# Travel and Hospitality Industry Overview

Sometimes, you have to get away. Numerous studies show how vacations are beneficial to mental and physical health. But in the US, not taking vacation days is practically a competitive sport, with unused PTO at a 40-year low. There are several reasons for this, none contributing to improved job performance, personal happiness, or overall well-being. Consider this your hall pass for taking time off, with an outlook of what travelers can expect from the industry and the challenges that linger.

## *Did you know*

- Travel & tourism add up to **10%** of global GDP
- **126 million** new jobs will be created in the next ten years
- Nearly **75%** of total revenue will be generated online by **2027**

The industry experienced a "holiday" of its own with the pandemic and 2022 saw a rebound with so-called "revenge travel," as people went somewhere, anywhere, to escape the four walls of home. The expectation is for a reasonable growth trajectory in the coming years, with potential fluctuations based on the state of the economy and any geopolitical conflicts that may erupt.

Business travel is a thing once more, too, as the forced hiatus reminded executives of the limitations of a virtual world. Building relationships and undistracted conversation is easier in person; so is networking, which has always been among the features of industry events. And face-to-face meetings are especially useful when factoring in different cultures or large gaps in time zones.

## *Things to expectt*

Spending is going to rise. Not only do more people tell survey-takers that they plan to travel, but they also plan to put more money into the effort. Some of it concerns the "experience" factor and its multiple applications. People used to take trips; now, they seek experiences, as this article makes clear more than 30 times. So, what do those look like?

- The local angle: while preferred destinations typically have one or more attractions designed for the traveler, the question of "what do the locals do?" comes up more often. Digitization makes this more possible than it once was; by going online, travelers can find the out-of-the-way restaurants and other day-to-day activities that drive their preferred destinations. Depending on the location, there can be culture, history, architecture, and other things to discover, the sum total of which provides a better sense of the pulse of a place.

- Trains are cool again: this is a frequent entry on trends lists, particularly overseas, where rail is far more commonplace and mature than in the US. For instance, American travelers going to Europe or Asia will fly into the continent and then go by train between cities and countries. It's more convenient than repetitive flying, less costly, and dovetails with the next item...

- Sustainability: it goes by several names – ethical tourism, responsible impact, or cultural appreciation, but whatever the term, travelers put a good deal of stock in patronizing socially or environmentally conscious vendors. The travel advisory site, Virtuoso, says 74% of its customers will spend more money if it means a more sustainable adventure. Hotels are upfront about their efforts to launder sheets and towels less often. There is a move to steer away hotspots that are often overrun, avoiding single-use plastics, or intentionally seeking out local flavors, guides, and markets.

- The digital nomad - when people can work from anywhere, the key word is anywhere. For some people, this means a camper or travel trailer; for others, it means adding a few days to a business trip; and for still more, the model ranges from relocating to a new city or country, or posting up in a hotel room by day and seeing the sights by night.

As with many industries that rely on disposal income, there is a continued push for personalization. Like other sectors, travel and hospitality has to undergo a digital transformation, replacing legacy systems with new technologies that interact, resulting in greater efficiencies for staff and guests.

- Mapping end-to-end customer journeys:  from research and price comparisons to bookings and itineraries, organizations have access to the most minute details

- Facial recognition for touchless operations:  software can scan guests to shorten queues and ensure adherence to social-distancing practices

- AI and chatbots in rooms:  voice control technology and personalized service delivery when integrated with IoT

- Robots in multiple settings:  from cleaning rooms to managing luggage, from handling bookings to answering guests' questions

Automation can have a positive impact when self-service makes sense, freeing up staff to add value instead of bogging down in routine, repetitive tasks.

## The challenges ahead

As it is with so many other industries, technology is at once a trend and a challenge. Modernizing is a necessity, but it implies to need to catch up before organizations can move ahead. Cloud-based architecture is helpful in eliminating silos among departments, enhancing communications across the organization, and leading to smoother operations. Smart hotels are harnessing AI, virtual and augmented reality, and automation to provide the level of personalization that leads to customer loyalty. However, there are some things that technology cannot overcome:

- Staffing and retention: this remains a work in progress and the landscape is slightly different. Employees today expect flexibility in scheduling and are looking at factors beyond a paycheck. Where applicable, the industry has created remote opportunities, which has deepened the labor pool. Not every job allows for that, of course. Companies are responding by selling the employee experience through career paths that allow for lateral and upward moves, benefitting retention as staff members are less likely to be pigeonholed into specific roles.

- Balancing the personal touch with technical efficiency: this creates a training imperative for workers. Guest expectations of service have evolved and services such as online reservations and SMS concierge have to be programmed and managed by people.

- Cost management: this is the business side of sustainability. Inflation affects organizations just like it impacts individuals. The cost of everything from utilities to supplies to food has gone up, and higher prices for businesses are often passed to consumers, but this only goes so far. Users can absorb increases up to a point before being priced out of a hotel, airline, restaurant, or other accommodation.

On the bright side, there are great expectations for the impact of digital transformation in ways that might be overlooked at first glance. Among those are NFTs, or non-fungible tokens, which are digital assets that can be traded for money, cryptocurrency, or other NFTs. Marriot International is among the first chains to pursue this route, and other hoteliers are looking at systems that would allow bookings through NFTs. In what is often a copycat world, trends that prove successful have a habit of becoming industry standards.

## Where we fit in

Having guided multiple clients through their digital transformations, this is an area in which we are experts. Support is less about in-depth knowledge of any individual domain than it is about expertise in the tools and systems that are used. When more people use more technologies more often, there will be a corresponding increase in the demand for customer care.

Trends within service change just as technology does, whether that means communicating with customers through their preferred channels, ensuring first-time problem resolution, or supplementing live agents with virtual support. While self-service tools are becoming more widespread, this is a customer-facing business, and often, the fastest route to a solution is through a live representative.

The average client tenure is more than 12 years. In short, technology is an area in which we are fluent, adaptive, and expert. Plus, we have direct experience in this industry:

- Traveltainment:  we built an Internet portal and are now engaged in a web development project that integrates a front-end app to back-end data

- Travel Club of Upminster:  we handled package deals for a client who reinvented the concept of 'going on holiday' for the British middle class

- Fazenda Caravela:  we managed the website and the booking system for this firm, which specialized in trips to a collection of villas on golf courses.

- Nitro Ventures:  this firm is a data aggregator, and our role was in web design and software development services.

That experience has created a working knowledge of the service-related issues that companies in every industry worry about:  scalability to handle growth, flexibility for managing peak periods, consistent quality, and providing "wow" experiences.

- Data analytics for real-time insight that supports business outcomes

- Omnichannel proficiency – chat, voice, email, and social media

- Retention expertise and a track record of generating new sales

- Scalable support in onshore, offshore, and nearshore locations

- An industry-standard training program for all new hires

Have you ever been upset with a product or service but received a high level of service that resolved the issue and changed your view of the brand? We do that.

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