Technology in the Crystal Ball

W hat better time than HITEC to dig out the crystal ball, blow off the dust and gaze into the future? If I were an attorney, at this point I would have to warn you about forward-looking statements and the reader operates at their own risk and so on.

First, let’s lock down some presumptions with the facts. Demographics are a key ingredient in planning the marketing and operations of any hotel, new or existing. But, demographics are changing and if you don’t know that as a hotelier, you will be doomed to fail.

In the job market by 2012, there will be 165 million jobs, 162 million people to work those jobs, and 19 percent of that workforce will be 55 years or older.1

Some interesting tidbits about all of this:
- The U.S. economy now has to shift from the Baby Boomers to the Gen Xers that represent a 40 percent decrease in spenders.
- The upcoming Gen X consumer now spends more per trip than the Baby Boomers, even though the latter has more money.
- Travel spending by the Gen Xers has increased by 66 percent over the last five years versus 25 percent for the Boomers.
- Gen Xers are less brand loyal but more likely to pay for lifestyle extras.
- About 13 percent of U.S. homes have incomes over $100,000. These homes spend $3,649 per year on travel, 143 percent more than the national average (source: Travel Industry Association).
- Gen X travelers are the best educated and most tech-savvy generation in history.

Individuality is one of the most common traits of the Gen Xer. Hoteliers need to transition from marketing to a huge Baby Boomer group to a much smaller Gen X group. This makes targeting this market so much more critical, requiring the most effective messaging, services and technological amenities available. Developing wallet share strategies will be increasingly more important.

How does all of this apply to choosing the right technology in a hotel? Well, if you are a loyal reader of Hospitality Upgrade, you will remember there was an article about cabling in a hotel in the last issue. A sound cable plan is the foundation that all hotels must have in place to make the best technology choices in the future for the markets described above. Let’s take a look at just two examples why.

Assume that we are in a large, full-service hotel or resort. Radio-frequency identification (RFID), and its complimentary application, real time locating system (RTLS), will be hot in the future. Combine this with smartcard technology and you’ll be smoking. Using these technologies will allow guests to have access to their rooms without swiping a key. They will be able to purchase items from a myriad of outlets on your property.

They will be able to track their children as they enjoy the amenities. Children and adults will be able to enjoy your hotel without the worry of carrying and losing lots of cash. This technology will be leveraged by the hotel to better identify guests by name as they move about or to track inventory as it is being deployed. None of this can happen without a well-planned cable infrastructure. Remember, wireless is still wired.

Another technology to consider is IPTV and VOD. IPTV is going to allow guests to watch pretty much whatever they want. They will also have the capability to download full shows or video snacks to their mobile devices. They will download music as well. IPTV will really become interactive TV; which will enable the viewer to interact via the Web with TV broadcasts, either communicating with other viewers or searching for information about the TV show or commercial products in the shows. All of this will require big bandwidth not only into the property but dispersed throughout the hotel.

This brief discussion has only scratched the surface of just two forms of services and applications the Gen Xer will demand. These guests will want to leverage the use of their mobile devices while on site. They will be preparing for their visit via the Web before they arrive, expecting certain amenities to be waiting for them. They will want specific advertising vehicles designed just for them, and will throw out all of the other spam. They will want instantaneous relief for any shortcoming they might experience. They will want to bring their children and have one hotel suite entertain them all. Their travel will be more a mix of leisure and business. They will want to impose their technology into the guestroom.

In the next decade, the ratio of business to leisure traveler will lean more heavily toward leisure. However, unlike in the past, it will be the leisure traveler that will put more burden on hotel technology. This new traveler will spend more on travel, more on lifestyle extras. Globally, it is entertainment that is the 800-pound gorilla when it comes to revenues from this type of spending. Entertainment will continue to be the biggest revenue source in the future. The Gen Xer is going to spend money on content and media somewhere in his travels; the smart hotelier will enable that guest to spend it in their hotel.

Start planning for this change in demographic market makeup now. Use this HITEC to future-proof your deployment and purchase of technology. Find companies that understand the dynamics of population change and address it. If you’re lucky to do that, partner with them.

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