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The **Current State** *of* **Technology in Hotels** *and the* **way forward**
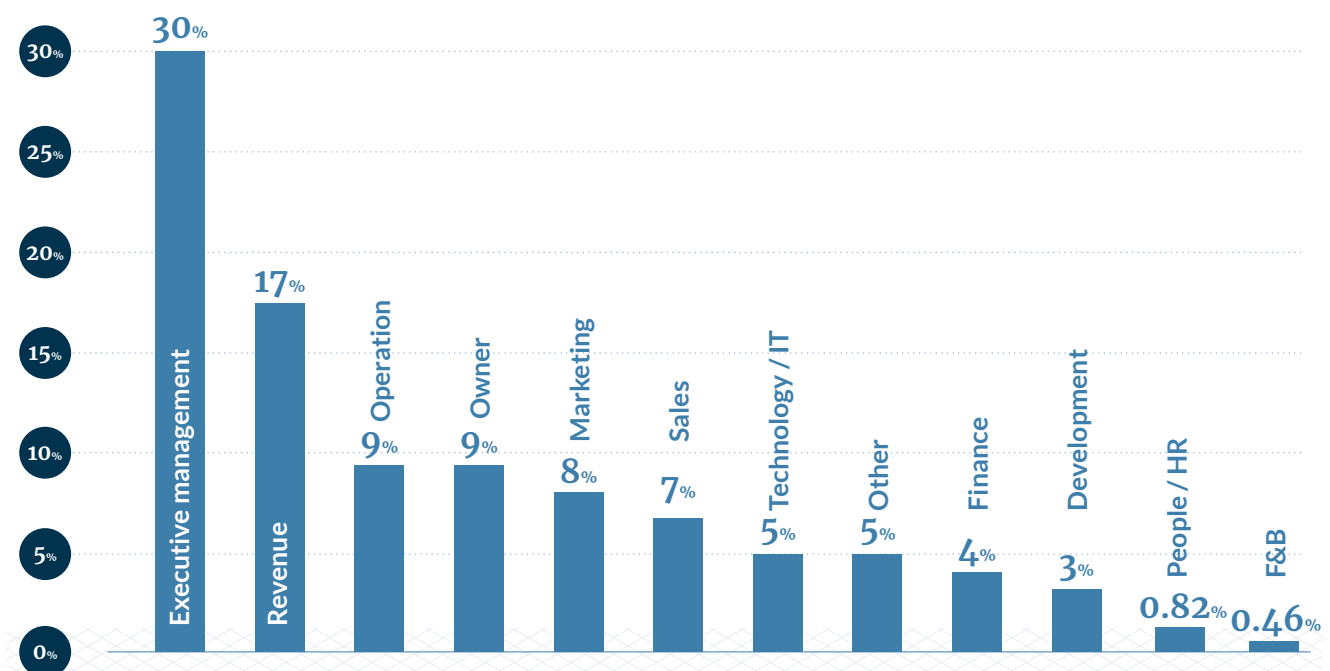
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Premise and methodology

At the beginning of 2021, the consulting firm, Travel Singularity, was appointed by Shiji Group to conduct a survey on the current state of hotel technology. The study contained 26 questions split across four sections and was run from January 25 to February 19, 2021. The study surveyed independent properties (51%), followed by branded hotels (24%), and hotel management companies (12%). Respondents' roles varied from executive management (30%) and revenue management (17%) to operation and owners (9% each). Of the survey respondents, 48% were based in Europe, 20% in North America, and 14% in Asia. Questions covered topics ranging from the current location of technology (cloud vs on-premise), integrations, technology goals, evaluation criteria, the role of people, and priorities for the challenging year ahead. The survey was conducted anonymously to an extensive database, external to the Shiji Group: 78% of the respondents, in fact, were not currently customers of Shiji, or any of its brands, at the time of the survey.

WHAT IS YOUR JOB FUNCTION?

Executive management	30%
Revenue	17%
Operation	9%
Owner	9%
Marketing	8%
Sales	7%
Technology / IT	5%
Other	5%
Finance	4%
Development	3%
People / HR	0.82%
F&B	0.46%

Executive summary

In this report, you will learn more about major hotel tech trends and the perception that hoteliers have toward technology adoption today and, moving forward, post-pandemic. You will also understand how the COVID-19 pandemic accelerated the rise of certain technologies, especially touchless solutions.

Some of the key findings include:

- **Forty-four percent** of hoteliers interviewed currently use a mix of cloud and on-premise solutions

- **Six percent** of them are willing to rely entirely on legacy systems in the near future

- **Twenty-five percent** of respondents think technology can improve the guest experience

- Touchless technology is an unstoppable trend, with more than fifty percent of respondents looking to digitize their check-in and check-out processes

- Even after the pandemic, hoteliers are still willing to invest in innovation

By sharing the findings of this research, Shiji aims to show the hospitality industry rebound is a global challenge that can be achieved together by putting the right technology at the very heart of your operations.

Hoteliers expect migration to the cloud to continue and feel better supported by cloud providers

When asked about what scenario best described their current organization's IT environments, 26% answered with "some cloud / most on-premise," while 33% stated their IT environments are already "mostly on cloud, with some on-premise." Despite this encouraging data, 17% of respondents openly admitted all of their infrastructures are still completely on-premise. Looking ahead, approximately one-third (28%) of the interviewed affirmed they anticipate their infrastructures to be completely cloud-based over the course of the next two years, with only a minority (6%) deciding to continue relying only on legacy systems. Exactly 50% of respondents feel they are better supported by cloud tech providers, versus 33% that prefer the service of on-premise vendors. It is important to note, 17% of those surveyed either did not answer the question or had no strong opinion on the topic. Analyzing the open answers of the surveyed, the main reasons to move technology to the cloud are service quality (50%), followed by security/privacy (47%), and integrations/cost of ownership (44%). Only a modest 27% of participants stated that product quality is a motivating factor in the decision to move their infrastructure to the cloud.

"Within 2023, the majority of hotel tech infrastructures will be completely deployed to the cloud"

WHERE DO YOU SEE YOUR ORGANIZATION'S IT ENVIRONMENT TWO YEARS FROM NOW?

33%
Most on cloud some on-premise

28%
All cloud

26%
Some cloud most on-premise
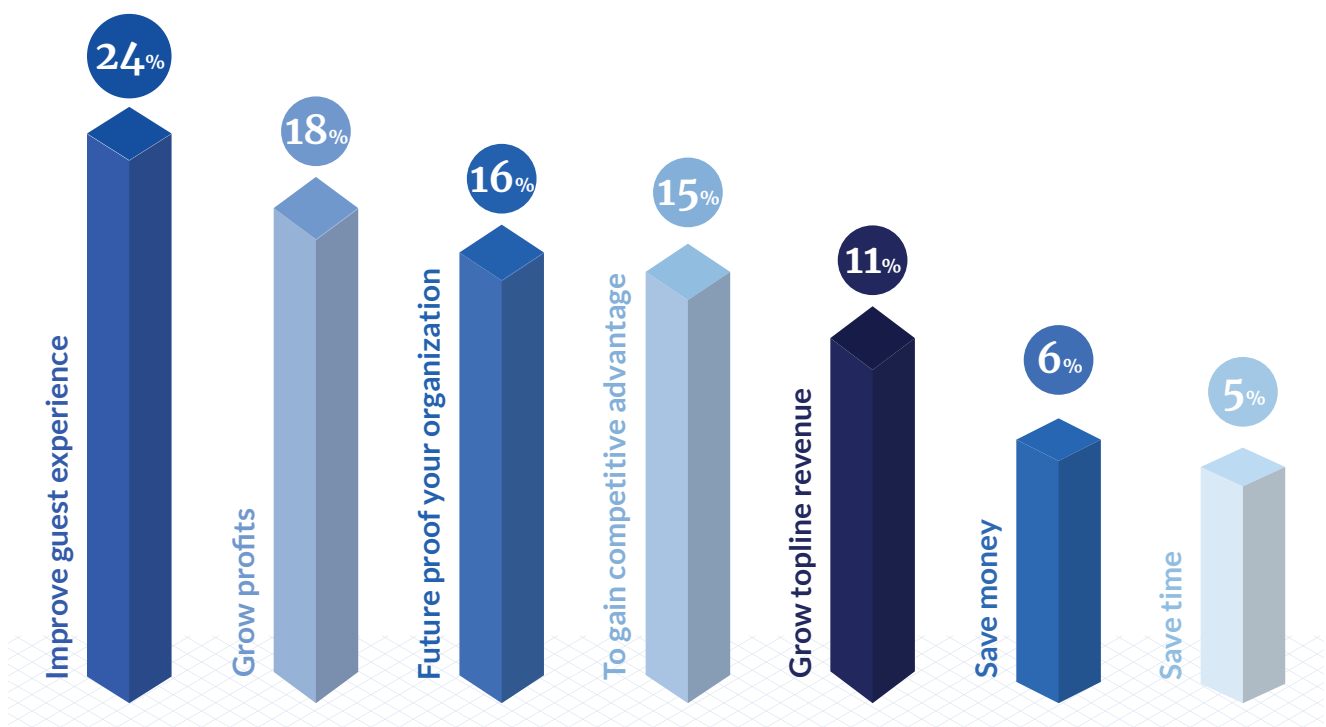
8%
N/A

6%
All on-premise
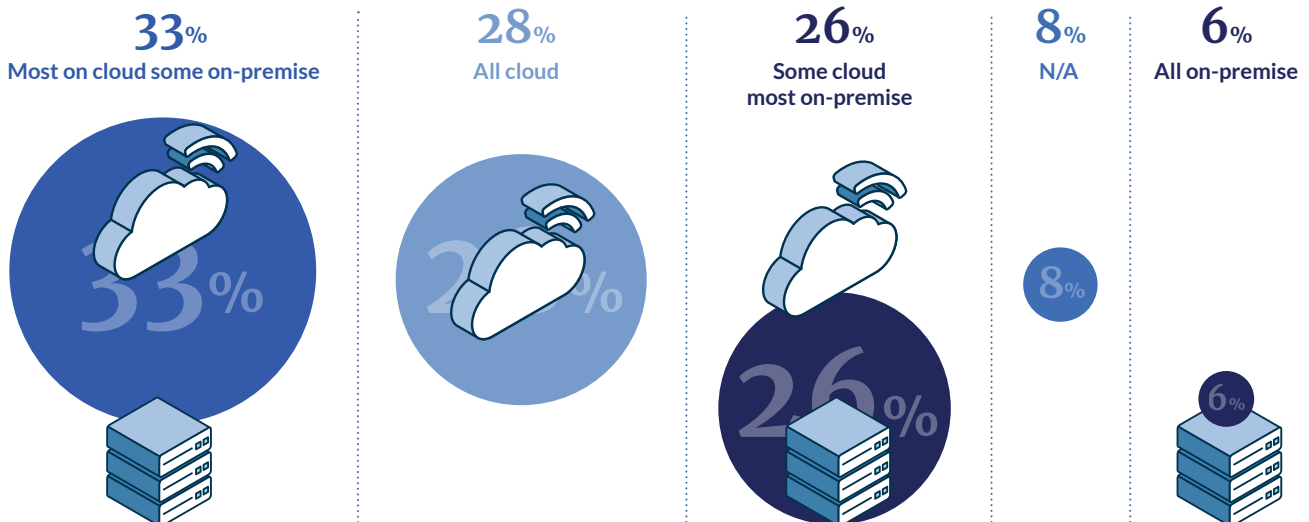
Technology is mainly perceived as a means to improve guest experience

Hoteliers who stated their top goal for technology is to improve the guest experience had the largest group of respondents (24%). Of the respondent, 18% are looking at technology to grow their profits, 16% think adopting new tech can help them future-proof their organizations, while 15% admit that technology can assist them with keeping up with the competition. In an industry where the scarcity of time is a major problem, however, the theme of time-effectiveness does not seem to resonate particularly with hoteliers, as only 5% of participants highlighted it as a priority. Surprisingly, only 6% stated saving money is their top goal with technology, indicating that hoteliers will not implement new technologies just to save money- the technology must improve guest experience.

The need hotels have to create a frictionless, guest-first approach is exponentially more important than the practicality of technology adoption"

WHAT IS YOUR TOP GOAL FOR TECHNOLOGY?

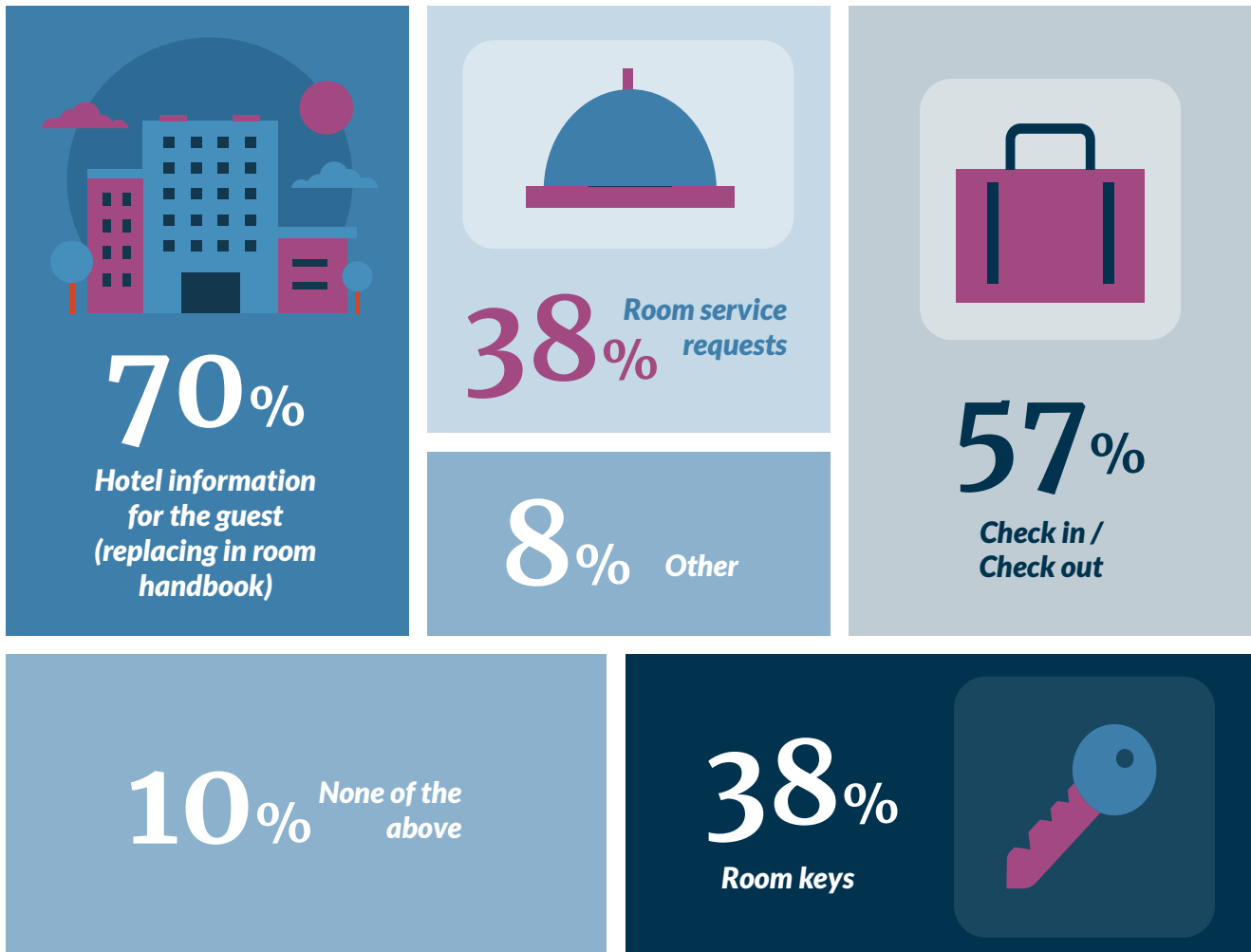| Improve guest experience	Grow profits	Future proof your organization	To gain competitive advantage	Grow topline revenue	Save money	Save time
24%	18%	16%	15%	11%	6%	5%

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Replacing commonly touched items is a priority

In 2021 and the immediate years ahead, ensuring guests feel safe while staying at their properties will be paramount for hoteliers. Digitizing certain elements of a hotel stay will play a role in this. When asked which aspects of the guest journey they are looking to digitize in 2021, 70% of respondents stated replacing printed hotel information collateral (for example, in room handbooks) and 57% stated they are looking to digitize their check-in and check-out processes. Surprisingly, digitizing room service requests and room keys were in last place, tied at 38%.

WHICH ASPECTS OF THE GUEST JOURNEY ARE YOU LOOKING TO DIGITIZE IN 2021?

70%
Hotel information for the guest (replacing in room handbook)

38% Room service requests

8% Other

57%
Check in / Check out

10% None of the above

38%
Room keys
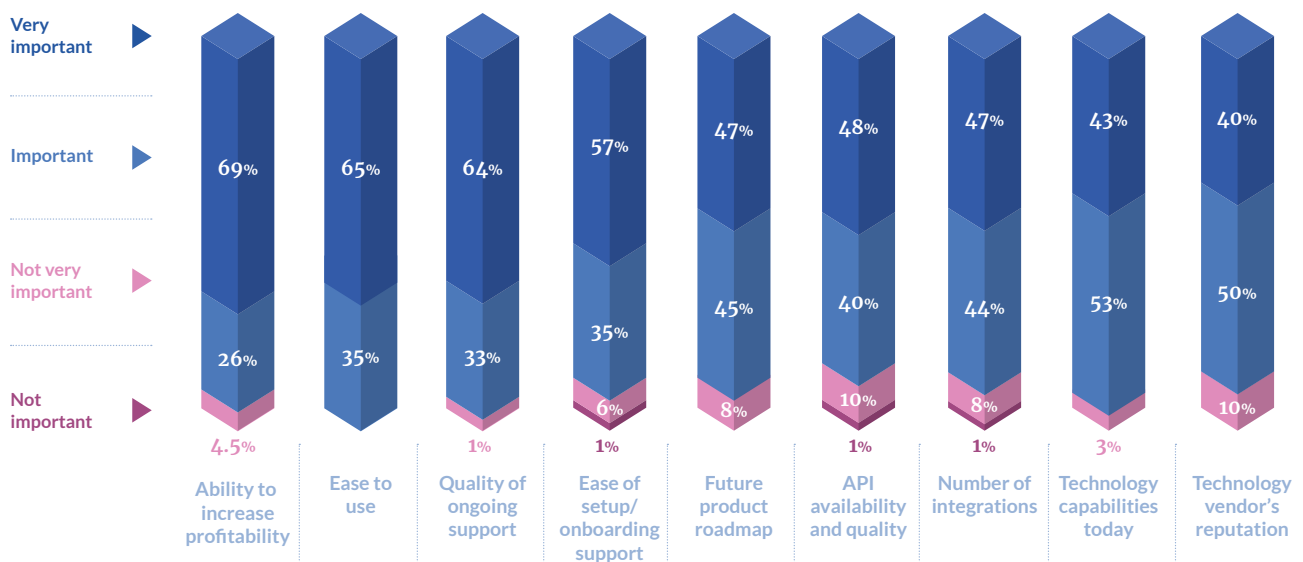
Multiple selections allowed

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What drives decisions in tech adoption: profitability, ease of use, integrations, and support

For over two-thirds (69%) of the respondents, the ability to increase profitability is a very important factor in the decision process when implementing new technologies. Ease of use (65%) and quality of support (64%) follow closely. Surprisingly, the less relevant factors in the choice of adopting new tech are vendors' reputation (40%) and current technology capabilities (43%). When asked how important technology integrations are, the majority (71%) stated they are very important, with only 1% considering integrations not essential. The average number of PMS integrations each hotel has is between one and five (53%), with 21% of hoteliers having between six and ten integrations.

A small, yet remarkable number (9%) of properties count over thirty integrations. POS-wise, integrations are way less numerous, with 25% of properties having only two integrations. When it comes to the most relevant aspects of software integrations, the main mentions go to the ability to make the daily activities easier (71%), followed by the actual quality of integrations (67%). Finally, demonstrating, again, the thesis that time-effectiveness does not seem to be a particular concern for most hotels, only 40% of respondents believe a quick setup/installation is important.

"Tech agnosticism and seamless integrations are major requirements for almost every hotel surveyed"

WHEN EVALUATING NEW TECHNOLOGY, HOW CRUCIAL ARE THE FOLLOWING FACTORS IN YOUR DECISION PROCESS?

Very important

Important

Not very important

Not important

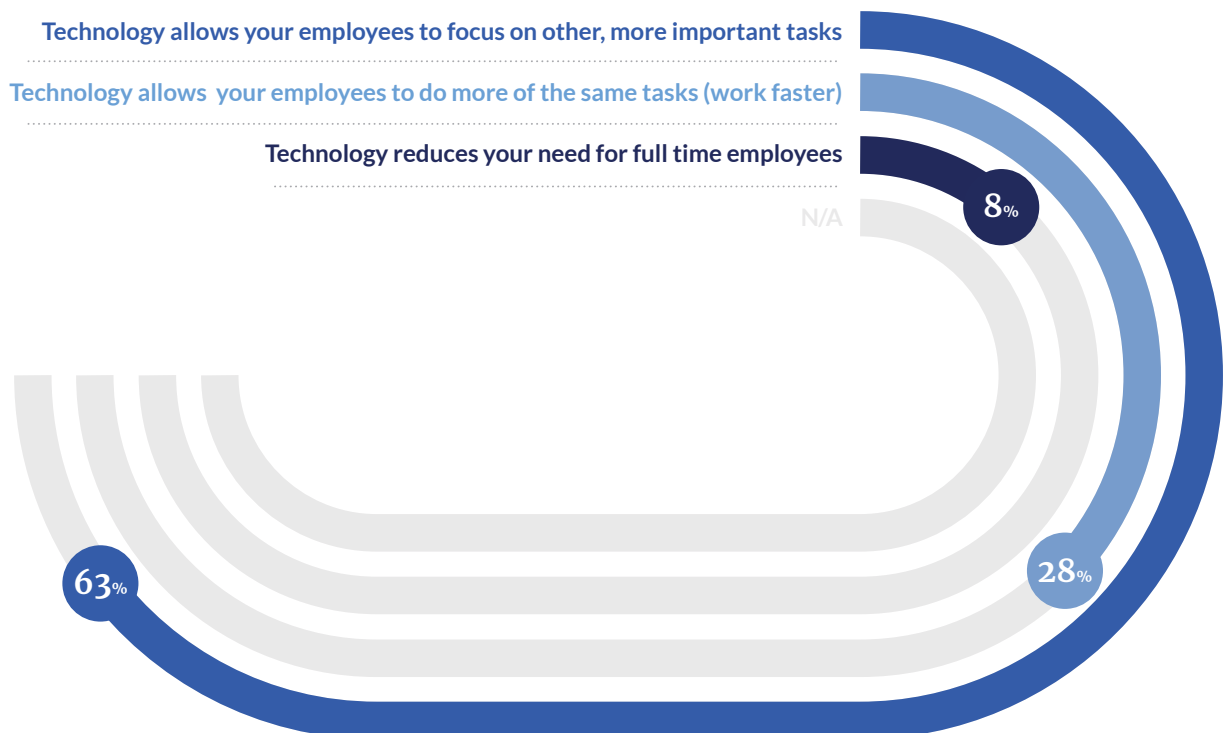| Ability to increase profitability	Ease to use	Quality of ongoing support	Ease of setup/ onboarding support	Future product roadmap	API availability and quality	Number of integrations	Technology capabilities today	Technology vendor's reputation
69%	65%	64%	57%	47%	48%	47%	43%	40%
26%	35%	33%	35%	45%	40%	44%	53%	50%
			6%	8%	10%	8%		10%
4.5%		1%	1%		1%	1%	3%	

*Multiple selections allowed

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Technology can free people to do what they do best, instead of replacing them

According to 63% of respondents, technology allows employees to focus on other, more important tasks. Only 8% believe technology reduces their need for full-time employees, while one-fourth (28%) thinks technology can help workers to operate faster. Two-third (62%) of surveyed stated the higher priority for their organization is to find the right people/technology balance to operate in the leanest, most efficient way possible. This reinforces the feeling that, even though our industry is going through massive growth in terms of tech adoption, hospitality remains a human-centric sector, and the role of technology will be limited, at least in the near future, to the enhancement of human potential, rather than their replacement/robotization that some recent studies tend to suggest.

"Technology will not replace humans, it will simply help them to work faster and more productively"

HOW DO YOU VIEW TECHNOLOGY AS IT RELATES TO EMPLOYEES IN YOUR ORGANIZATION?

Technology allows your employees to focus on other, more important tasks

Technology allows your employees to do more of the same tasks (work faster)

Technology reduces your need for full time employees

N/A

8%

63%

28%

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PMS are still at the top of the food chain

Around half (48%) of interviewed feel the PMS is a "strong" strategic partner, followed by guest experience solution suppliers (42%), and POS (30%). The perception of one out of two hotels is, seemingly, that property management systems are still the most important piece of technology in one's technological arsenal. Googling "Hotel PMS" results in over 9 million hits. There are approximately 40 vendors listed on the famous marketplace, HotelTechReport, showing that one of the most primary hotel technologies around is still far from being dethroned. This high interest in

PMS's opens an intriguing debate on what a property management system actually is or should be. Literally speaking, a PMS is a "system that manages the property," evoking scenarios of turnkey, all-in-one solutions. However, a particular new wave of PMS providers seems to be more inclined to drift away from the strictly semantical notion of property management systems, in favor of a more agnostic, open-to-third-parties, hub-like approach.

"Of all the relationships with vendors, the one with PMS is still the most precious to hotels"

HOW MUCH DO YOU FEEL YOUR TECHNOLOGY SUPPLIERS ARE A TRUE STRATEGIC PARTNER IN YOUR BUSINESS?


* Multiple selections allowed

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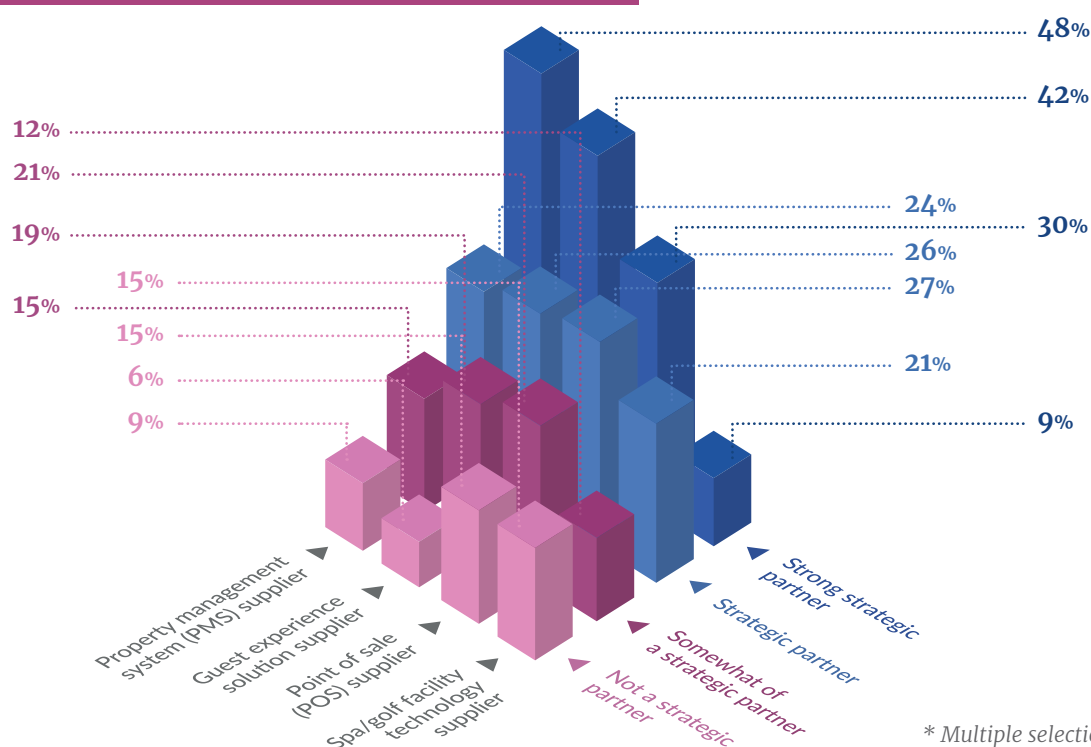
Technology budgets have been slashed by the pandemic, but there is still a strong will to innovate

Unsurprisingly, for around half (44%) of the surveyed respondents, the budget allocable to technology in 2021 will be lower than the previous year. Of respondents, 26% admit they allocated the same budget as 2020 and only 21% predicted they will invest more in technology in the next year. As we saw above, most hotels are planning to digitize certain aspects of the guest journey, with the majority looking to digitize in-room handbooks and other printed collateral.

With tight budgets, hoteliers will have to be strategic when prioritizing their technology investments in 2021. Decreased budgets and the need to invest in touchless technology is a direct consequence of the COVID-19 pandemic, and symbolizes the current state of the hospitality industry.

"Touchless technology will likely outlive the hype created by the COVID-19 pandemic and could become the norm over the next few years"

HOW WOULD YOU DESCRIBE YOUR OVERALL 2021 BUDGET FOR TECHNOLOGY AS COMPARED WITH THE BUDGET AT THE BEGINNING OF 2020?

=
Same as last year
26%

Lower than last year
44%

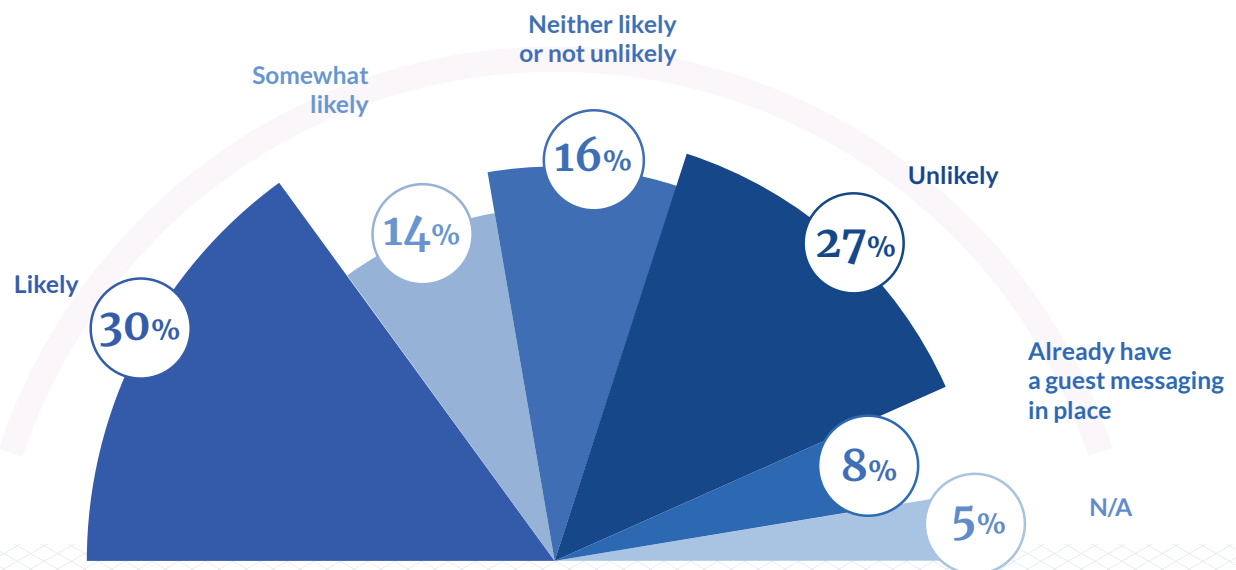47%

Higher than last year
21%

2021

N/A
8%

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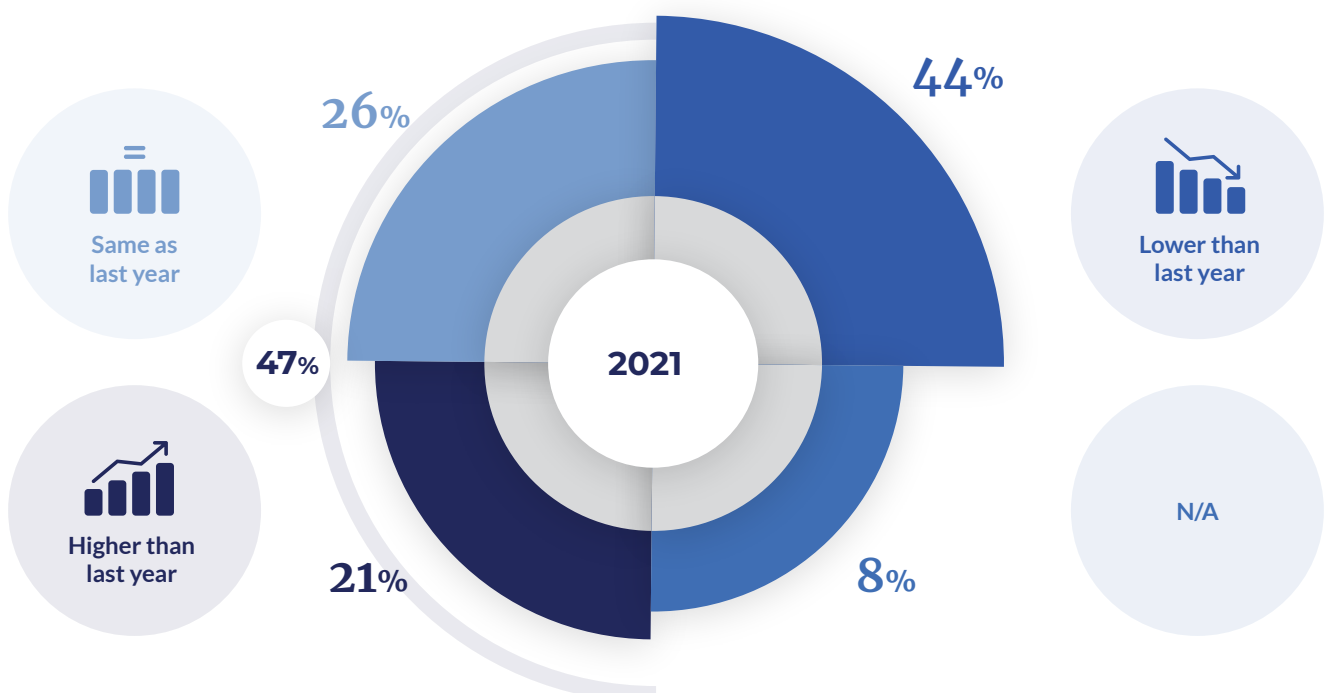
Feeling towards guest messaging apps are still mixed

The adoption rate of guest messaging apps between the participants is still relatively low (8%), and the feelings toward the technology itself are mixed, at best. Interestingly, 30% of survey respondents are likely to implement some form of chatbots in the next 12 months, while 27% are still not taking this technology into consideration. A modest 16% are neutral to guest messaging apps. The discussion about conversational marketing and messaging apps, in general, is a hot one, yet most hotels have not made up their minds on adoption.

"Despite the huge advantage in the guest messaging apps space, hotels are still reluctant to adopt the technology"

HOW LIKELY ARE YOU TO IMPLEMENT GUEST MESSAGING (MOBILE CHAT) SOLUTIONS IN THE NEXT 12 MONTHS?

Neither likely or not unlikely
16%

Somewhat likely
14%

Likely
30%

Unlikely
27%

Already have a guest messaging in place
8%

N/A
5%

Conclusion

What we learned from analyzing hundreds of hoteliers' answers is the surge of clear patterns. Amongst the different areas we scrutinized, five trends emerged distinctly:

1. The rise of cloud infrastructures is an unstoppable trend in hospitality, even though a minority of properties still completely rely on legacy systems

....

2. Technology is an enhancement, not a replacement, to the human

....

3. Property Management Systems are still at the core of hotel operations

....

4. Even though budgets for technology are reduced in 2021, hotels are still willing to innovate

....

5. Guest messaging apps entered their technological mature state but are still underused in most properties

According to the open answers we received in the survey, most of these trends will likely strengthen over the next 12 to 24 months, evidence that most properties are eager and culturally/entrepreneurially ready to embrace new technologies in their day-to-day operations in the near future.

About Shiji Group

Shiji Group is a multinational technology company that provides software solutions and services for enterprise companies in the hospitality, food service, retail, and entertainment industries, ranging from hospitality technology platform, hotel management solutions, food and beverage, and retail systems, payment gateways, data management, online distribution and more. Founded in 1998 as a network solutions provider for hotels, Shiji Group today comprises over 5,000 employees in 80+ subsidiaries and brands in over 23 countries, serving more than 91,000 hotels, 200,000 restaurants, and 600,000 retail outlets.

About Travel Singularity

Travel Singularity is a consulting firm for hotels and travel tech vendors. Founded in 2017 by futurist Simone Puorto, the company has proven experience in positioning and repositioning hotel and travel tech company brands. From strategic planning to performance tracking, Travel Singularity's mission is to close the gap between the hospitality industry and new technological advancements. The company operates in over 10 countries, serving independent hotels and tech vendors willing to scale their marketing strategies up.

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