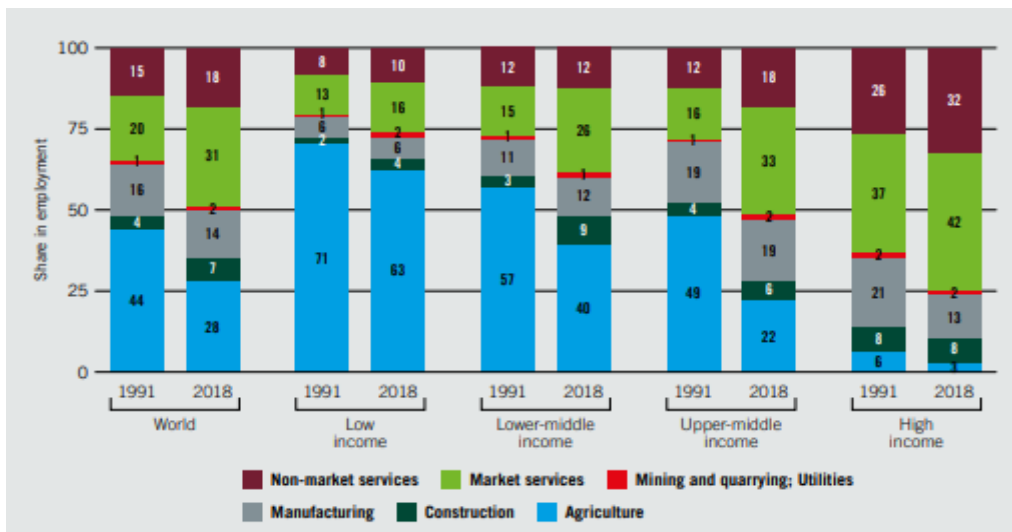


Figure 2: Workforce Distribution in Different Sectors of the Economy

Source: ILO modelled estimates, November 2018

As such changing business dynamics are a wake-up call for business leaders and organisations who find themselves struggling to keep up in the world of constant change. Organisations need to learn strategy-making in today's instantly connected, hyper-connected markets in the era of widespread discontinuity. Business agility here balances the need for a standardized business process to drive efficiency with the ability to adapt to the marketplace and customer expectations. Agility and responsiveness have become the competitive advantages for businesses to differentiate themselves from their competitors. According to a study conducted by EH(2018), some of the latest trends in the hospitality industry are virtual communities, online travel agents, digitalized guest experience, and no standardization of process. These trends indicate how digital transformation has already taken centre stage in the hospitality sector, and as we progress further into this era, we are going to see more and more acceptability of these technologies within the industry. This provides a unique opportunity for the industry to satisfy its customers exclusively, and make their experience more memorable. ACE hotels have rightly put it, "Customers may forget what you said but they will never forget how you made them feel".

Alexander Manu, in his book(Manu, 2010.), has explained that 'disruptive business' comes from the human being characteristics of 'perpetually wanting animal', which creates a need to embrace the new technology or process and use it to change and create a system for a better life. No wonder, this buzzword is so popular and essential for venture capitalists who evaluate start-ups on their disruptive capabilities. From my own experience, while pitching for one of my start-ups, I got feedback from one of the venture capitalists "your idea is not disruptive enough"! These words haunted me for several nights, and sometimes still do.

Today, the companies that rise rapidly to the peak are the outliers, that create novelty either in the form of their business models, service offering, or a particular value to the customer; not being offered by any other player in the market. Such a strategic innovation approach allows these organisations to develop this unique style of thinking and become the leader in this niche category. The European industry has seen demand-led Rev. PAR growth in 2019 and managed to maintain profitability levels despite the pressure on margins through decreasing waste costs. According to RCA, as of Nov 2019, the European hotel transaction level had increased by 2% to last year. Showing a clear shift compared to the previous year, leased hotels constituted some 40% of transactions compared to approximately 20% last year.

This chapter will be trying to make its readers realize how the global transformation is going to impact the hospitality industry specifically concerning its operational processes. We will be discussing how digitalization of the services will be impacting the way services will be rendered by the hospitality industry in the future. We will also cover case studies of how few businesses have excelled in this industry by transforming their processes using technology. By using the innovation dilemma criteria, we will be trying to analyse which technology will be suited best for improving a particular process and how it is going to improve the business performance of the industry. Our study will help the readers to get an insight into technologies and their applicability in bringing innovation to the processes of the hospitality industry. It can also be useful to current businesses and future entrepreneurs to develop their strategies and develop the business processes best suited to their purpose.

Rise of the Hospitality Sector with Digital Transformation

This digital revolution together with the burgeoning of interactive digital technology, virtualization, peer-to-peer networks, cloud computing, Internet of services and other IT developments has changed the rules of the game through disruptions of operational processes. The result is the emergence of a very complex and dynamic ecosystem for growth and innovation. They are likely to go on to affect all the processes by simplifying, automatizing, and expediting numerous menial and repetitive processes which will not only reduce human error but also increase the rate of service delivery, making the experience of customers more memorable. However, even with these technologies, the significance of a person will remain still, and as such the use of technology such as Augmented Reality can be used in providing training to employees.

With almost 10% of the global economy, the hospitality sector is the second fastest-growing industry in the world, contributing \$8.8 trillion and adding 319 million jobs in the year 2018(WTTC, 2019). The hospitality sector mainly consists of tourism and the hotel industry together. As per the IBIS world report 2019, "Tourism is defined as international visitors spending across national borders travel primarily for business, convention or conference travel, government business, and the more familiar tourism for leisure, vacation or to visit friends and relatives. Major industries that benefit from tourism

expenditure include domestic and international air transportation, accommodation services, food services, drinking places, automotive rental and travel agencies". Similarly, IBIS 2019 report on the Hotel industry has defined it as "Operators in this industry include hotel and resort accommodations with private or shared facilities, and with or without meal services and restaurants attached. This includes both chain and franchised operators. However, it excludes all other forms of accommodation, such as motels, caravan parks, camping grounds, youth, and backpacker hotels and bed, and breakfast establishments" (IBISWorld, 2019).

The trend suggests that these two sectors are rapidly growing owing to the increased love of people towards travelling, better offers, increasing affordability, increasing money spending habits, single-family or solo-travelling, and most importantly access to means of booking these services while sitting in an office or home. It is not long ago when before 2010, applications and websites for travel or hotel booking just started and people used to either refer to newspapers or magazines or consult those who have visited these places before to plan their travel. Who would have thought that individuals would be able to book their whole journey while just sitting in their workplace or they can just ask some organization to make a plan for them by providing them journey details and an approximate budget and all that would be required for them would be to pay the necessary amount and their complete journey would be booked? Such easy accessibility has made people seek out more exotic places to seek comfort or adventure depending on their taste.

The focus of players in these industries is to provide a better experience to their customers and they compete with each other based on who provides a more *memorable experience* to their customers. The digital platform has hence become the major tool for these businesses to transform their businesses to better suit the changing demands of the customers and in fact, plan for the next decade to ensure that they have the necessary resources to meet the market demands by then. This involves the way they acquire their customer, serve them, hire and skill their employees and eventually grow the business.

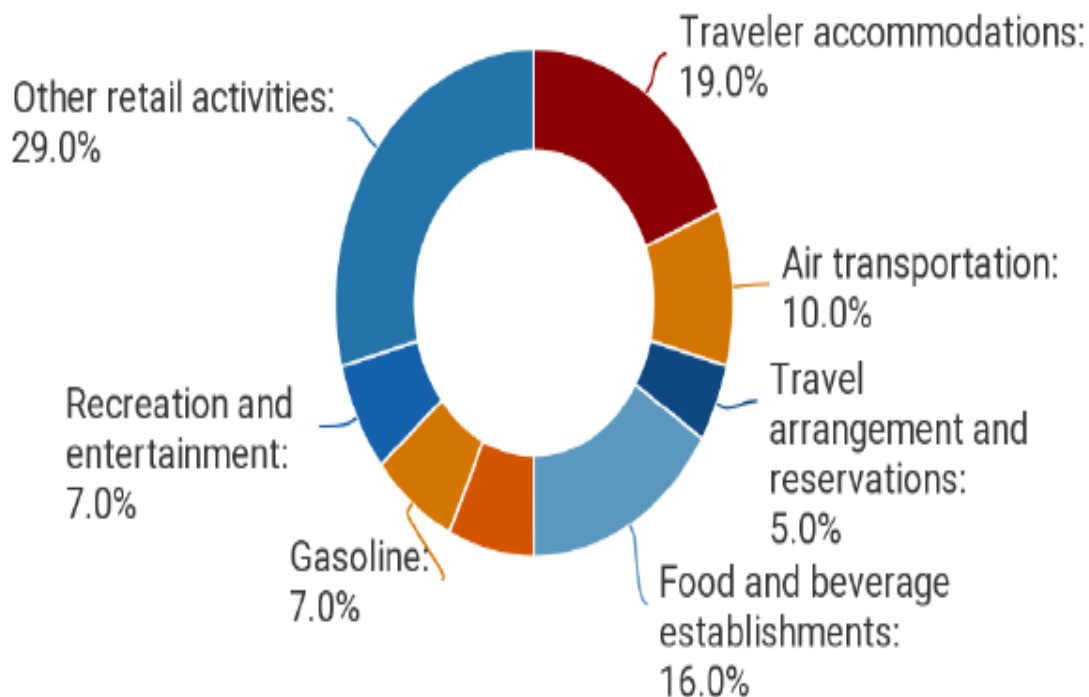


Figure 3: Tourism Industry Product and Service Segmentation IBIS, 2019

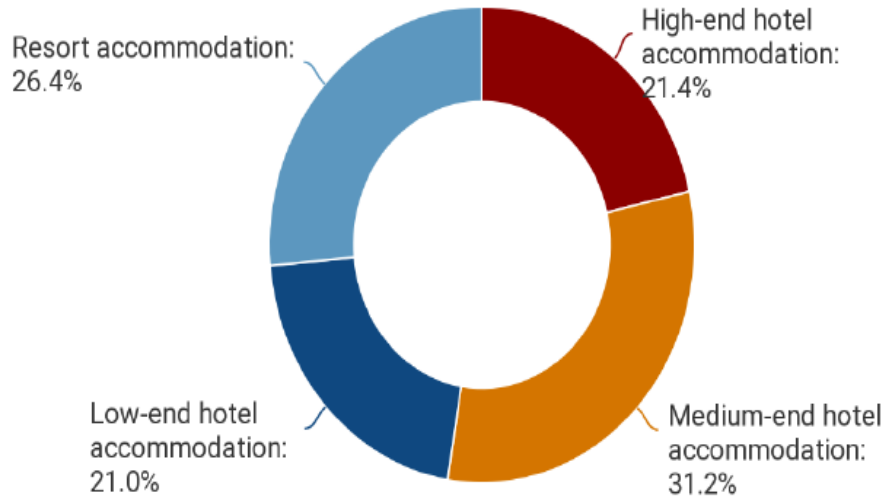


Figure 4: Hotel Industry Product and Service Segmentation

Source: IBIS, 2019

With such an increase in demand, comes a very large gap in both skilled and unskilled labour as evident from the US Bureau of Labor Statistics, which indicates that numbers have increased from 3,53,000 (in 2009) to 11,39,000(in 2018). These numbers are going to increase more both in total numbers and on the side of skilled labour, as the business requirement for skills is constantly changing with the new technologies and the dynamics of business operations. It remains to be seen what strategies corporations undertake to meet these changing scenarios and the shortage of skilled labour at the same time.

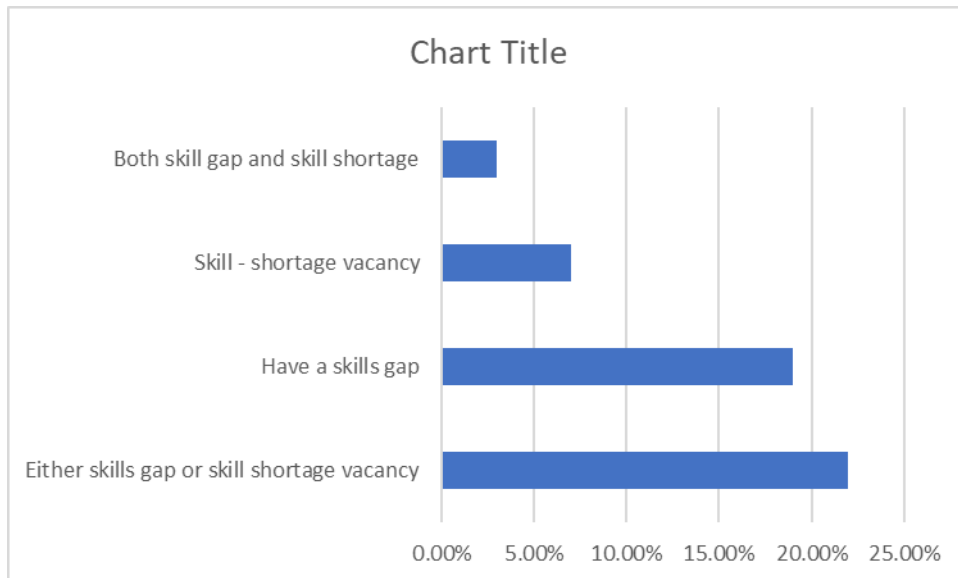


Figure 5: Skills Gap in the Hospitality Sector in UK, 2018

Source: Statista.com(2018)

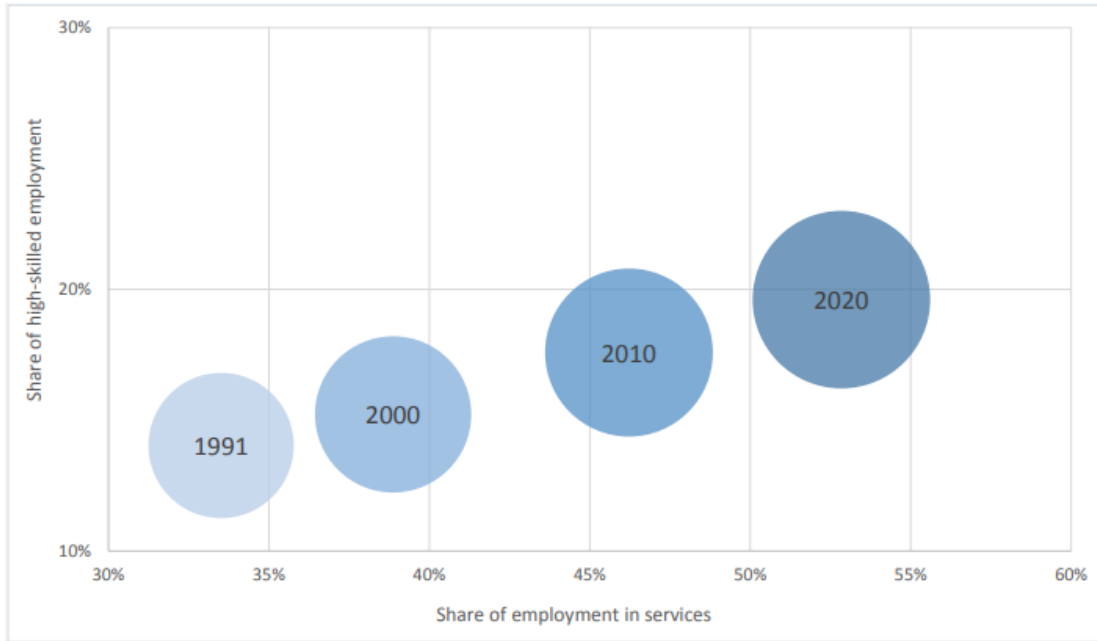


Figure 6: Share of global employment in services and/or high-skilled employment (1991-2020)
 Source: ILO(2018)

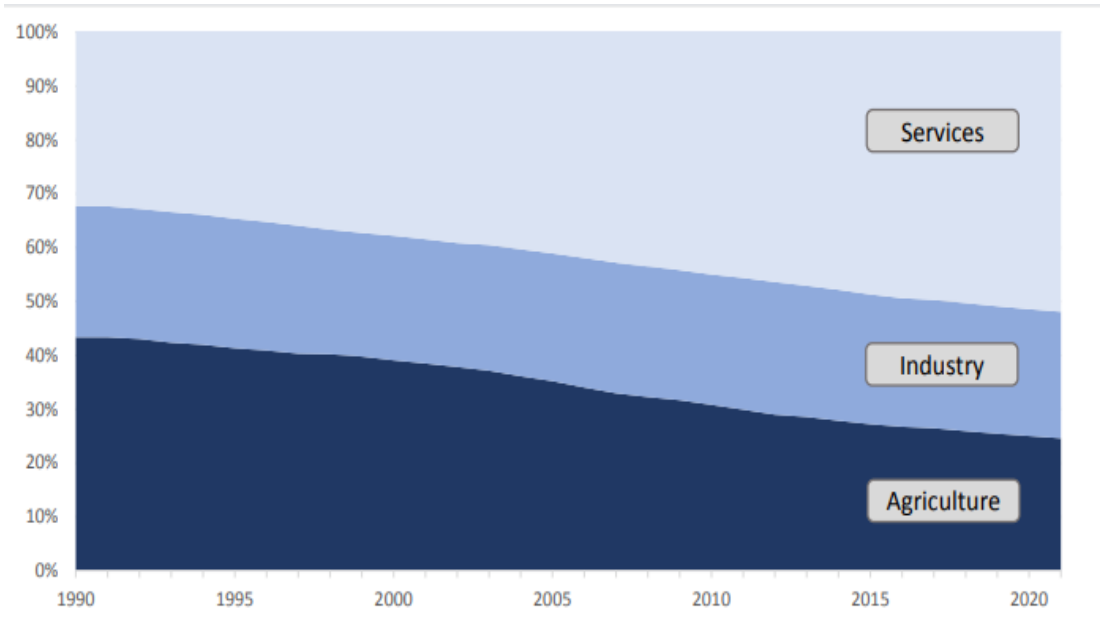


Figure 7: Global Employment Distribution by Broad Sector (1991-2021)
 Source: ILO(2018)

The disruption in business due to technologies such as Machine learning, Virtual reality, and Artificial Intelligence is phenomenal and yet, still early to determine its true potential to affect the hospitality industry. What we have seen so far is just a trailer and the movie is yet to be played. Could anyone have imagined that one day a hotel business would actually not own even a single hotel and yet hold a market share of 5percent in the US lodging market(Crowther, 2020)? Could anyone have believed that you could experience snowfall or a beachside while sitting inside your living room? All this has been made possible due to the development of new modern technologies.

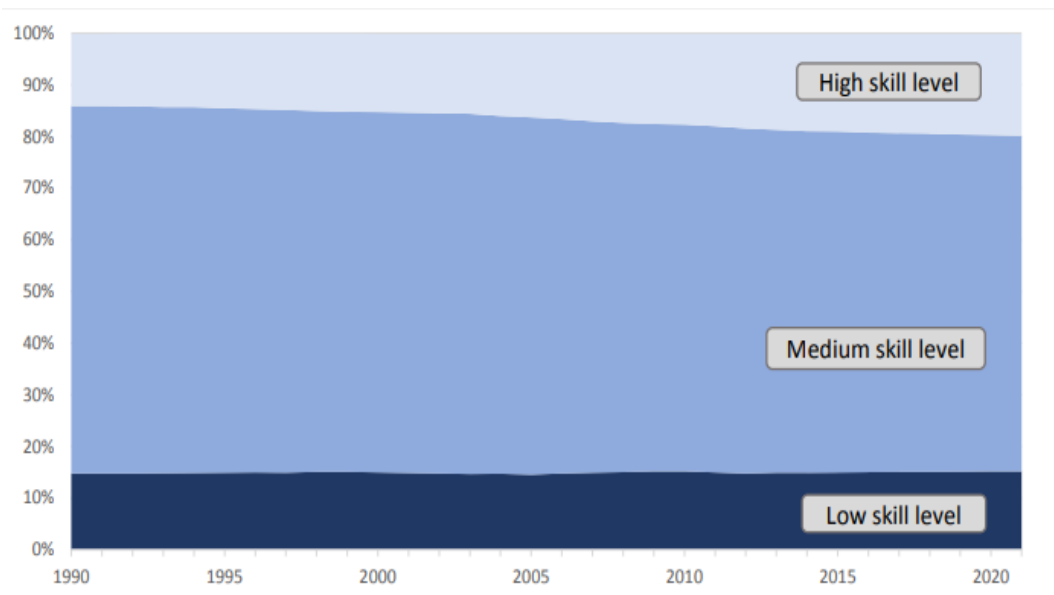


Figure 8: Global Employment Distribution by Skill Level (1991-2021)

Source: ILO(2018)

As such we are witnessing more and more new businesses coming in this direction with new business models meeting the needs of certain niche markets. This has also not only reduced the market share of the major players, further straining their finances, as these industries are already very competitive but also poses a risk to their business because customers are looking for a better experience which these new business promise to provide. Consumers around the world who operate in the business sphere- are deeply influenced by innate evolutionary forces in similar ways. Psychologist Gad Saad in his book has written on how our biology underlines our consumer choices and thus they behave in an identical way all over the world. By understanding these consumer instincts, businesses can develop their processes to provide a better experience to their customers (Buss and Saad, 2014).

Bower and Christen(1995) argued that disruptive technologies, 'typically present a different package of performance attributes' – ones that at least at the outset, are not valued by existing customers. It has been observed that such disruptive technologies will find only a few users in the beginning, but over time will grow very rapidly and after replace the market leader position. Christen and Rayner (2003) have further argued that in disruptive circumstances, innovators are more likely to succeed over the incumbent and in sustaining circumstances; the latter is likely to prevail.

If there is anything certain about big data, it's that continuous learning and change will be necessary to make it. It allows the business to drive revenue and profits and create a customer-centric business model where this huge volume of data will provide fuel for efficiency, success, and efficient customer engagement.

Process Innovation

"With an ever-increasing pace of competition in a highly convoluted industry, the costs of inaction will be considerably higher than initially believed. The choice these industries will need to make is to innovate or face the painful process of obsolescence and irrelevancy"(MARTIN-RIOS, 2018). However, just accepting such innovations alone will not be adequate to reach the intensity required; the full benefit of these advancements is possible only when these are brought in after taking due consideration of both customers and suppliers, and re-modelling businesses as per the market demand. As per Schumpeter's theory of Innovation, an organisation's innovation strategy covers all aspects of technical and non-technical scope and thus is not limited to any one particular scope. Following a similar approach, (MARTIN-RIOS, 2018) has identified innovation scope in the hospitality sector in the areas of technology such as service delivery model, technology, and process innovations along with non-technical areas such as management, marketing, and strategy development.

Innovation and advancement scholars (Abernathy and Utterback, 1978) and subsidiary authoritative scholars (Anderson and Tushman, 1990; Henderson and Clark, 1990) have found a way to progress the auxiliary possibility hypothesis by endogenizing development and its impact on organizational advancement.

- **Risk Management**

How organisations can innovate their processes to better analyse the risk posed to their business and develop strategies to be able to meet these risks promptly? How can organisations ensure that a negative comment on social media about any of their activity does not affect their brand image or create a bad customer perception? In recent times, we saw two major incidents in such regard. A song was developed by a musician to protest against the flight companies who broke his guitar due to poor handling of materials. The song was posted on social media and it got viral very quickly and as a result the company had to pay a huge price as fine to this person and at the same time, their market reputation was lost.

Another case was in India where a movie actor posted on social media about the high price of a banana charged to him by one of the biggest hotel chains which was more than 400 times the market price. As a result of his post, it became a *meme* in social media and was used by its competitor to assure customers of a more trusted price, and at the same time led to the loss of reputation to the company.

- **Financial Transparency**

Many organisations face financial transaction trust issues with the organisations dealing with them. As a result, there is always some mistrust between parties or stakeholders, which creates a rift between the parties. Can technological marvels help in reducing this mistrust and able to create a system that can be trusted by all the stakeholders and reduce the probability of a rift between the parties involved? Blockchain can here play a major role in improving the financial transaction process and also increase the transparency in financial transactions. It allows a ledger to be created which can be accessed by all the stakeholders but can only be edited by authorized parties (Wang et al., 2018; Swan, 2015).

- **Resource Acquisition Process**

What kind of resources would the business organisations be seeking both at long-term strategy and short-term strategy? What kind of platforms or technologies can be used by them to acquire these resources? Can these platforms be more efficient and economical at the same time as the current ones to acquire resources? Can these technologies also help organisations determine which resource will be more useful for them as compared to other resources?

Artificial Intelligence can play a major role here as it will recognise the need of the organisation and help them to implement the acquisition process efficiently. It can determine what resources will be best suited to the organisation's needs and what are the best means to acquire these resources at the best price and quality. When it comes to acquiring people, it can determine whether the person's skill meets the requirement and at the same time identify whether the person is culturally fit for the organisation.

- **Training Process**

Many companies struggle to train their people to meet the expected level of skills and also spend a huge amount of money in that process. Hospitality companies especially deal with a large number of people and require complex skills such as emotional intelligence, customer service, handling challenging customers and so on. Many companies lose their customers or have highly dissatisfied customers due to the reason their employees are not properly trained, poor training programs, or ineffective manner of training.

Virtual Reality can play a major role here in transforming these training programs more suited to the needs of the organisations and at the same time provides a more efficient method. Using components such as emotional intelligence as part of the training program and creating a real-time scene, people can be trained in a more efficient way to perform their duties. This will help the employees to understand the needs and expectations of the customer and use which they can plan and develop their strategy to provide their customers with a better experience.

In the book *Working Globe Smart*, authors have identified 12 kinds of people skills that can be used to add value to the business and at the same time stresses the leadership commitment to creating a work culture in which people (employees, suppliers, and customers) from all diversities can thrive and cooperate (Gundling, 2003).

- **Operations Process**

A study of customers in the air travel industry reported that customers were not happy with the way services were being provided due to poor skills of employees, long duration of waiting, lack of communication, and distressing flight timing (Bogicevic et al., 2017). *Cognitive technology* here comes in handy because it can develop intelligence for businesses by analysing *big data* to create new opportunities, improving process performance and reducing risks. The process for the development of this intelligence involves knowledge analysis and forecasting as a result of the analysis. This intelligence can be provided to either machine which can then be used by a human or be directly used by a machine such as a robot or a chatbot to better serve the customers by behaving as a guide, customer service, sales assistant, volunteer, and so on (Bryndin, 2019). Its capability is not limited to serving the customer, but also providing much-needed support to the business by harmonizing historical and real-time data concerning external factors such as weather, pollution, traffic, etc. so that organisations can prepare themselves by providing necessary assets as required upon the conditions.

The Green Executive book explores the idea of how organisations can transform their business processes to meet the big challenges- climate, rapid reduction in resources, and eco-efficiency by developing a sustainability model to achieve the highest level of sustainability (Kane, 2011). According to a study of 100 resorts, sustainability practices such as water conservation and linen-reuse programs, have a direct link with customer satisfaction and the industry is increasingly expected customers to implement such practices (Bruns-Smith et al., 2015).

- **Customer Journey Process**

In the hospitality sector, we discuss not just the customer experience but the customer journey process also which starts from the point the moment a potential customer decides to search for a holiday plan and visits a particular website or application to search it till the point they finally complete their journey back to home. New businesses aim to make this experience more personalized for the customer and make it a memorable experience for them. Big tech companies which do not want to take this flourishing and promising industry for granted, invest heavily in developing new products or services such as a hotel or travel booking platforms, personalized trip planning, predicting flight costs and delays, and providing food itinerary options that are famous in the local region.

This helps the customers to take better decisions for themselves and better suited to their interests and comfort. At the same time, this creates a pull force in the market and the market leaders are forced to adopt the use of such technological features to remain competitive in the market and at the same time not lose their market share to their competitors.

Vandermerwe (2014) has established 5 phases of implementing a customer-focused process that enterprises can use to provide a better, faster, and easier experience for the customers and the same time how business strategy and implementation process can be aligned together to produce the desired transformation.

- **Marketing Process**

Marketing has seen probably one of the biggest transformations in the past five years with the use of social media platforms such as Twitter, Facebook, and Instagram. Dee Blick, one of the best-selling authors and marketers, advises "A balanced and perfect twitter cocktail... 3 parts engaging, helpful, and inspiring tweets to 1 part self-promotion" (Blick, 2013).

As a result of this technological revolution, businesses are left with no choice but to redesign their marketing and PR in the context of this era and align their strategy per the market need. What these tools have been able to achieve is to give immense importance to the business of influence and the need for new skills of 'influencer'. Further, an organisation can develop an Influence meter, similar in principle to the Balanced Scorecard to apply and measure its marketing process and develop a strategy to improve.

Strategy

"Firms with a formally defined innovation strategy often attempt complex forms of innovations, which results in high innovation intensity, workplace organisation and external relations"- OECD Oslo, 2005. This statement released more than a decade ago still holds and drives organisations to frame such strategies keeping their business model and customer needs in perspective. Business organisations can adopt both technological and business model types of innovation strategies to scale their businesses and at the same time exceed customer expectations.

The Innovation curve as represented below (Fig. 9) indicates that those factors which may come under the exceed expectation curve part may one day become a necessary expectation that needs to be met. A wonderful example of this is the press switch keys for cars, which resulted in a need for innovation to meet the demand of women customers whose nails used to be damaged while opening the doors. Now almost all cars come with such key locks and in fact, the customer expects it as a necessary item that should be met by the car dealer company. Therefore, it is not only necessary to innovate once but in a continual manner so that the customer experience is always enriched while dealing with the businesses.

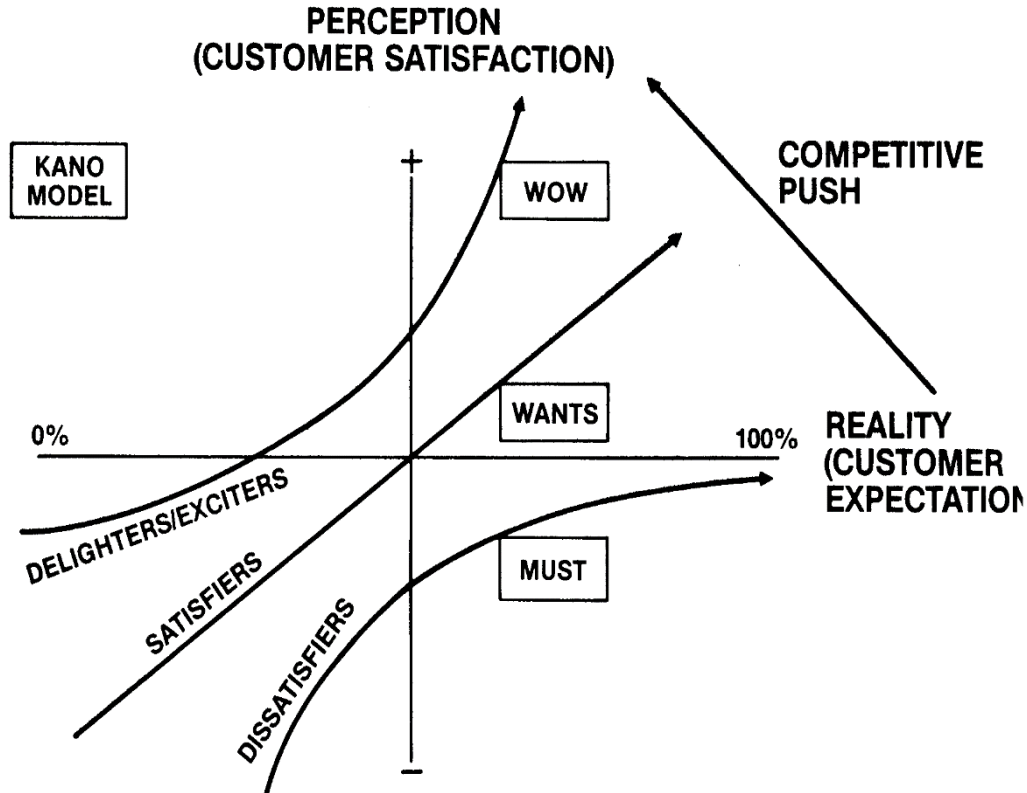


Figure 9: Innovation Curve as per Kano Model

Source: (Johnson, 2014)

With more than 3 billion social media users it is almost impossible that no organisation would have excellent reviews. However, developing a suitable strategy for handling those complaints can ensure that these complaints do not become a trend, which may cause potentially a huge loss to the organisation's brand value. A Bright Local survey indicated that 97% of people read reviews before selecting to use services and 86% agreed to the point that these decisions are affected by the reviews posted, so how to overcome this challenge (Murphy, 2019)?

- Find the root cause of the negative review: Managers should study these negative reviews and consider them as part of their customer complaints and address them accordingly. By using technology as a quality tool, major reasons for such complaints should be identified to be able to improve the process.
- Quick assuring response: More than the complaint, it is poor or no response from the organisation that leads to big issues. The organisation must have a staff equipped with PR capability skills to handle any situation and provide customers quick responses assuring them swift action on their complaints.
- Personal assistance: The service industry has always been people-based and therefore provides a personal focus on the angry customer, which may prove to be beneficial for

companies. The authors would provide two examples from their personal experience here to support this point. During one of a visit by the author (P Agarwal) to the Kiabi store in Dubai, to replace the damaged shoes that got damaged within a year(without carrying any bill), the attendant listened to the complaint and after verifying the purchase with just the phone number and name, replaced the shoes within just a few minutes. It made the experience of customer service memorable and worth sharing with other people. Another instance is when the author(P Agarwal) went to the Mall of Emirates and tried to connect to the public Wi-Fi, but found that it was not working. So by making a call to customer service, a complaint was registered for the subject matter. The next day, the customer service person made a call to the author apologising for the trouble faced, and also provided the reason that technical work has been going on to resolve this issue for the past two days and will be completed by today. A promise was made to the author that he would find no issue the next time he visits their facility.

- Condition improvement: the hospitality industry is people-oriented still, and even if in the future we see most of the industry turning automatized, it would still be ultimately servicing people who are going to use their services to have memorable experience. Therefore, it requires organisations to continuously improve their processes to ensure the customer journey is a delightful experience.

Strategies for the digital transformation of firms require support across all fields such as product, procedure, and administration spaces, in this manner making increasingly unpredictable what's more, powerful biological systems (Adner 2006; lansiti and Levien 2004; Moore 1996) for development and advancement. The entirety of esteem organisation is supported by a specific worth-making rationale and its application brings about specific vital stances. Embracing a system point of view gives an elective point of view that is increasingly fit to "new economy" associations, especially those where both the organic market chain are digitized (Peppard and Rylander 2006).

Intensifying competitive environments constantly require companies to think and explore new growth opportunities, while new markets fuel business growth, traditional approaches to marketing and strategy can be poorly suited to the super dynamic environments. This journey to create new markets can be full of uncertainty, and understanding these patterns provides a big advantage to informed entrepreneurs.

A 9-step methodology can be adapted to create great customer service and delight the customers which can help firms to deliver high-quality and world-class service to their customers. Organisations must remember that an angry or dissatisfied customer may tell negative stories about their services(word of mouth), while at the same time a happy customer will become loyal, would visit often and spend more money and most importantly would share happy experiences with the world (Kaufman, 2018),.



Organisations by differentiating themselves can also adopt the luxury strategy and offer to provide premium services. A wonderful example can be of the landlords who offer rentals but differentiates themselves from others by providing additional services along with space. Such businesses not only create a brand name for themselves but enjoy a significant position in the market and save themselves from customers who regularly change rentals. In the book Different, the author tried to explain how differentiation strategy is useful while competing with your competition, and offering the world something useful, and exceptional also create success for themselves(Moon, 2011).

We would try to use 4 Innovation dilemmas strategy evaluation methodology(Johnson, 2014) here to determine what kind of strategic options can be used by the organisations to explore innovations to meet their requirement:

- **Technology Push or Market Pull**

In this case, the market pull will be more applicable for the hospitality business as they will evaluate the adoption of technology both by their competitor or the customers and will seek to adopt the model for themselves. A good example of this is the expansion of the Oyo industry in the Indian market.

Oyo company was launched in India in 2013 by Ritesh Agarwal and has expanded its business all over India (and recently gone international) by developing relations with these small or medium-scale hotels to scale its business. In the beginning, these hotels saw that the sale of their competitors swell by aligning with Oyo as more and more customers can reach Oyo's digital platform and get a hotel booking. Following the market trend, they also partnered with Oyo on a profit-sharing model and thus re-aligning their business models for acquiring customers.

- **Product or Process Innovation**

Most hospitality industries offer similar services to their customers and therefore the scope of process innovation is much higher than product innovation. By using process innovation strategies, they can improve their business performance and increase customer satisfaction at the same time. Businesses in the hospitality industries deal with a range of processes that involve people at all levels and therefore by improving the processes of delivery of this multitude of services, they can ensure that both internal customers and external customers enjoy their experience.

- **Open or Closed Innovation**

An open innovation strategy can be beneficial for the hospitality sector concerning especially, skill generation. As we have said before, skills that were relevant in the past decade will no longer be able to meet the demands of new jobs that are going to come up by the end of this decade. As such organisations can come together and with support from all the interested parties, create platforms such as e-education courses or other means of skill training, where skills can be provided to people at a large scale and a pool of highly trained people can be generated. Recently, Tesla declared all its patents as free to use by organisations after its earlier offer to use its patent on Hyperloop upon which many different organisations have worked since then and two models are currently being developed around the world.

- **Technological or Business Model Innovation**

The business model approach is much more useful in the hospitality sector as it faces limitations on resources and capabilities for technical innovation. However, since these industries face tough competition from their competitors and are always at the risk from new businesses, a business model approach to cut costs and increase efficiency can be more productive. In recent times we have observed that the business models of major companies have changed owing to changes in the demands of customers and market dynamics. Companies like Marriott also now offers bedding or village-like hotel product to meet the demands of their customers.

The Vision of the Future

It is estimated that the GenZ generation, people born from 1997 to 2012 are roughly 32% of the world population and thus become the most potential customer for this industry. However, unlike previous generations, this generation likes to spend more on itself and thus prefers unique experiences. The business organisation should perform careful and planned studies on understanding the needs and expectations of this category and develop such strategies to meet their expectations. GenZ has been born in the era of the Internet and so they expect the involvement of technology (latest) in their experience such as access to Netflix to watch their favourite shows, smart room service, online food ordering facilities, online booking, and amazing travel planning experience, and a quick solution to their problems. Since this generation (and to some extent millennials too) are highly active on social media platforms, if anyone of the above or more expectations are not met by the businesses, it is going to reflect poorly in the customer review section and which will automatically affect the sales and brand value of that organisation.

So, let's take a peek into the future and see how the hospitality industry is going to look in a digitally transformed world. The fundamental concept of this transformed industry will be creating an experience for its customers.

- **Destination Experience**

The new generation wants to have a unique and authentic experience that they can share on their social media platforms as a story and that seeks the maximum no. of views or likes by their fellow friends or followers. Such niche market opportunities if tapped create a desire for those preferring to explore and often drive more visits, once it becomes a trend.

Just as Airbnb provides a platform for visitors to explore the recommended experiences by other travellers, similar opportunities can be created by the other players for their potential customers to delight

them. Eccleston Square Hotel in London established on similar lines, offers a unique experience of the feeling of living in another century, but maintains the luxuries of modern technologies to provide smart rooms, such as special iPad for providing services, handy smartphones for international calling within anywhere of the facility, and so on. Chatbots and smart bookings ensure a quick and easy booking process, and ensure the whole journey is a delightful experience.

- **Eating Experience**

The food industry is at the heart of the hospitality sector as people like to taste the local cuisines or experience a typical cultural dining setting experience. Places like Jaipur, Dubai, etc. offer a delightful experience to their customers.

Recent times have also seen the craze for healthy foods such as gluten-free or fat-free foods, along with various other dietary options, which includes trends on the farm-to-table. Many food chains have adopted these trends and are highlighting how their items are supplied directly from the farm and thus offering a unique option for their customers.

- **Facility Experience**

Many customers are such that they want to enjoy their stay in the facility itself and therefore need everything within the facility premises. Therefore hoteliers are offering a wide range of activities to their customers from DJ to cooking classes, acoustic sessions, or even a 5k running club. Henn-na hotel in Japan offers a unique experience as it is operated by robots. From facial recognition check-ins to a robotic arm for stocking items in a locker and an AI-based customer service agent to support customers with questions such as “What time is it” or “How is the weather going to be tomorrow”, and so on, offers customers an experience on how future may going be and at the same time get to enjoy the benefits of the modern technology.



Figure 10: View of Robotic assistant serving people at Hotel Henn-na

Source: Website

There is another side which may offer a completely different category of customers who may want to detoxify themselves from the internet ('digital detox') and may be seeking a place which allows them to do so. Such businesses may focus on bringing back the connection concept, and offer new generations the to meet their connections and develop either business or personal relationships. Offering new and old trends such as book reading places, yoga and healthcare options, and various hobby classes may just give incentive to the customers on staying in such facilities without any disturbance from the internet.

- **Booking Experience**

According to a study, 57% of the overall booking in the hospitality sector are made over the Internet making it the most used methodology for booking. Even more, 96% of leisure travellers would plan their journey while doing an online search (*Google*), and Online Travel Agents are currently receiving 51% of the bookings. The trend for online booking is going to continue to increase further as we see a more mature and tech-savvy generation becoming a major part of the market. At the same time, these customers are looking at reviews before booking their journey as indicated by the TripAdvisor study that 79% of viewers are more likely to book a place with high reviews and 52% of viewers agreed that they would not book a place without any review.

Therefore, these organisations must ensure that their website is easy to navigate, and relevant information is easy to find and understand. A voice-assisted virtual tour guiding the potential customers about their facility can bring the hotel to life and staying throughout the booking process can make a remarkable experience for a potential customer.

- **Guest Room Experience**

Each customer is different and thus their likes and dislikes, and the purpose of their visit will vary. Hoteliers will need to have the capabilities to serve the varied needs of their customers in this transforming world. As customers become more tech-savvy, they would expect higher bandwidth internet to support their gadgets, smart TVs that can be integrated with their devices, and an option for food delivery at their doorstep. A personal robot as a service provider/ personal assistant to guests can very well be a possibility for the guest who can also act as a guide for the tour. Multi-language communication capability can be really helpful for the guest to interact with locals, understand the culture and build relationships. Yotel hotel who won the Technology excellence award in 2019 under the "Robotics for Hospitality and Leisure" category, makes the guest experience similar to a stay in a sci-fi movie with their smart self-check-in/check-out kiosks, smart beds and Techno wall with mood lighting features.

Recommendations

Hotels are increasingly challenged by emerging competitors and shifting customer demand and expectations. Airbnb is an example of the former and a millennial of the latter. It is becoming clear that the 'traditional players' in hospitality will need to innovate themselves to meet these new challenges. Peter Ducker concluded that ultimately it will be the top management who will need to 'manage themselves' for the organisation to achieve continuous and sustainable growth, and deal with the new paradigm emerging as a result of the 4th Industrial revolution(or Industry 4.0). Nokia has been predominantly a mobile manufacturing company but recently it has shifted its focus to a new area of technology, the 5th Generation mobile services, which are going to be the future of mobile technology. With the strategic vision to be able to make this technology available to all fields such as healthcare, agriculture, environment, etc, they have taken the lead in this process of transformation. The authors would like to recommend the following for businesses and leaders:

- **Look ahead with a focus for the next decade:** Business organisations must have short-term and long-term strategies to meet the current challenge and the potential challenge by the end of the decade. In recent times. Instagram owner how Tiktok has captured some of its markets and it has hence become a major rival for them.
- **Manage resources:** Resource management is probably one of the most difficult tasks for organisations as they face the competition heat from their competitors and the potential entrant who may emerge as disruptors affecting their business.
- **Customer expectations and needs:** Organisations must continuously have programs to understand their customers' needs and expectations and develop accordingly their products/services. In such changing dynamics organisations must prepare themselves to be ready to offer customers as per their change in demands or interests.
- **Ready to change:** Agility is going to be one of the most important parameters that organisations must incorporate to compete with their competitors. As technological marvels keep coming and influencing the market and customers, organisations must also plan their process accordingly and develop capabilities to change as per the demand of the market and the business's new strategy to counter their competitors. Those who fail to change themselves with time will perish whatever their size is as of today.

- **Transform:** The ability to transform as per the market and technological transformation are going to be very essential for organisations to sustain their market positions or even stay in business. As per a study from Deloitte, this new generation holds is eco-sensitive and will thus not hesitate to break its relationship with the brand or organisation when they find that the business practices are either non-environment friendly or do not support their belief system inequality of human lives. By telling on social media platforms about their sustainable business products and their efforts to contribute to the environment such as reducing carbon emissions, recycling products, and energy consumption among other, they can create trust and influence customers at the same time to build their brand reputation. As such businesses should keep these changing patterns in customer behaviour, and transform their models in such a manner that is more sustainable.

Conclusion

The hospitality industry stands at the crux of history in making as the world is transcending into a new era of the digital world with a generation which is carefree and is looking to explore the world and gain new experiences. As such this industry needs to transform its way of doing business processes to meet the growing and evolving demands of the customers and market, and at the same time be ready for challenges that may come forward in this evolutionary journey.

In the chapter, we discussed using case studies and various examples of how various processes can be changed using modern means of technology to better suit the needs of customers and help organisations to scale their businesses to have a bigger market at a lower cost of operations. Various case studies indicated how businesses that have focused on customers' needs and predicted their needs always become leaders in their industry and have high customer satisfaction rates. We also tried to develop the best strategic options that can be used by business organisations and leaders while digitalising their processes as per their capacity and requirement. Further, we also tried to present a vision of how the future hospitality industry may look with examples of some current organisations that have taken the first step in that direction.

However, various challenges lie ahead of this industry as it faces an economic slowdown, trade tariff wars and epidemic outbreaks which may lead to heavy losses and loss of demand as a result of people being scared or hesitant to explore new places. With digitalisation technologies changing rapidly, it is yet to be seen how the business would be able to bring these changes in their organisations as it requires commitment from leadership, change management attitude and agility in businesses to bring these changes in a short period to meet the challenges of new age era.

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