

Why SA hotels need to catch the growing tech wave with travellers

According to Grant Thornton, South African hotels which continue to lag behind their global peers in adopting technologies to meet the needs of their increasingly sophisticated customers, risk being cut adrift in a digital economy.



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Gillian Saunders, head of advisory services at Grant Thornton South Africa and global leader for travel, tourism and leisure for Grant Thornton said the firm's latest research indicated an urgent need for hotel and tourism companies to leverage cutting-edge technology in order to personalise the customer experience, but always in balance with the traditional human touch.

Mobile friendly online presence an imperative

"My team has surveyed the various online application stores including Google Play and Apple Store and we could find only one app from the South African hotel chains. What the industry needs to realise is that in the modern digital economy, business travellers, in particular, expect convenient mobile services and options which is something that the South African hotel industry is yet to grasp.

"While we don't expect local hotel groups to have complete end-to-end solutions overnight it's imperative that they have some sort of mobile friendly online presence not only to facilitate travel but to enhance the customer experience. The technology available through smartphones and tablets is growing exponentially and the market is increasingly expecting to facilitate transactions and by extension their travel, from their mobile devices."

With separate research showing that plans to boost R&D spend are low across the global tourism industry, and as Airbnb's success shows no signs of abating, Grant Thornton warns that firms who fail to act on personalisation enabled through digital risk being cut adrift and growth could suffer as a result.

Human touch vs. cyber touch

A new report from Grant Thornton, [The power of personalisation: Hotels' roadmap to 2020](#), identifies key pressures facing hotels today include the growth of sharing economy providers, the increasing influence of online travel agents in the booking process, and the rapidly evolving needs and expectations of guests.

Saunders adds: “Technology is reshaping the world we live in and the hotel industry is not – and cannot – be immune to that. Hotels will have to invest in better data management skills and technology, and leverage the information to deliver a personalised experience. All of this while getting the balance right between data harvesting and respecting customer privacy, and the human touch vs. cyber touch. To do this, hiring new staff or retaining existing employees with the right skills will be critical.

“The most innovative hotels are already responding to these challenges. Brands slowest to react to the demand for greater innovation will increasingly find themselves cut adrift.”

Responding to disruptors with new business models

In addition to personalisation, the industry will be forced to consider new business models or respond to those disruptors entering their space with new business models. It will be critical to adapt to a fluid environment where disruption is inevitable. The changing nature of the hotel industry is evident in global statistics that indicate:

- Two million listings on Airbnb, which is increasingly setting its sights on business travellers;
- \$335bn projected value of the sharing economy by 2025, up from \$40bn in 2014; and
- \$14.4bn value of Marriott International's acquisition of Starwood Hotels & Resorts in March 2016.

Saunders noted that Airbnb had more than 21,000 listings in South Africa making it a significant player in the market and in some instances real competition to the traditional hotels.

A need for hotel groups to harness digital technologies

“One clear trend that is emerging is the need for hotel groups to harness the opportunities from exponential digital technologies as well as linking to the power and scale of the shared economy,” said Saunders. “Innovation will be critical to future growth and sustainability.”

She said that innovation in the sector could encompass radical shifts; incremental change or a blend of both. Saunders cited Marriot's new room entertainment services in partnership with Netflix and Virgin's new bed design that accommodates laptops for business travellers as key international examples of how much innovation is currently taking place.

“South African hotel groups will have to stress the advantages they have in terms of better services and facilities, security, consistency and certainty, and they will need to communicate these effectively. Radical shifts such as exploring partnerships with the likes of Airbnb as well as introducing new flexible pricing structures and creating internal innovation teams would assist hotel brands to be relevant going forward.”

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