



Top trends in the hospitality industry

The trends and issues
to watch in 2022

WIPFLI

Is the hospitality industry ready for rebound in 2022?

The COVID-19 pandemic halted a 10-year growth spurt for the hospitality industry, sending it straight to rock bottom overnight in 2020. And 2021 wasn't a whole lot better. Hospitality and lodging companies had to overcome labor shortages, supply chain disruption and overwhelming uncertainty. Everything from workers to towels has been in short supply.

Some travel segments are recovering faster than others. Markets that cater to domestic and leisure travelers did well in 2021, once travel and health restrictions released. Consumers were eager to leave home and spend stimulus dollars during the summer months.

If that pace continues, experts believe leisure travel could return to its 2019 peak in 2022.

However, business and event bookings did not return as quickly, and international travel restrictions were in place for most of 2021, affecting metropolitan markets. Business bookings may not fully return until 2024.

Limitations on international travel — and uncertainty around immigration legislation — also shrank the employment field. The industry was experiencing a labor shortage prior to the pandemic; now it's in a full-blown crisis. Even at the best-run hotels, general managers and corporate employees are rolling up their sleeves to clean rooms, make beds and keep bookings available. The industry was unprepared for a labor shortage of this magnitude, and it affected room availability.



So what's next?

A lot of factors are outside the industry's control: consumer confidence, vaccination rates and travel restrictions. But hotel owners and managers can apply lessons learned from the past two years to build a more sustainable future.

The hospitality executives who learn from short-term setbacks without losing sight of their longer-term vision can build competitive advantages right now. Many hotels are accelerating digital transformation plans, realizing that taking too long could create unnecessary (or irrecoverable) business risk. Equipping the right people with the right tools can create better experiences for everyone — building both staff and guest loyalty to strengthen your business.

In this e-book, we explore the top seven emerging trends and issues to watch in the hospitality industry in 2022, as well as the four biggest technology trends that are shaping the industry. In depth, we explain how to:

- Prevent cyberattacks with a safe and efficient infrastructure.
- Elevate the guest experience with the right software.
- Reduce labor crunch with redesigned processes and communication tools.
- Increase guest engagement with loyalty apps.

But first, let's talk trends.



Top 7 trends to watch in 2022

Hospitality leaders should keep an eye on these seven emerging issues:

1. Staff and guest safety

The hospitality industry relies on employees to deliver safe and welcoming experiences, which means staff must feel comfortable at work. Guests also have a heightened attention to cleanliness and relate it to their personal safety, comfort and satisfaction.

Contactless solutions, like being able to check in via mobile, might have seemed like “bell and whistle” amenities before. Now, they’re necessary. Properties must also navigate mask policies, vaccination requirements and local health mandates to protect staff and guests, often determining their own positions and how to communicate and enforce them.

2. Employee engagement

Every team member matters. In this labor market, hospitality companies need creative solutions to recruit and retain employees. Some properties are leveraging behavioral assessments and predictive indices to match employees to the right positions or job environment. Hospitality companies need strategies to get ahead of turnover so GMs can get off the floor and back to other pressing issues.

3. Labor dependence

The hospitality industry will never run without human labor, but technology can ease some of its dependence on it. Technology is driving opportunities for properties to work smarter and improve processes. With the right support systems in place, even lean teams can operate at peak performance. As properties minimize human tasks, safety and guest satisfaction both can increase.

4. Tech-enabled guest experiences

Many properties are adopting customer relationship systems (CRMs) – either in place of property management systems or to augment them – to generate robust intelligence about guests.

With CRMs, hotels can apply behavioral data to deliver more personalized offers and experiences, build loyalty and increase guest satisfaction. Some guest interactions can be automated, and artificial intelligence can be leveraged to support guests’ 24/7 needs more quickly and easily.



5. Digital properties

In addition to physical spaces, hospitality companies need secure digital properties, like websites and mobile apps. Simple digital platforms can help hoteliers secure bookings and interact with guests.

But that also means more platforms and tools are at risk. Hospitality companies have to safeguard guest information and protect their infrastructure. Cybercriminals are targeting hotels, even taking control of mechanical systems in ransomware attacks. Hospitality companies need to prioritize cybersecurity and create readiness plans. Securing properties, both digital and physical, requires new tools and skill sets at many properties.

6. Supply chain fluctuations

Every industry has been affected by disruptions in the supply chain, hospitality included. Some properties are using the influx of cash from summer leisure travel (and stimulus programs) to stock up on essential equipment and supplies. Hospitality companies need to stay aware of supply chain hurdles, plan ahead and find creative ways to fill gaps so the guest experience is unaffected by shortages.

7. Lodging alternatives

Competition from nontraditional hospitality companies increased during the pandemic, presumably because some travelers preferred “less crowded” properties or longer-term rentals. Large properties and hotel chains should keep an eye on consumer preferences, including movements toward sharing of economies, niche tourism and sustainable travel. If domestic demand decreases, hotels could start to feel the impact of emerging competitors.

Deep dive: Cybersecurity in hospitality

You probably noticed that at least half of the top seven hospitality industry trends involved technology in some shape or form. Given how deep we are into the digital age, plus the events of the past two years, it should come as no surprise.

When the hospitality industry went into near-total shutdown during the COVID-19 pandemic, some organizations were more prepared than others. Those with a digital transformation strategy in place adapted more quickly. Others raced to get everything from laptops to mobile keycards in place.

That **rush introduced risk**. Hospitality groups quickly onboarded new vendors and point solutions to fill immediate needs. And every one of those connections into the organization is a potential vulnerability.

What's at risk?

Hotel and lodging groups understand the value of their properties, but what about their data? How much is guest information worth?

In many ways, data is the company's most important asset.

A breach could have enormous impact on consumer confidence and bookings. Hackers can take over mechanical systems and shut down facilities.

The reputational and financial costs of cyberattack are staggering. The **average cost** of a data breach is \$4 million — on top of revenue losses due to long-term damage reputations.

Hotel leaders have to evaluate the risk for every technology that's added — and quickly, so they can keep pace with changing needs. Hotels also face risk from inaction; guests may perceive low-tech processes as a lack of amenities or as less safe.

Assessing vendors

Hotel technologies like payment solutions, apps and CRMs are costly and time-consuming to develop in-house. Outsourcing can speed up development and deployment — but has huge security implications, so vendor evaluations need to be thorough.

First, assess what type of risk the vendor could introduce to your organization. Based on the role technology plays and the systems and data it has access to, what's at stake? Risks could be reputational, financial or operational. Privacy, regulatory compliance or business continuity could also be at stake.

Once you understand your risks, consider what pressures the vendor is facing that might increase their vulnerability? For example, is the vendor in a secure financial situation? Does its geography or location create vulnerabilities? How does it secure its data and property?

Carefully evaluate the vendor's solution, how it was developed and how it will be deployed and protected. Ask about vulnerability testing, performance in the field and software updates – and ask to see the security practices in action. Find out the vendor's longer-term roadmap for the solution (e.g., how it will be supported or evolved). Make sure you also speak to references and users.

Create a standard interrogation procedure to evaluate and measure the stability of each potential partner and solution. And follow it every time you invite a new partner or tool into your ecosystem.

Protecting today's infrastructure

What about tools that are already in use? It's not too late. Simple steps can help hotels tighten up cybersecurity and minimize risk.

- **Lock down logins:** According to the [Verizon Business 2021 Data Breach Investigations Report](#), credentials are the most sought-after data type. Nearly 90% of hacking incidents involved some sort of credential abuse. Hotels can activate [multi-factor authentication](#) to improve security instantly.
- **Empower staff:** Hospitality staff are trained to be guest-centric and accommodating, which may make them more susceptible to social engineering schemes. Train staff that going “above and beyond” to meet guest needs also means protecting their data and privacy. Data compliance and cybersecurity training should occur annually, at least. “Secret shopper”-style testing can happen year-round.
- **Make a plan:** Create an emergency plan, policies and procedures for a cyber event, just like you would for a fire or natural disaster. Being prepared can minimize the impact of an attack or data breach.
- **Get insured:** Consider adding cyber insurance to mitigate your organization's financial risk related to a cyberattack or breach. As cyber threats increase, large groups and conventions may require cyber insurance as part of their booking contract.

Finding balance

The push toward technology is strong and permanent. But not every property needs every new tool. Hotel leaders should evaluate solutions that are available and determine how they align with their target market, location and property, staffing situation and longer-term goals. To be effective, security practices have to be convenient for users, employees and guests. A consistent and thorough evaluation process can lead hotels toward a solution that works for everyone – creating a secure and efficient work environment and a safe and inviting guest experience.

Deep dive: Customer vs. property management tools

Property management systems (PMS) are the center of the IT universe for most lodging and accommodation companies. They manage workflows related to room availability, reservations, payments and housekeeping. But are they becoming outdated?

PMS, as its name indicates, is focused on property. But today, the number one focus should be on customers.

Consumers expect tailored lodging experiences, so strategic plans and technology have to be built around how to attract, serve and retain guests — not just management of properties and facilities.

Is it time to adopt customer relationship management (CRM) tools instead? The question really is, could serving customers be easier, or better, with a CRM?

Benefits of CRM

PMS and CRM systems both centralize and store data. But CRMs allow you to use the information to drive guest engagement.

Instead of just collecting the “who” and “when” (or receiving it from an online travel agency), CRMs gather behavioral and sentiment data that can be used to:

- **Anticipate guest needs:** CRMs help you understand guest preferences and behaviors — details that make each stay comfortable and special.
- **Personalize marketing:** Leveraging data about past behavior, hotels can create more relevant offers, cross-sell products and increase revenue. Deeper segmentation and more-personalized messages engage guests, without sounding like sales pitches.

- **Drive loyalty:** Richer guest profiles lead to more meaningful interactions and services. CRMs can track guest interests, survey responses and travel intentions. And they can reward loyalty through meaningful programs and offers.
- **Operate more efficiently:** CRMs also make it easier to spot VIPs and to suggest services based on a guests' propensity to spend. Leveraging that data to drive strategy and processes will save time and money.

Richer guest profiles lead to more meaningful interactions and services.

Both systems are valuable, and you don't necessarily have to choose one over the other, but leveraging the right software tool can make an incredible impact on the guest.

Some CRM and PMS solutions can be integrated or layered within your IT ecosystem. Pooling all of your data resources and tools together may be the best way to connect with guests.

Having the data is the key. Hotels need to take greater ownership over guest data — and not just the names and reservation numbers. A CRM may be one way to loosen dependence on online travel groups that own most of guests' information.



76%

of hotel executives say CRM helps them analyze guests and their needs, leading to stronger relationships and loyalty.

\$8.71

is returned to businesses for every dollar spent on CRM.

81%

of travelers want greater digital customer service from hotel brands.

Deep dive: Technology for your people

It's your people who make hotel stays exceptional, not properties. To run a successful hospitality business, you have to treat employees just as well as your guests.

The pressure and stress on your team is only increasing while the industry is riding out a labor crisis, pandemic travel waves and erratic supply chain issues.

The best thing hotel groups can do for employees is remove the speed bumps. By leveraging a variety of technologies, leaders can improve processes, streamline operations and minimize the hardest parts of work for both front-line and back-office employees.

New tools of the trade

Integrating digital collaboration tools with your operations can keep your teams connected with each other and give them access to information on demand.

Key information like phone lists and checklists can be migrated into programs like Microsoft Teams rather than getting buried in binders and paper files. Because Teams was designed for mobile, your frontline workers can stay connected to the information — and to each other — throughout the day with instant messaging, phone calls, video chats and email.

Mobile tools can help:

- Communicate urgent issues, as well as best practices and company announcements.
- Recognize team members and share results.
- Track daily activities and gather key metrics about workloads and service times.
- Enable peer-to-peer sharing, training and collaboration.

Communicate, collaborate and share

Just connecting offline teams has a huge impact on efficiency and job satisfaction. For example, housekeeping can snap a photo of a maintenance need and share it with the engineering department.

And location-sharing tools help everyone find and resolve issues faster. Staff aren't wandering around the property looking for problems — or waiting until they see someone to say something.

Housekeepers, desk clerks and food and beverage staff can stay connected to the rest of the company, even while they're on the floor. Instead of posting information to bulletin boards, relevant information is delivered to them directly.

Teams enables faster communications than paper-based processes, and staff can join multiple Teams groups based on their job role, property or training needs.



Data like satisfaction scores and guest feedback can be shared daily and with all team members so they can see how decisions affected guest satisfaction.

In addition, data like satisfaction scores and guest feedback can be shared daily and with all team members so they can see how decisions affected guest satisfaction. Conversations about best practices can occur across a single property or multiple properties and even globally. For example, maintenance staff can troubleshoot an issue with team members at a different facility. Or trainers can be accessible to any location or shift.

Apps can also make processes more efficient. For example, instead of working up schedules in a spreadsheet and then posting them to a bulletin board, everything can be managed in a scheduling app. The process is easier and faster for managers, and employees can see and monitor their schedules. They can even swap shifts in an app when needed.

Deep dive: The digital guest experience

Chances are, before a guest arrives at your front desk, they've already visited you online. In fact, [research](#) shows that consumers visit an average of 38 travel sites before they book a trip.

Digital properties are an increasingly important tool to meet customers where they are and to cater to their communications and engagement preferences.

They drive guest selection and booking processes and can deepen loyalty among existing customers. Apps can also activate new amenities like keyless entry and contactless payments.

So if you're wondering if you need an app for that ... the answer is probably yes.

A billion-dollar opportunity?

The Marriott Bonvoy app has millions of users and has generated over \$1 billion in e-commerce revenue.

When Marriott redesigned its app in 2015, it became the first hospitality player to offer mobile keyless entry, Apple PassKit for payments and Apple Watch-enabled check-in. The app became a central part of the guest experience — and an essential extension of Marriott's brand. Here is how Marriott connected with their guests through the Bonvoy app:

- **Mobile check-in:** Guests can use the app to check in up to two days before their stay. Marriott sends a notification when rooms are ready, and guests can use a mobile key to skip the front desk if they choose. They can also get information about amenities and opt out of housekeeping to “go green.”

- **Mobile keys:** The app eliminated a major guest headache: keeping track of key cards. A mobile key is delivered to a guest's phone (and Apple Watch) as soon as a room is ready. Mobile keys can be used to enter sleeping rooms, parking garages and other guest areas. The app also includes maps and directions to help guests find their room.
- **Customer support:** A chat feature connects users to answers about the property and local area. The chat feature is active two days before and after each reservation.
- **Guest requests:** A mobile request feature gives guests a list of amenities to choose from to customize their stay, like extra blankets or pillows. Guests can also request housekeeping services, extra toiletries or luggage assistance through the app.

- **Food and beverage:** Guests can browse menus and order food — even if they're not in their room. They can choose a delivery time and place, like a hotel conference room or poolside.
- **Local travel:** Live maps and traffic information help guests navigate their surroundings. In certain areas, guests can also track airport shuttles and see estimated wait times.
- **Account management:** Guests can edit and update their profiles in the app. They can also manage email subscriptions and loyalty programs, see booking history and request priority services or late checkouts.

- **Loyalty management:** The app tracks Marriott's guest loyalty program too. Users can instantly earn and redeem points on property or at participating restaurants.
- **Booking:** The app connects more than 7,000 hotels across 30 brands, making it easy for travelers to browse and book Marriott properties. Users can make and manage reservations, share details and add trips to their calendars. They can also save favorite hotels and room preferences for future bookings.

Hotel apps and digital properties are an extension of your front desk — and concierge staff, booking agents and housekeeping, transportation and food and beverage teams. They deliver a consistent, on-brand response and engage with guests exactly how and when they want to be served.



Are you ready to tackle hospitality's top trends?

At Wipfli, we believe perspective changes everything.

With a deep understanding of your strategic business challenges, our firm is positioned to help you create further value and deliver on your guests' demands for both today and tomorrow. We are a value-driven firm, bringing new ideas to the table. By listening to your challenges and asking questions, we uncover the full extent of your needs and deliver solutions that help you achieve success.

Discover more about how Wipfli can help you innovate your guest experience and jumpstart your digital transformation.

wipfli.com/accommodations

Perspective changes everything.

WIPFLI