Facing the future: Developing as hospitality leaders and technology adoption
Introduction

As hospitality leaders we are facing ever more uncertain times. Before the impact of the Coronavirus pandemic, like with many other industries, there were already numerous operating complexities including data regulations, transaction fees, compliance fees, competition and the myriad issues surrounding Brexit.

Covid-19 has forced hospitality providers to evolve and adapt like never before in the face of huge upheaval and incredible challenges.

This paper will set out to inform hospitality leaders on response mechanisms to changing customer behaviour. It will also present a fresh and positive perspective on key elements to focus on, in order to move forward - utilising technology during these unprecedented times.

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i. Customer Acceptance

The implementation of technology within the hospitality environment generally mirrors consumer acceptance, and currently this is shaping adoption levels. This acceptance stems from both cultural and generational aspects (as highlighted below).

Implementing technology too early (where there are low awareness levels or reluctance), can have consequences for a business. There are many products and technologies that would theoretically be able to be implemented into our hospitality landscape tomorrow, yet consumer acceptance is not there yet. Additionally, regulatory challenges can be a hurdle. A rush to use smart technologies, in particular AI, without proper regulations to protect the privacy and safety of consumers could have a profound impact.

There are two key aspects that we must bear in mind before implementing technology into hospitality businesses. Firstly, our unique hospitality environment and the ability of our customers to use and accept this technology. Secondly, we must review the benefits and costs of integrating any technology.

Whilst higher profits and increased margins are a key factor here, benefits that contribute to ROI should also be looked at include:

- Higher footfall
- Safer (post-Covid-19) and/or more attractive environment
- Better security (e.g. payments)
- Reduced wastage (food, time and energy)
- Useful information and data

As an industry our role is to ensure the correct regulations are in place, and as establishments, that these regulations are being stringently upheld. We must also work to educate customers on technologies which can have real benefits for all.

ii. Impact of Covid-19 on technology acceptance

Overall, as a consequence of Covid-19, we have seen accelerated use of technology in many areas. There are some trends that were truly beginning to emerge, and which are now really accelerating as a result of nationals and local lockdowns.

Pre-order and collect

Online ordering, delivery, pre-order and collect are all technologies that have really played a huge part for hospitality in ‘lockdown culture’. For many they have provided a real lifeline for the survival of their business during this difficult period.

Many customers who were previously reluctant, or would not have considered using apps or online ordering for hospitality, have become well-versed in using these types of technology to continue enjoying takeaway meals. Other users have stepped up their use significantly – expanded tech literacy is a new skill.

Cashless society

Given the higher likelihood of transmitting the virus through cash, along with social distancing requirements, many businesses have implemented cashless environments, further supported by the fact that the contactless limit has increased to £45.

This move to cashless transactions has included older generations – those who have tended to show greater resistance towards going cashless in the past. For many older members of society the initial lockdown prevented them from using cash; instead they found themselves having to shop online, or use debit cards for payments to local retailers unwilling to take cash.

To move forward safely into the new hospitality landscape, particularly in busy locations and cities, it is likely hospitality leaders will need to consider moving to fully cashless systems.

However, there will be a fallback to cash for certain local businesses that were more focused on cashless during the virus. We can’t forget that cash is still key in many communities and has its place - for now - in our society.
02 Generational Profiles and Behaviours

Outlined below are profiles for specific generations - providing an overview of their characteristics, desires and needs. This information helps to address how, as leaders and change agents, we should respond to technology adoption.

NB: This should be taken as guidance only.

Builders (Pre-1946)

‘Builders’ were taught to respect authority, and, whilst many are retired, they are the least likely to initiate conflict at work. Technology often challenges them, they may struggle, or be reluctant, to learn new technology or make use of technology solutions. However, Covid-19 has forced many to accept different technical platforms.

Baby Boomers (1946-1964)

Baby boomers are the main spenders in hospitality. With a strong work ethic, they are – generally - self-assured, competitive and goal-centric.

Generation X (1965-1979)

‘Generation X’ are independent, resourceful and self-sufficient. Valuing their freedom and responsibility in the workplace, they generally prefer flexible working.


Currently, the largest generation, ‘Generation Y’ number around 82 million globally.

The first ‘technology generation’, they have grown up with computers and are receptive to new apps, technology and are keen to use technology in a hospitality environment.

Generation Z (1996-2012)

‘Generation Z’ number around 72 million. They are more loyalty focused than previous generations and expect loyalty and other platforms to be ‘frictionless’, with payment processes as convenient as possible.

This generation likes customised experiences and wants to identify with brands. A key desire is to align themselves with the ethos or style of businesses they patronise.

Generation Alpha (2013+)

Born along with iPhones, iPads and apps, they use smartphones and tablets naturally. For them education, entertainment and purchasing all take place through technology. They are not afraid of technology and will be less privacy-averse than previous generations. It’s likely they will be decidedly anti-sharing, which may have an effect on the types of hospitality environment they choose to frequent as they grow older.

No doubt Coronavirus and the lockdown will have a defining effect on many in this generation, but it is too early to tell exactly what that may be.
i. Customer Perspectives – adapting hospitality environments to suit

In a changing hospitality environment, one of the first and foremost aspects to focus on is the customer. Without them there is no business.

As we return to normality (whatever form that takes), it will be critical to ensure there is a clear understanding of target customers, and their needs. Understanding customer needs comes from understanding their perspective, their motivations and their attitudes. These elements are often tied to generational differences.

Whilst younger people, particularly teenagers and young adults in ‘Generation Z’ are often receptive to new technologies and can more easily comprehend the benefits they bring, it will be far harder to get older people to adapt to a growing technological environment. If your business relies on a mix of generations, this will be important to bear in mind. This may mean mixed service environments need to be created – to ensure a comfortable experience for all customers.

We must continue to learn about our customers. As leaders and change agents we need to ensure we understand customer desires from their generational perspective, as well as evaluating our own business goals and needs.

ii. Staff Needs

Hospitality leaders would be advised to take the same generational approach to ensure they are working to understand staff needs and perspectives. Again, the generational characteristics provide a helpful tool when managing or supporting multi-generational teams.

As business leaders we will be relying on staff to implement safety, cleaning, and social distancing protocols. In order for these strategies to be effective in creating safe, productive hospitality environments, there must be a relationship built on mutual trust, dedication to the purpose and understanding.

Providing the correct training for safety and health protocols, cleaning, and social distancing will be essential. As highlighted in this paper, it is highly likely technology will be more widely used. As such, appropriate training must be given to staff, according to generational dynamics.
FACING THE FUTURE: DEVELOPING AS HOSPITALITY LEADERS AND TECHNOLOGY ADOPTION

We need to acknowledge that - sadly - we will see a lot of hospitality outlets, and even brands, not managing to survive to see the other side of this crisis.

Yet there will be those that flourish, that can respond well and are able to move through. Those that do thrive on the other side will be focused or excel in three key areas.

i. Resourcefulness

Resourcefulness has been a key attribute for many businesses we have seen pivoting to survive during the coronavirus.

In the face of a recession, hospitality owners and leaders will need to ensure that all elements of their business are well monitored and assessed. Managing these assessments and gathering this data will require careful implementation of technology to ensure accuracy and security.

As a result of this greater use of technology, hospitality offerings can be refined and personalised to customers, the situation and the environment. This resourcefulness when it comes to adopting technology will lead to greater sustainability and reduced waste.

The following technologies will support businesses in becoming flexible and resourceful:

- Mobile order and collect/delivery
- Waste management systems
- Staff scheduling
- Cloud storage
- Data collection
- Individual preference
- Allergens
- Chat bots

ii. Ethos

We have seen many customers turn to local services and suppliers in an effort to support smaller businesses.

In an age where our outside experiences have become limited, creating a hospitality experience based on a business' distinct ethos and style is becoming more important than ever. Hospitality outlets will have to find a way to create that safely in store, but also transfer the experience digitally or remotely – conveying their ethos and spirit.

Technology will play an important role in this area with loyalty schemes and customised pre-order/delivery services.

Across cities, towns and villages, we are taking increased notice of local entrepreneurs and producers. This ‘move to local’ and finding solutions to challenges together will hopefully help us build a more sustainable hospitality environment.

The following technologies will support businesses as they seek to improve the communication and presentation of their ethos to customers:

- Loyalty schemes
- Digital display boards
- Self-serve kiosk
- Seamless PoS and payment suites
- Virtual Reality | Augmented Reality
- Biometric

iii. Differentiation

Moving forward, many businesses will refine their products and learn to focus on distinctive offerings. From the physical store, restaurant canteen or café, to the food itself, we will see more individual outlets developing unique styles and specialisms.

More concise or flexible menus will be popular, in order to cut down on food waste and deliver high-quality, fresh foods in a fast-changing hospitality landscape.

The following technologies will support businesses improve differentiation:

- Smart menus
- Smart apps
- Data collection
- Self-serve
- Loyalty schemes
- Frictionless payments
Technology Needs – the digital journey

So, what effect will this changed hospitality landscape have on our technology needs?

More technology products, both software and hardware, will be needed that require less physical interaction at an outlet level. Pre-order, contactless and self-serve are examples. All are in existence, but their use and implementation will accelerate as we move forward in this changed society.

Each aspect of the hospitality process will need to be seamlessly integrated, creating a ‘digital journey’ for customers. Social distancing and maintaining a safe environment will be supported by delivering faster service through digital pre-order and collect, self-serve and increased contactless payments.
i. Upcoming Technology

The following tools already have a growing presence in our hospitality landscape, but are set to become fully established within the next few years, with widespread utilisation.

Self-serve

Self-serve technology has the ability to support many hospitality providers in delivering high-quality service with reduced staff in front-of-house duties. Higher footfall and faster payments generate the need for more staff in operational roles, thus employees can be moved to preparation and back-office roles. This reduces close contact with large numbers of people and improves speed and quality of service.

Although not suitable for all environments, such as slow service and luxury restaurants, we are seeing uptake and interest in self-serve technology as businesses prepare to operate in an altered hospitality landscape, with new responsibilities and restrictions. Antimicrobial screen protectors that are cleaned easier and prevent the passing on of germs and bacteria will be employed to protect users.

With a huge range of designs and systems suited to different locations and budgets, self-serve is also one of the most accessible options for small and medium sized businesses. Portable, entry-level self-serve tablets in particular can offer a high return on investment.

Cashierless Checkout

Self-checkouts have been in use in the retail environment, such as scan and pay systems in supermarkets, for a long time. We are now seeing uptake and interest in self-serve technology as businesses prepare to operate in an altered hospitality landscape, with new responsibilities and restrictions. Antimicrobial screen protectors that are cleaned easier and prevent the passing on of germs and bacteria will be employed to protect users.

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Loyalty Schemes

With lack of in-person contact and time spent in hospitality locations, digital loyalty schemes will be more important than ever to retain and build relationships with customers.

Loyalty is all part of the seamless ‘digital journey’. Businesses will be making greater use of branded loyalty schemes to encourage customers to return and keep in touch. It’s important to bear in mind privacy concerns and companies shouldn’t be invasive with their messaging or contact methods.

The key aspects of these schemes that support growth and loyalty are:

- Viewing previous orders
- Re-ordering
- Targeting individual customers with push notifications for specific offers
- Custom branding
- Cutting down on food waste.
- Personalised, individual relationship
- Loyalty points

Mobile/online ordering/delivery

The growth rate for online food ordering and restaurant delivery has been over 20% over the last five years. Although the estimates differ across locations, online food delivery rates are expected to grow to more than $220 billion by 2025. This translates to about 40% of the total restaurant sales.

Platforms that integrate seamlessly with stock management and payments systems in a business are the future in this sector. As we move forward, we will see more integrations with individual loyalty schemes as well, to deliver more personalised service and generate a fully-rounded, closed loop hospitality experience for the user.

Behavioural Biometrics

Iris, fingerprints, and facial movement are all big news in payment technology right now.

Early stages of implementation have begun, so we are seeing ‘pay by selfie’ or ‘smile to pay’ services in certain locations. These support cashless environments and higher footfall, by delivering payment at lightning speed. Biometric payments will revolutionise the payment landscape, and the new generations are ready for this.

However, this area needs significant work on legislation to ensure security and privacy for users. Biometric payments still need to be authenticated in two forms (e.g. face and fingerprint). There will be a journey in terms of education and acceptance.
ii. Future Technologies

AI and Machine Learning

AI and data analysis will revolutionise the customer experience by offering increased personalisation. These technologies will use algorithms to identify individual and group behaviours, thus profiling customers and learning from our ordering and payment patterns.

Using AI, allergen and calorific content showing on menus will be improved and customised for customer preferences and needs. This will help develop a safer, more enjoyable hospitality experience. AI will also help business owners evaluate more closely data gathered from technology systems to drive growth, reduce wastage, and improve safety.

Through AI loyalty will become almost subliminal, allowing businesses to easily offer personalised, targeted rewards and offers to customers.

Robotics/Chatbots

We won’t be seeing large numbers of robot wait staff in the near future, but certain aspects of robotics will come into play. The cost of robotics will decrease and they will have a role alongside human staff. For example, the ‘collaborative robot’ or ‘cobot’. These programmable collaborative bots will work next to employees to take over more repetitive tasks. Automating these physical processes will reduce the exposure to human error and potentially improve health and safety for employees.

Chatbots will learn to understand more complicated queries as AI algorithms improve. Businesses can use them to provide 24/7 support to understand their customers better, and customers will get more personalised service.

Drone Deliveries

Fast and accurate drone deliveries will become part of our lives within the decade. There are huge economic and environmental advantages of using local drone delivery points to deliver packages and food of all types, especially in more rural locations.
Focus for the Future

We don’t yet know exactly how purchasing habits or consumer behaviour will change, but we can work to become ever more flexible. Looking closely at our customers and evaluating the needs of each generation, will help us thrive in a post-Covid world.

i. Partnerships

Businesses need to create safe, adaptable environments, without extravagant expenditure. Technology providers will have to work closely with hospitality leaders to provide more tailored solutions to support growth and understanding of new systems and processes.

Systems will need to be accessible in terms of customer/staff usage, but also in terms of cost. Technology providers will need to offer more flexible options to support businesses during a recession and in an evolving landscape. Hardware should also be flexible, including offering rental opportunities. For many smaller and medium sized businesses, portable options of hardware may be the best way forward. This means they can easily assess their environments and re-work in-store design to ensure safe social distancing or create a new style.

ii. Seamless service

Each element of the hospitality experience, from ordering, to payment, service, and beyond will have technology involved in the future. It’s all about the digital suite and this will grow as more companies become integrated, creating a streamlined experience for the end customer, and greater opportunities for the hospitality provider.

Cloud-based software will be the only real option moving forward. Downloadable, this option allows systems to be deployed quickly and updated instantaneously across a network. Cloud-based software offerings allow businesses to respond quickly to changing environments due to their speed and flexibility.

iii. Considered investment

It’s important we don’t just take technology for technology’s sake.

Any technology needs to be carefully reviewed for ROI and benefits before adoption. There must be clear, measurable advantages. Additionally, hospitality leaders need to think carefully about their differentiators and their customers, and how they want to interact. For example, biometrics payments will be an unnecessary cost for a small, slow-service café in a local town, but may be worth the investment for a fast food outlet which has already implemented self-serve.

All technology needs to integrate seamlessly into any individual environment. It should work for you and with you, your business, and your staff.

We don’t yet know exactly how purchasing habits or consumer behaviour will change, but we can work to become ever more flexible. Looking closely at our customers and evaluating the needs of each generation, will help us thrive in a post-Covid world.
Conclusion

As an industry we must focus on the needs and safety of both our customers and staff to deliver seamless, enjoyable and memorable hospitality experiences.

Together we must embrace technology in an efficient way and evolve to create a positive, sustainable, safe and exciting hospitality future. Times have changed, but we must adapt in order to thrive.