

Study on the Scope of Digital Innovation in Hospitality Sector.

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Abstract

The paper explores the dynamics of digital Innovation in the Hospitality sector and also discusses its impact on the hotel business. The technology has a diverse impact on each peer groups. For instance, Gen Z and Millennial are more technology oriented than Boomers, Gen X and Gen Y.

Innovation plays a vital role in the development of the business and to achieve customer satisfaction. Here we are analyzing the facts, trends, and technologies which are been used in hospitality sectors. The widely adaption of new technologies in the hospitality industry over a past decay has radically changed the way in which services are given or taken.

The objective of this study is to give knowledge to an individual about the acceptance of innovative practices by hospitality in the field of technology.

This paper is purely based on qualitative research which includes a review of most relevant information regarding hospitality and aims to highlight the different types of digital innovation in various sectors. An explorative research design is used mainly based on secondary data. The study develops a framework to understand the use of digital technology and its significance in the hospitality sector.

The paper will be of interest to the hotelier and the business to understand the emerging innovation and trends in the field of digital technology.

Keywords: Technology, Hospitality, Digitalization, Innovations, Hotels.

I. Introduction:

The hospitality is an ancient concept; it's been into existence from the 18th century. The term "Hospitality" refers to being generous and friendly towards an individual. In a commercial context, it is to provide food, beverage and accommodation facilities to a traveler. Over the period of time hospitality has emerged as one of a major business which are creating job opportunities and also contributing towards the economy of the country. It's a global concept and as there is an expansion in the disposable income of an individual, people today are encouraged to travel to different destinations.

In the 21st century, we have seen the evolution of digitalization in the hospitality sector. Digital innovation has extensive and consultative impacts on the hotel business and is a prominent way of increasing the experience for travelers. In today's world, smartphone technology helps a customer to understand the innovative methods of making a hotel booking, reservation of a table in a restaurant, self-checking at the airports, online payments, ordering food and getting it at doorsteps etc.

Digital transformation has a conclusive impact on contemporary business. The good customer's experience plays a very vital role in reaching the company's goal. The rapid growing tourism has contributed substantially towards the economic growth of the country, and the boom in the digital technology had helped the customer's to explore a wide range of available options. Today a guest can see and compare the hotel rooms, facilities, reviews, tariffs even before he travels to that destination. This is only made possible because of digital innovation. Portability and accessibility have made everything handy for a consumer. With the smart phone and tablets, the whole technique has changed. Innovations are crucial not only for the survival but also to sustain which results in long term profit. (Cooper & Edgett, 1999).

The new innovation in technology has created transparency between the buyer and the seller, which had opened up a different mindset for a traveler. The innovations in technology are moving forward in high pace, which arises the change in expectations of the patrons as well as the hospitality industry. From the past decade, the Millennia's and Gen Z have grown using the internet, often using it to either share emotions or experiences.

II. Objectives of the study

- To emphasize the scope of innovation in the hospitality sector.
- To explore to what extent hoteliers are dealing with digitalization.
- To analyze the impact of technology in the guest experience and growth of the business.

III. Literature Review

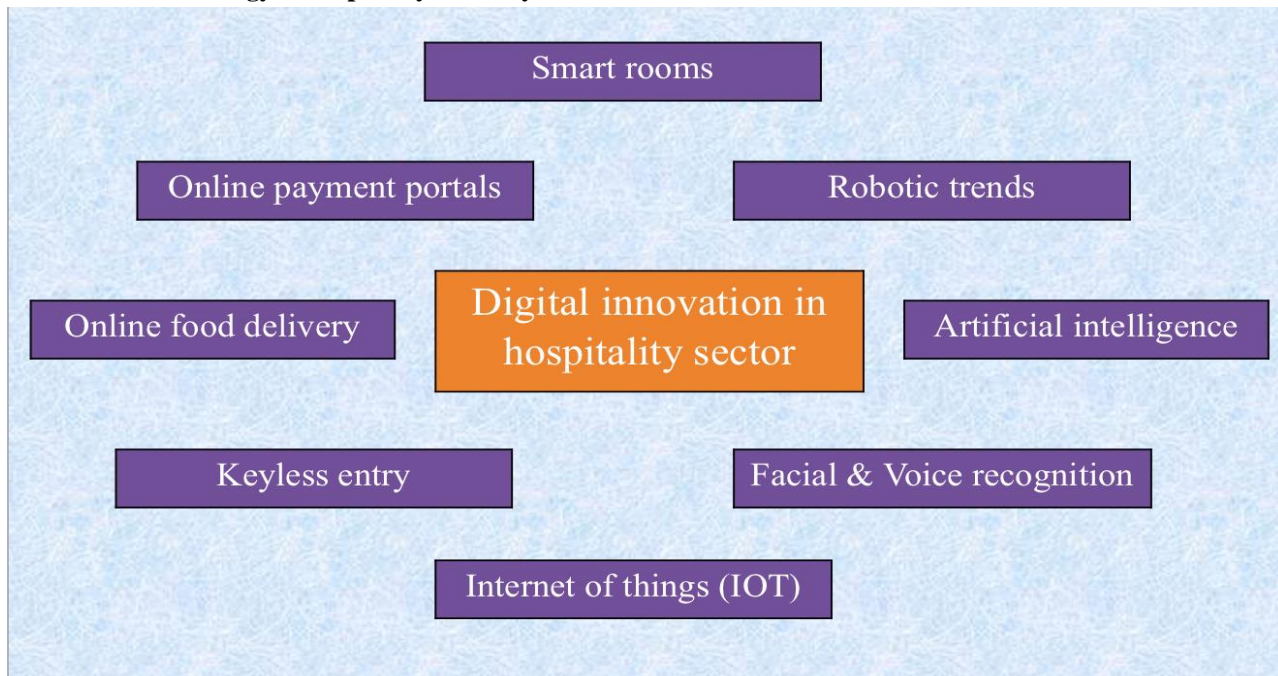
The process of accepting and an adopting innovation is happening from the past three decades, and one of the most accepted models of innovation is described in Roger's book, Diffusion of Innovation (Sherry & Gibson, 2002). Diffusion of Innovation is a concept which states that how, when and why and at what rate a new technology spreads (Roger 2003). Today the online interface has a significant impact on consumer behavior. The Millennial and Gen Z are the global groups who are having the major interface with the technology. There is a remarkable increase in disposable income of the millennial group as they have grown up in the carrier ladder, these groups are technology savvy (Euromonitor, 2015).

Past two decades there are many new innovations in the field of the hospitality sector. Today the traveler can come to know in advance about the place of visit and the facilities provided over there. The 4G technology had emerged to be a boon to the entire passenger as they can reach any of their destinations with the assistance of the Maps, book hotels, restaurants and other services with just a click of a button on the phone (Munford, 2016).

The digital technology is not only useful for the traveler but also for the owners of the hotel. Due to the digitalization, the consumer is able to provide his feedback and also share his views on social media. The technology had made it possible for the owner to be aware of the experience of the consumers, which eventually helps him to understand the current and potential customer's needs and use that information as a tool to be better than its competitors (Piccoli, 2008).

The constant evolution of technology is playing a vital role in the growth and expansion of the hospitality industry. Consumers today are more inclined in using technology for the planning of their business trips or vacations. Even the management is ensuring that the customers are having a smooth transition during their stay in the hotel. The information gathered through the technology will have a huge impact on the future of the hospitality industry (Koutroumanis, 2011).

Evolution of technology in hospitality Industry



Year	Development In Digital Technology
1994	The first hotel chains launch websites on the Internet (Hyatt Hotels and Promus Hotel Corporation).
1994	This year marks the introduction of the first online hotel catalogue (Travelweb.com).
1995	Choice Hotels International and Promus are first to offer guests real-time access to central reservations and first to initiate online booking capability
2003	Hotel Wi-Fi begins a steady increase, as more than 6,000 hotels make it available to guests.
2007	The release of the iPhone marks a change in views on mobile technology and apps.
2009	The first mobile hotel app for guest service and functioning enhancements is introduced by Intelity.

2010	Apple releases the first iPad, and the first in-room iPad makes an appearance at The Plaza Hotel in NYC to set new standards for hospitality technology trend adoption.
2012	Introduction of the first service-enabled hotel brand app by Conrad Hotels & Resorts, through a partnership with Intelity, begins to change the industry’s view of mobile technology as a bridge to guests.
2015	Henn-na Hotel introduce Key-less Room Entry with facial recognition system
2016	The world’s first robot hotel opens in Japan (Henn-na Hotel), furthering the discussion of automation within hospitality technology.
2017	Hilton opens door to using mobile phone as hotel key
2019	Guestband Launches Wearable Tech for Hotels/Resort Guest

Source: <https://intelity.com>

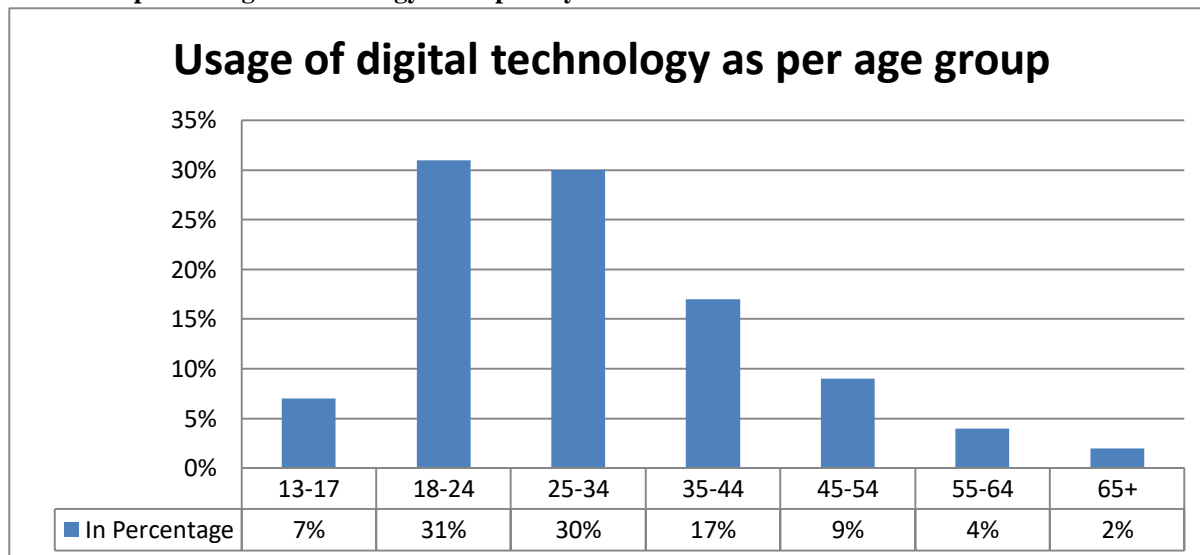
The table above shows how just within two decades there had been such consultative progress in digital technology in hospitality sector. The Japanese Henn-na hotel is future oriented having first very robotic technology in the world. In near future we will see more such technology oriented changes in the hospitality sector.

IV. Research Methodology

Secondary data has been collected from books, websites, journals, government notifications, etc.

V. Data Analysis

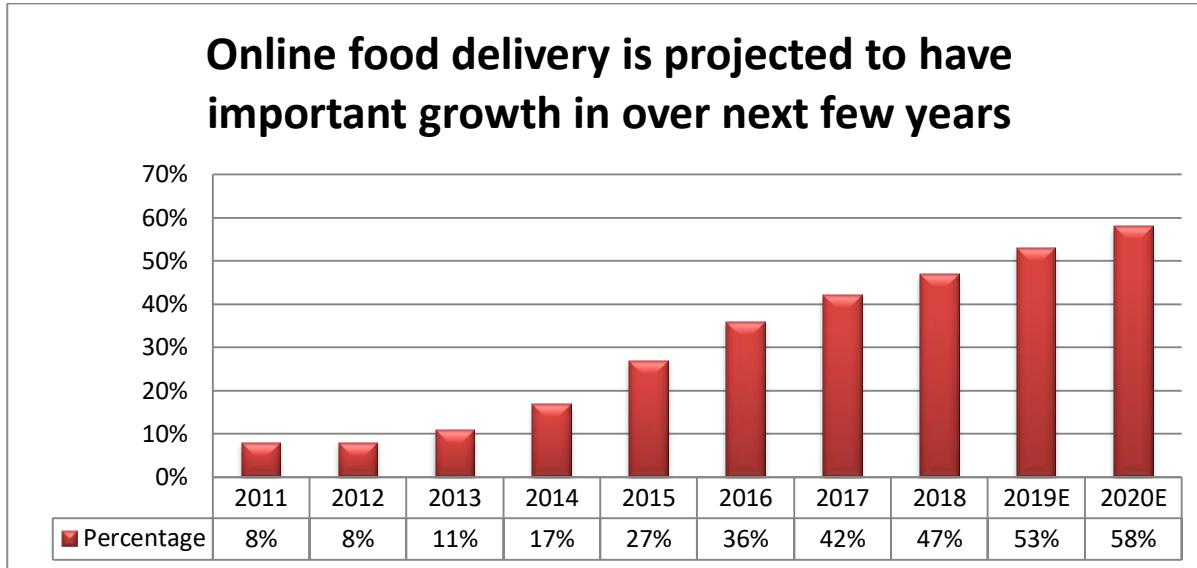
A. Impact of digital technology in hospitality sector



Source: (www.statista.com/statistics)

The above graph helps us to understand the age group who are technology savvy. We can analyse that the age group between 18 to 44 contributes 78% of the usage. This data analyses that there is a huge increase in the use of technology by the Millennials and Gen Z. Android had made it possible for the consumers to use the technology in their smart phones. In today’s era hotel, restaurants, transportation, events, movie tickets, payments, shopping etc. are booked and paid through digital technology.

B. Online food delivery technology



<https://www.gloriafood.com>

India is a developing country which resulted in a significant increase in the disposable income of an individual. According to Online food delivery market of India (kenresearch, 2017), college students, working couples, and office employees are the main target client for online food delivery. The graph above analyses the growth and expansion of online food industry in India. We can see that how in 2011 the growth was 8% and by the year 2018 it had reached to 47%. Only within a decade we can observe 600% increase in the sale of the online food order. The above graph also states that in coming future the market is expecting to see a rise of 12% in online food industry.

VI. Discussion

In past, many believe that there was not a large scope of digital transformation in the hospitality sector. But the digital transformation has actually brought a huge difference in the hospitality sector. Customer wow experience is utmost important. Due to these hotels are upgrading themselves for the betterment of an organization. We can witness how the hotels has brought changes by launching their own website on the internet in 1994 to first mobile app for guest service and operational enhancements is introduced by Intelity in 2003 and also by opening The world's first robot hotel opens in Japan (Henn-na Hotel), furthering the discussion of automation within hospitality technology in 2016 whereas in 2019 some hotels and resort will be coming up with guest band. With the studies, it is understood that a certain age group are using the internet at a higher percentage. There is a boost in online food ordering. In 2013 it was 11% whereas now in 2019 it has raised up to 53% and till 2020 it is been forecasted to 58%. Consumer behaviour has also been changing due to digital innovation. They set their own benchmark; believe in word of mouth with online ratings and reviews, always like to experiment and explore new things and has also become frequent switchers with more option available to them.

VII. Conclusion

The result of this paper in reference to digital innovation, it expresses a lot of scope for the hospitality industry, leading to advance development to satisfy consumers. Many organizations are being collaborated with software companies to cater guest with more inventive ideas to please consumers. In fact, many organization has already adopted digital techniques using advanced technologies such as robotic hotel, keyless door lock, online booking and reservation, doorstep food delivery and the results are quite clear; the higher percentage of guest satisfaction, change in consumers behaviour. Digital innovation has also helped the organization by taking green initiatives, knowing the customer, increase in revenue, reducing operational cost and also improving staff performance.

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