Prevalence of Digital Transformation in the Development of Hospitality Industry

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Abstract

The present paper focuses on the role of digitalization and digital transformation in the development of hospitality industry. Digital transformation in the hospitality industry is a very human-focused effort, with leading brands leveraging technology to cater to the whims and wants of their guests. Digital transformation represents a whole bunch of opportunities for the hospitality industry, leading to great changes and growth. More & more hotels and restaurants are working with software developers to provide their guests with innovative solutions and big players have already adopted digital initiatives using emerging technologies for higher guest satisfaction, better experience, better previsions, better management. The paper covers concept and benefits of digital transformation, challenges of hospitality industry in using digital technologies, issues of digitalization in hospitality industry etc. Finally, the paper offers some recommendations for the development of hospitality industry by implementing digital effort.

Key words: Digitalization, Digital Transformation, Hospitality, Technology etc.

Introduction

The global travel and hospitality sector is centered on various digital trends and technologies focused at improving customer experience and convenience and allowing businesses to operate in a more efficient manner. The travel and hospitality players are continuously innovating and adopting tools and technologies that are progressively defining the future of travel around the world. Digitalization of travel is a transformative change. The past couple of decades have witnessed a significant increase in the share of online travel. Furthermore, travel and hospitality companies have been building upon the evolutions brought forth by innovations such as smartphones, social media, Big Data analytics, AI and machine learning, VR and AR.

With increased adoption of technology, the Indian travel and hospitality sector is expected to see more of innovative solutions and services such as smart tourism, robots for security and housekeeping, smart luggage, radio frequency identification (RFID)/facial recognition technology to open hotel doors, driverless/self-parking cars and air taxis over the foreseeable future.

Technology has gradually become an integral part of a traveler's DNA — be it for personal or business purposes. It plays an important role throughout the journey, from research/planning to booking, payment, visa, currency exchange, travel, and even submission of claims and reimbursements (for business travelers). The most significant reform in travel has been brought by mobile applications, which have enabled the whole user experience to be available on-thego. These include usage of mobile tickets/boarding pass, mobile check-in for hotel rooms, cab hailing applications, and even cloud passports in some countries — in addition to the basic features such as search, booking, payment, invoicing and customer support.

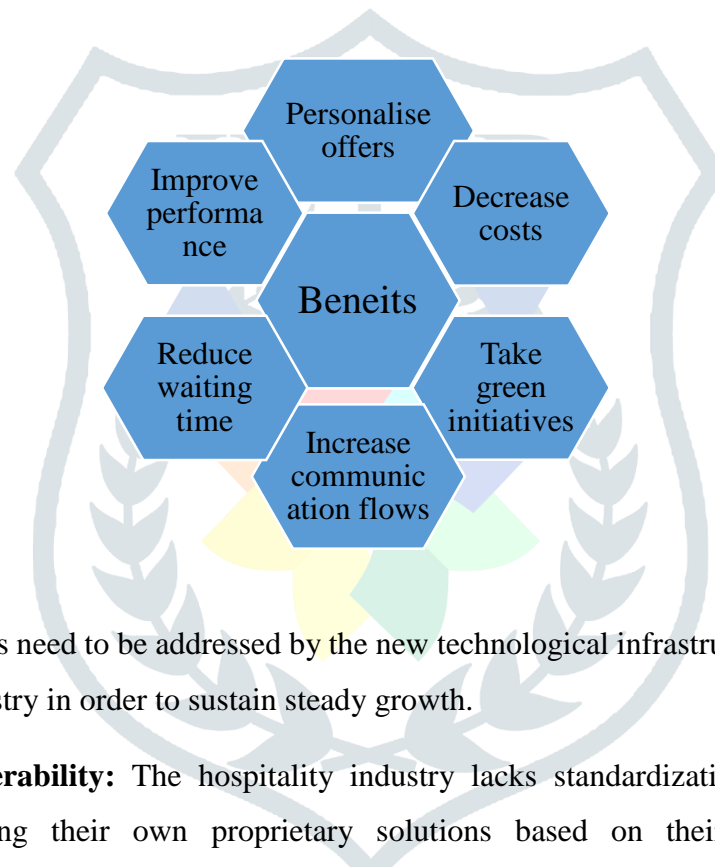**Tools and Technologies driving Digital Hospitality Services**

The rapid digitalization of the travel sector has been driven by the adoption of multiple tools and technologies by industry players over the past few years. These players include hotels, OTAs, hotel aggregators, metasearch engines and TMCs. The tools, technologies and digital platforms that are finding major applications in the hospitality sector include mobile applications, social media, Big Data analytics, AI and machine learning, and VR and AR.

➢ **Mobile applications:** As Smartphone's have progressively become ubiquitous, mobile applications have emerged as the most critical point of interaction with consumers for any travel business. OTAs are now getting a large majority of their business from mobile.

➢ **Big Data analytics:** Big Data as a concept has been around with regard to multiple industries. However, within the global travel, tourism and hospitality industry, it is primarily the large OTAs, metasearch players and branded hotel chains that have, of late, started using data to cull-out insights that can help improve customer satisfaction and optimise operations.

➢ **Artificial intelligence (AI):** Chatbots, virtual assistants and robots are primarily being employed by industry players to enhance customer experience. AI allows for 24x7 customer interaction and the tools based on it are capable of learning and adapting to different situations (machine learning) to provide personalized, relevant recommendations.

➢ **VR and AR:** VR — the concept of creating computer-generated virtual, three-dimensional (3D) environment through technology (smartphones, VR headsets, VR cameras and camcorders, etc.) — has gained prominence in several applications, especially in gaming and entertainment. However, its adoption is gathering pace in the travel and hospitality space too, as industry players are increasingly looking at leveraging the technology to improve customer experience and marketing.

Benefits of Digital Transformation in Hospitality Industry

1. **Reduce the waiting time -** By offering self-service options as check-in's or even guidance in airports, one can reduce queues.

2. **Increase communication flows -** One can regularly update customers of latest news and give them access to content that can automatically be updated.

3. **Take green initiatives -** By using IOT in hospitality, you are going green. In fact, you print less key cards, less boarding passes and less papers, making it all digital. Also you end up consuming less, for example by heating the room only 30 min before the guests come back instead of keeping it warm all day, etc.

4. **Personalize offer -** Based on your guests profile you are able to provide high level of assistance and therefore increase the satisfaction.

5. **Decrease costs -** By going green one can end up reducing costs, but also all the digital transformation improves communication and therefore reduces those costs.

6. **Improve performance -** Employees will be able to offer better services because they have access to more information about customers, and also because you get better coordination & communication between departments.

Challenges

These challenges need to be addressed by the new technological infrastructures being adopted by Hospitality Industry in order to sustain steady growth.

- ➢ **Interoperability:** The hospitality industry lacks standardization. Many industries developing their own proprietary solutions based on their own metrics and methodologies in order to accommodate the technological service demands of modern day guests.

- ➢ **Data Management:** Aggregation and analysis of guest data is an integral part of the hospitality service chain. With the introduction of new technologies and service platforms in the hospitality industry, data volume is bound to grow exponentially. Personalization of guest experience contributes significantly to increase in data volume.

- ➢ **Security and Privacy:** In order to provide guests with highly personalized services, it is necessary for Hospitality Industry to track guest preferences, behavior, and location and

must ensure that guest data is used and stored properly so as to protect guests from physical, economic, and societal threats.

➢ **Responsiveness:** Hospitality Industry must ensure prompt acknowledgement of guest requests and prompt delivery of services to guests. This can be achieved by digitalization of the interaction between guests and the industry. By pushing guest interactions to guestfacing systems and implementing automatic control through IoT sensors/devices, it can eliminate the need for human interaction and intervention when dealing with guests. These systems leave little room for miscommunication and confusion when interpreting guests' requests.

Key initiatives taken by the Indian government

The Indian government has taken a few steps towards enabling digital means for the development of tourism in India.

1. **Multilingual helpline** - To ease the experience of foreigners in India, the government has launched the 1363 helpline in 12 languages — with English and a mix of other languages prominently spoken by tourists.

2. **E-ticketing** - It has been initiated for 116 monuments, eliminating the need to stand in queues; through this, mobile accessible barcodes would be used for entering monuments/museums instead of paper tickets.

3. **Ministry website -** It is a single-window delivery platform that collates various kinds of tourist information on India; it aims to be a one-stop shop collection of tourist information, and is an interactive window detailing how to reach hotels, and get details on natural sights such mountains, deserts and wildlife.

4. **Database for cultural performers**- The government has launched a scheme for folk artists and performers to give them a platform to showcase their talents, and plans to create a database, and hold competitions to encourage their talent; this could help boost India's heritage tourism by enabling travellers to seek information on cultural performers/performances easily.

5. **E-tourist visa -** E-visas have been witnessing rapid growth, with nearly 1.08 million tourists arriving through it in 2016   — a staggering 142.5 per cent y-o-y growth.02

6. **Smart Cities Mission** - The government has announced a list of select 100 cities where technological amenities would be provided in a phased manner. Such digital initiatives undertaken by the government are expected to enhance the travel experience for both domestic and international travelers. In addition, driving digital transition is not a one-off exercise and would need sustained effort. As digital adoption spreads across the country, India would increasingly become appealing to tech-friendly travelers. India has great potential in this area and needs to strengthen infrastructure and train resources. Many states in India have welcomed this change, and small steps are being taken towards integrating technology into state administrations.

While the Indian government is working towards creating a digital ecosystem that would promote e-tourism in India.

Conclusion

2017 and 2018 sees the world travel and hospitality industry in a complex state of change. While growth and investment are strong, competition is high and rising. As digital technologies permeate the industry, the need to stake a distinctive claim whilst adapting to new methodologies becomes central to growth and success. Diagonal lines of competition are now the ones to watch; OTAs are gaining ground and status, while the sharing economy is already shifting the way consumers purchase and engage with travel.

The prospects for rapid growth and financial gain have never been higher. International sources of finance and new consumer markets are open for opportunities. For those that can secure their place in the digital economy there is everything to gain. Expectations are evolving at a rapid pace as digital technology enables consumers to be more connected, more informed and more immediate in taking action. The rules of engagement have changed and with it the nature of the exchange that customers expect.

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