

**The future of the hotel industry:
What are the next top three markets, and which new
innovations will affect future product offerings?**



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1.0 Introduction

In this essay we will look at what might be the top three markets and the innovations that could be trendsetters in the hospitality industry.

However it is important to notice that several other markets and trends might emerge as new technology comes into our day to day life. The hospitality industry in general and hotel-industry especially, is an evolving industry, and to stay on top of our game we must have constant change. What is new today could be obsolete in 6 months and possibilities we could never think of 10 years ago, is fully incorporated now.

2.0 The top three markets

As the world-economy is changing, we see that markets change, with the last crisis still having its effect on Europe and the European Union, the hotel-industry must look outside of our continent.

Asia is emerging as a huge market, with several countries benefiting from years of the west outsourcing its factories and other services to states such as China, India and Taiwan.

2.0.1 China

Probably the most likely to come forth as top contributors to the industry, according to economywatch.com: Chinese GDP is expected to increase 11.79 percent in 2011 to US\$ 6,422.28 Billion. Forecasts for 2015 predict China's GDP to reach US\$ 9,982.08 billion, growing 10-12 percent per year between 2010 and 2015 (economywatch.com. 2011). This means that more and more of the population will have the chance to travel and the hospitality-industry cannot afford to let this massive market slip

2.0.2 India

If we take a similar look at India's economy, there is a large and growing middle class of more than 50 million Indians, according to traveldocs.com. This part of the Indian population has a disposable income, ranging from 200,000 to 1,000,000 rupees per year (\$4,166-\$20,833).

Estimates are that this middle class will grow ten-fold by 2025 (traveldocs.com. 2010)

India also has an expected GDP growth rate of over 6.6% This means that though, not as large as the Chinese market, India will be one of the next large travelling nations.

(economywatch.com. 2011)

2.0.3 Russia

Third, but certainly not least, I would like to point out Russia. Once again, using economywatch.com, Russia's GDP is reported to be US\$ 2,218.76 Billion in 2010. This is the sixth largest economy in the world. 2011 performance is expected to further improve, with the IMF forecasting 4.34% growth to the GDP. (economywatch.com 2011)

As the hospitality-industry evolves in the next decade, I feel that we must tap into these three markets, focusing marketing into my top three, and several other Asian countries such as South Korea and Japan.

2.1 Segmentation.

Now that we have found our markets, we should try segmentation, to see who the industry should market our services against. I feel that the numbers speak to a large, young/middle-aged group, stretching from around 25-40 years of age, with higher education, and better income than what the generations before them has had.

I find it safe to say, that they travel to seek something completely different from their normal lives, and look to the west, and cities in Europe as their preferred destination.

3.0 Innovations to affect product offerings.

Looking at what some of the newest innovations has been lately, with cell-phone check in, fully automated check-in stations at both airports and hotels, we can assume that the guest of the future wants a fast entry and exit of the hotel and would much rather enjoy the destination they have chosen, not the hotel.

3.1 Adapting use of cellphone to reward guests.

The possibility of using your cellphone as the key to your entire travel, from unlocking the hotel-room, payment in shops, check-in at both airlines and at hotels, and the ability to order and charge extra-services such as room service and wake-up-calls directly to your phone. I believe this is a trend that will increase in size and coverage, together with check-in-applications such as GoWalla or Foursquare, the hotels and hotel-chains can provide an excellent extra-service to their frequent guests as well as the "random" traveller who choose to check in with their cellphone.

The website mashable.com has listed 6 successful foursquare marketing campaigns, and listed among them is Starwood Hotels and their bonus-program "Starwood Preferred Guest". Once a guest links his SPG and Foursquare accounts, he can earn 250 Starpoints when he checks in to a Starwood hotel with a confirmed reservation.

“There’s a strong loyalty connection for our guests, so we’re using social media and tools in an interesting way and bringing value to the guests and deepening our relationships with them,”

Alyssa Waxenberg, senior director of emerging platforms at Starwood Hotel (mashable.com 2011).

3.2 Tripadvisor.com

Another trend we see is the ability for guests to log on to tripadvisor.com and share their photos and impressions after a stay at a certain hotel. This gives great insight for new travellers, but it also creates a place where hotels could, if not constantly updated, get horrible reviews without any means of defending themselves or at least apologize. It’s important that all hoteliers create profiles for their hotels or chains, so they can upload fresh images themselves and answer their customers online. Many guests find it easier to write a bad review on a site like tripadvisor.com than placing an email or phone call directly to the hotel. If the hotel is not on top of this, you might experience a loss of costumers directly linked to the reviews online.

4.0 Summary

Markets and trends shift as the economy changes and what is true today, is obsolete in very few years, but I hope that the forecast I have made in this essay is not totally off mark. What we can conclude with no matter what, is that the hotel-industry is forever changing, and needs to be on top of all trends emerging both online and in everyday-life. Most guests hope for cheaper accommodation, with the same amount of luxury as they are used too, and to make this happen we must find new ways of treating our guests with the same hospitality as they are used to, at the same time as we find new, faster, cheaper ways to maintain the hotel standards. No matter where we are headed, I am thrilled to be there for the ride.

5.0 Literature

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