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EXTRACT FROM HOTELS 2020 WITH UAE INSIGHTS

# The digital ready hotel: *recruiting tomorrow's talent*





# The digital ready hotel: recruiting tomorrow's talent

Hotels are assessing how they can use digital technologies and data analytics to deliver memorable guest experiences. As 2020 approaches, they will need to make digital a part of everything they do – from marketing and distribution to in-room entertainment. But most hotels don't have the talent, technology or organisational structures to achieve this, especially in the UAE where a lack of skilled workforce has persistently been cited by business leaders as a constraint on growth. They will need targeted investment and creative solutions to transform key areas of the business in order to remain competitive in the lead up to 2020.

The hotel sector is not unique in its need to reinvent itself for a digital future. But, unlike other industries, the sector has yet to see large-scale digital disruption. Internet banking, for example, delivered a digital investment ultimatum to the financial services sector several years ago.

Hotels have escaped such severe disruption so far, but that may change soon. Not only must hoteliers satisfy the demands of empowered and digital-savvy guests, but they must also understand how they can extract meaningful insights from customer data. They can use this to further segment their B2B and leisure customer bases and anticipate future guests' wants and needs.

**“This will help them create marketing initiatives and customised offerings to compete against rivals. If they don't, someone else will.”**

**Steven Perkins**  
Global leader – technology, Grant Thornton

At the same time, hotels should see social media as a vital channel to engage with consumers. According to Mintel research, Hilton is currently dominating the sector's conversation on social media, claiming a 45% share of voice<sup>1</sup> through its prize competitions on Facebook and its @HiltonHelp guest assistance team on Twitter. This is giving the hotel chain an advantage as it seeks to acquire new guests in a world in which hotels are losing traditional touch-points with consumers. Many commentators indicate that most hotel businesses are not equipped to cope with the digital era.

Within the UAE, the second generation and millennials are emerging as the leaders of tomorrow and hence embrace innovative digital solutions. UAE hoteliers need to embed this notion as it has been identified locally that social media is beginning to impact revenues and showing demonstrable return on investment within the leisure & hospitality sector.

“To satisfy today’s guests and get better insight from data, you can be sure that hotels will be competing against other industries for the best talent especially in Dubai with the lead up to Expo 2020”

**Hisham Farouk**  
CEO  
Grant Thornton UAE



The UAE was ranked the 24th most networked ready country (ahead of some key European economies) by the World Economic Forum last year<sup>2</sup> which further evidences how the country is continually working towards becoming one of the most advanced and tech-savvy countries in the world. With the leisure & hospitality sector continuing to attract millions of tourist each year, with its residences coming from around the world and with the UAE having one of the youngest nations in the GCC it is becoming imperative for hoteliers to clinch this mobile enabled generation who are inevitably the decision makers of the future and the ‘guests of tomorrow’.

By embracing digital marketing and having an integrated approach, UAE hoteliers can continue to enhance the guest interaction, drive traffic to key external channels and collect data using innovative back office management solutions to truly personalize service delivery. Historically in the GCC, Starwoods committed 75% of their marketing spend to digital marketing<sup>3</sup>. By using digital effectively, hoteliers can also continue to evolve the communication channels between them and their guests using social media platforms pre and post stay to truly deliver a distinct service which sets them apart from the competition in an increasingly competitive marketplace.

Hotels will also need to build an IT infrastructure that can support growing data-driven demands and handle new challenges around risk.

We can see some hotels already investing significant amounts in the digital space. Meliá Hotels International, as one example, is committing over US\$1 million over the next three years in technology and digital marketing expertise<sup>4</sup>. Meanwhile, Accor has committed US\$225 million to a major digital transformation project<sup>5</sup>. To compete, the others will need to take action quickly or risk getting left behind between now and 2020.

Globally, the UAE is known to be one of the most connected countries. The Global Information Technology Report 2015<sup>7</sup> released by the World Economy Forum highlighted that there are more Facebook users in the UAE compared to the global average. With this in mind can hoteliers really overlook digital? But how can they attract digital talent to meet the demand?

#### **The talent conundrum**

The hotel sector is about to enter a digital talent war. The problem is, it’s a war being fought on multiple fronts. Almost every other industry is also competing for digital expertise. As businesses reshape themselves around digital, there is a surge in demand for tech skills – from strategic digital planning through to data scientists and programmers.

# 300

team members were trained to use Meliá Hotels’ new sales app at its 2014 global sales convention<sup>8</sup>

## “The hotel sector is about to enter a digital talent war.”

**Steven Perkins**  
Global leader – technology, Grant Thornton

As hotel brands seek to boost social media engagement and build their presence across channels such as Facebook and Twitter, it is clear that mastering social media requires a skill set of its own. Hilton has demonstrated, through its success on social channels, that hotels with dedicated staff and expertise in social marketing will dominate the conversation on these channels. At the same time, hotels should consider how unfavourable comments on social media can do significant damage to their reputations. Many have already brought in people to monitor customer reviews and respond where necessary to regain goodwill or counter malicious campaigns. At the same time, they should ensure they are using the latest technologies to help them become more effective in this area.

Some hotel executives have seen this in practice as front-of-house teams use their digital skills to

respond to guests' needs.

The Economic Impact Report highlighted that Dubai Expo 2020 would create over 277,000 jobs of which 40% will be within the leisure & hospitality sector<sup>10</sup> in Dubai. This will inevitably lead to a so called ‘war on talent’ within the sector. According to a study by Monster.com<sup>11</sup> companies ranked information technology roles difficult to fill.

To ensure they have people with the required mix of advanced technical skills, hotel HR teams will need to reconsider their approach to talent management, reviewing how they find, assess and recruit new staff. It’s important that hoteliers harness the power of digital now to provide employees with those engaging and empowering experiences that drive and strengthen the workplace today and enable the workforce of tomorrow.



30%

of global hoteliers plan to hire staff specifically for social media<sup>9</sup>

2 Networked Readiness Index, World Economic Forum, 2014  
3 Starwood commits 75% of marketing spend to digital, Hotelier Middle East  
4 Meliá Hotels International creates Meliá Digital to lead the digital transformation of the company, Meliá Hotels International, November 2014  
5 Accor launches its digital transformation – ‘Leading digital hospitality,’ Accor, October 2014  
6 Digital Detox, The National  
7 Global Information Technology Report 2015, World Economic Forum  
8 Meliá Hotels International creates Meliá Digital to lead the digital transformation of the company, Meliá Hotels International, 28 November 2014  
9 ‘Hotels increase 2012 marketing budgets for mobile and social campaigns,’ TravelClick, 2011  
10 Economic Impact Report Summary, Dubai Expo 2020  
11 UAE firms struggle to search applicants with technical skills, The National

“A guest could be on our mobile app but will also have the ability to chat live with our service manager, so it’s all about being able to reallocate resources between the digital and physical space so we can serve these evolving consumer needs and expectations.”

**Michael Dominguez**

Senior vice president for hotel sales, MGM Resorts International

### Time to upskill

Talent recruitment is not the only priority for hotels – they should also rethink their internal training activity. “Unfortunately, the people with the most contact with guests are usually the lowest paid. The person behind the desk doesn’t have the training to mine data, so it’s going to be a challenge to make that data readily available to them in a way that enables personalisation,” says Jeff Weinstein, editor-in-chief of Hotels Magazine.

Over the next few years, hotels will need to focus on up-skilling these employees, and on translating complex back-office data analytics into user-friendly systems that will enable front-of-house staff to personalise the guest experience.

“The technology has to become easier and easier to use moving forward. If you’re talking about apps that require the concierge to have direct interaction with the guest based on their input, for example, it has to be very simple to operate.”

**Régis Kahn**

Director of strategy and e-commerce, InterContinental Hotels

12 'Ericsson mobility report: Global 4G/LTE divide will be wide in 2019,' Ericsson, June 2014

13 'Westin hotels offers guests sounder sleep through smart tech,' Quicken, March 2014

14 Amadeus and Fast Future, 'Hotels 2020 – beyond segmentation,' 16 April 2014

15 'Accor launches its digital transformation: Leading digital hospitality,' Accor, 30 October 2014

16 Starwood's high-tech hotel rooms have robot butlers and smart mirrors

17 UAE hotels go technology savvy, The National

96%

of respondents in an Amadeus survey believe the hotel industry will adopt approaches such as crowdsourcing and open innovation to speed innovation<sup>14</sup>

€225 million

is the amount Accor will invest in its digital transformation by 2018<sup>15</sup>

## Building the infrastructure for 2020

Hotels' efforts to recruit digital-savvy talent will be futile if they do not equip that talent with the right technology. To drive insight from data, hotels must enhance their ability to process and analyse it in real-time. This means updating their systems to enhance the data-processing capacity. "A lot of hotel groups are now at a crossroad where they know they really need to invest in their core IT infrastructure if they want to grow their business," says a spokesperson on behalf of Amadeus Hotels Management Group.

For some hotel management companies, a challenge may be that their owners are reluctant to invest heavily in upgrading their properties' IT systems. This could add tension between hotel managers and owners and potentially gives an advantage to those hotel groups that own a greater number of their properties.

Hotels will also need to learn to gather data in new ways. Some of the most innovative means of creating personalised services rely on sensor technology to understand customer behaviour. The Ericsson Mobility Report for 2014, for example, predicts that the number of active cellular machine-to-machine devices will increase three to four times by 2019<sup>12</sup>.

This opens many opportunities for differentiation, if hotels can learn to use sensors effectively. Westin Hotels is already trialling new smart sensor technology that allows it to track guests' sleeping patterns and offers personal coaching tips to help them sleep better<sup>13</sup>.

Starwood properties now have high-tech hotel rooms with robot butlers and smart mirrors<sup>16</sup> with other brands such as Premier Inn investing a substantial amount in the UAE on technology components<sup>17</sup>. With a relatively young and fast growing population, the UAE is set to benefit from its large pool of millennials who will continue to shape the economy and service models in the future. Hoteliers in the UAE must embrace the digital population by providing innovative solutions to tomorrow's guests that will not only support with promoting efficiency, service levels and processes but will also inherently promote brand loyalty amongst the guests of tomorrow.

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## Act now to welcome 2020

**In our view, most hotels are simply not geared-up for the digital business era. And, of those that are showing interest, far too many are taking a too-slow, too-conservative approach. Over the next few years, hotels must prioritise investment in the new talent and technology they will need while reshaping their organisational structure to fit a new business model. The battle for talent is fierce, and may require creative thinking – such as working more closely with strategic external partners. Hoteliers that can drive their businesses based on properly interpreting and acting on the data will be the winners in 2020.**

**Erik Janse**

Information technology services partner, ConQuaestor Grant Thornton

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# Five digital-ready questions for hotels

- 1** Which areas in your organisation will you need to strengthen the most, in relation to digital talent, between now and 2020?
- 2** Will you seek to bring talent in-house, or work in strategic alliances with external service providers?
- 3** Do your IT systems have the capability you will need to support mobile applications and process greater volumes of data in real-time?
- 4** Are your front-of-house teams prepared for the implementation of new digital technologies?
- 5** How will you make your risk function ready to defend against escalating cybercrime?



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[hisham.farouk@ae.gt.com](mailto:hisham.farouk@ae.gt.com)

[www.grantthornton.ae](http://www.grantthornton.ae)



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