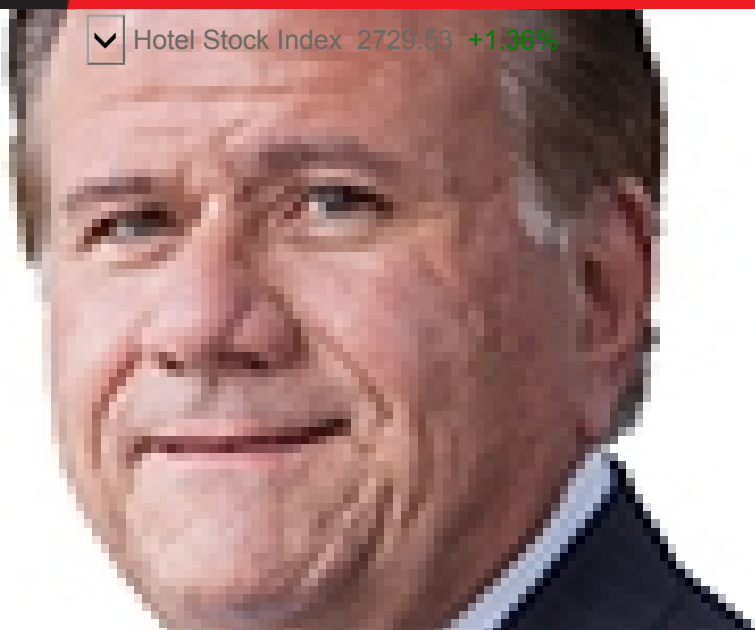


Hotel News Now

Hotel Stock Index 2729.53 +1.36%



Technology drives changes in hotel industry

13 January 2016

By Robert Habeeb

HNN columnist

rhabeeb@fhginc.com

It's no secret that technology has a major impact on the hotel industry.

From online booking to innovative apps, it seems that I read news stories every week exploring the digital dimensions of an industry that is increasingly shaped by new platforms and the opportunities and challenges they present. What I think conventional wisdom misses—or at least underestimates—is the degree to which technology is not just influencing the hotel business but is well on its way to becoming the major driving force behind its future.

To get a sense of where we might be headed, consider how far we have come. On the booking side, the rise of third-party agencies in the online travel marketplace has had a profound impact on the industry. But, [as the recent merger between Expedia and Orbitz](#) suggests, the future might be dominated by mega-agencies more likely to bite into hoteliers' bottom lines because of high commissions. The innovations of deep discount and last-minute-room apps will certainly not be the final creative exploits used by the OTAs to try to gain a foothold in the industry.

To predict what the future booking arena might look like, we need to consider why—when virtually all hotels offer best-rate guarantees through their own websites—these third-party sites and apps are so popular.

This content appeared in
HNN's Tech Impact Report.
VIEW this month's issue

I suspect the answer is that they deliver two things that consumers really like: the ability to shop by comparison and the ability to access peer reviews.

The sharing economy's tech spurt

Of course, the other powerful tech-driven influence has been [the rise of Airbnb and similar sites](#) like Vacation Rentals by Owner and HomeAway. While these sites have been a controversial presence on the hospitality landscape, the concern from hoteliers has never been the competition but instead the lack of a level playing field with regard to licensing, taxation, and health and safety standards. The latter is a particular concern and is an area where hoteliers invest significant resources. Guests come to a hotel with certain expectations for sanitation, cleanliness and security, but once they step outside a regulated industry, consumers need to realize they have to be prepared for anything.

The other big concern has been the industry objection that some Airbnb owners, and owners of other similar sites, are little more than black market hoteliers. The numbers in New York City, for example, where the [Attorney General found that 6% of Airbnb owners control nearly 40% of the inventory](#), would seem to support that view.

On the plus side, one can argue that the competition from these sites has prompted the rise of new brands and concepts such as Marriott International's Renaissance, Hilton Worldwide Holdings' Canopy and Hyatt Hotels Corporation's Centric. It has been a reminder to the industry that authenticity sells, and that guests want an experience. We also are seeing development pipelines opening doors in interesting neighborhoods where hotel inventory was lacking in the past.

Communications and social media

The hotel industry's tech future will be filled with growing numbers of powerful new apps. We already are seeing some temporary staffing apps that function almost like an Uber for employment, where hoteliers can post one-time job opportunities and verified staff can bid for work one assignment at a time. Workers enjoy greater flexibility, and hoteliers can fill positions based on changing needs from one day to the next. At a time when more hoteliers are experimenting with part-time staffing in an attempt to trim expenses, apps like this might be a good solution.

The mobility and flexibility of the app format makes it almost the perfect technology platform. App development and usage in the hospitality space will explode in the years ahead, not only on the consumer side, but also on the management side. Some hoteliers are starting to experiment with texting and a few select apps with the ability to signal that a room has been cleaned, or to alert maintenance if repairs or special services are needed.

No discussion of hotel technology would be complete without mentioning social media. While social media messaging is obviously a potent marketing tool, internal use of social media channels is also important. It takes effort to maintain a company Facebook page, an updated Twitter messaging regime or an interesting internal blog—but the results can be well worth it. No hotel management company or hotelier today can afford to be without a strong internal social media presence and the improved connection and communication they afford a team.

Technology changes on the horizon

Deploying technology to serve guests and improving guest experience begins in the guestroom, where big changes are likely in store in years ahead. The demand for bandwidth in hotels is continuing to grow at an exponential rate. Our company runs

double the bandwidth of what is standard, but we still see the writing on the wall and are actively making plans to install fiber optic trunks and main lines in all guestrooms. It will not be long before that is the industry standard.

As infrastructure changes, possibilities will expand. Guest entertainment will be changing: Instead of ordering a pay-per-view movie, guests will want the ability to view their own content directly from their smartphones or mobile devices. The ability to pull up a movie on a device and view it on the guestroom TV is the wave of the future. And it goes without saying that a multitude of apps will be springing up in the years ahead aimed at giving guests more service and entertainment options. From roomservice to local dining and entertainment options, there are going to be so many ways in which connected travelers and guests can use new tech tools to make their stay more memorable.

With things changing so fast, it can feel virtually impossible to keep up with it all. Already in departments like IT, revenue management, e-commerce and reputation management—where five to 10 years ago only employed a small team of one or two employees—groups of 10 to 15 people work. In addition to more personnel, we are initiating more dialogue between departments by holding a series of meetings intended to facilitate a peer-to-peer discussion on the current and future impact of technologies.

But there is no magic bullet. New tech tools and new tech threats are emerging all the time. Remember, Airbnb was nothing just a few short years ago—every time you think you're on top of it, there's new tech, a new app, or a new player on the scene. In that context, the only way for hoteliers to keep up with technology is to be vigilant and committed to making it work for them. Integrate it—instead of avoiding it—and treat it as an asset instead of something that needs to be ignored or overcome.

Robert Habeeb is president and CEO of First Hospitality Group, Inc., a national, experienced, and established hospitality management and development company serving the investment and real estate industries. Since 1985, FHG has been an award-winning pioneer in the hospitality industry. FHG has successfully developed, marketed and managed more than 16 brands and 50 properties throughout the Midwest. Visit www.fhginc.com.

The opinions expressed in this column do not necessarily reflect the opinions of Hotel News Now or its parent company, STR and its affiliated companies. Columnists published on this site are given the freedom to express views that may be controversial, but our goal is to provoke thought and constructive discussion within our reader community. Please feel free to comment or contact an editor with any questions or concerns.

Other articles like this

- 5 habits that make fast businesses fast
- Global tech trends
- Digital marketers deal with shifting landscape
- PhoCusWright posts top technology travel trends
- Technology trends change the way of business

| | |
|----------------------|--------|
| <input type="text"/> | Search |
|----------------------|--------|

[About Us](#) | [Full Site](#) | [Feedback](#)