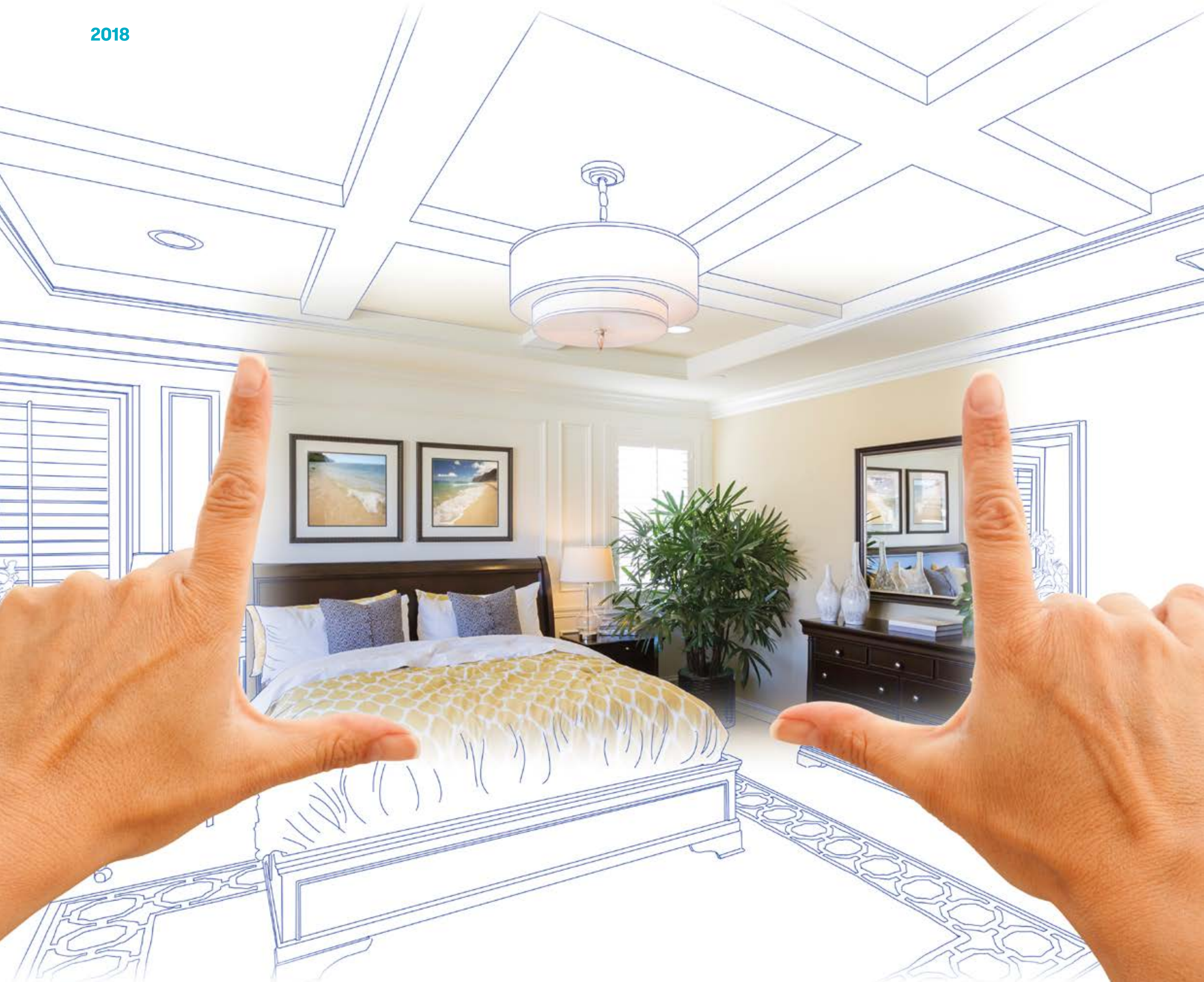
Hotel Re-Generate: mega-trends impacting hotels

2018



Foreword

The global hotel industry has been in existence for thousands of years, with the oldest hotel continuously operating since the year 705 in Japan.[1]

It therefore comes as no surprise that the industry was merely positioned and known for providing little other than shelter, until 1947, when the Hilton Roosevelt became the first to provide televisions in guest rooms, and a year-later introduced a multi-hotel booking system.

Long-established hotels have been subject to arduous processes and regulations, which in some cases have stifled creativity and innovation, however with a lack of choice and less demanding guests, such hotels have continued to grow in geographical presence and size. The industry has however recognised the need for change, which in the last twenty years drove several mergers in order to remain active in the market, and presence in key growth markets, with the most notable merger in recent times being Marriott-Starwood.

In contrast to the global view, the Arab region has been in a prime position to align to the changing needs of the traveller, given the industry is less than half a century old and therefore not burdened with legacy processes. The region was in active build phase from the 70s with a clear association and position of an oil and gas generator. In the 80s this position drove a whole host of business guests which saw the emergence of isolated hotels being developed to cater for this need, with the Metropolitan Hotel on Sheikh Zayed Road being one of the very first hotels to be built.

Fast-forward to the 90s, and the political and economic stability, coupled with the advanced and growing infrastructure saw homegrown hotel groups being established, which included the Rotana Group in 1992, Jumeirah Group in 1997, and the Emaar Group in 2005. Rotana focused on both five-star and four-star products from the outset, while Jumeirah Group and Emaar Group initially sought to address the luxury travel market and capitalise on the growing tourist base.

Hotels across the region have enjoyed a steady flow of business, health and tourism guests, with each category of traveller being catered for with the blend of services and facilities available to the region, coupled with the limited industry reform or consumer demand fluctuations.

The landscape today is not as magnanimous, with the industry bearing little to no resemblance of its inception in the region, given the various reforms and market evolution which has been experienced.

The region is progressively repositioning its economic base from an energy-driven provider to a diverse industry and entrepreneurial base, which offers an appealing platform for international investors and for the youthful talent of the region to drive competitive and innovative businesses, as a way of elevating the presence and position of the region, whilst delivering on the ambitious government targets.

Such diversification will bring ongoing opportunities to grow the MICE footprint, which will further be endorsed by Expo 2020, along with existing and growing conferences such as Gulfood, Arab Health and GITEX. Furthermore, as the region grows in industry presence, which includes becoming the global hub of financial services and fin-tech, along with the inception of the Museum of the Future, we expect to see a rise in new and innovative conferences which drive both ongoing and new target audiences to the region.

Ongoing government initiatives such as Vision 2021 and Saudi 2030 will continue to drive reform and development in the medical profession, which has already doubled from 2015-17. We expect to see inbound medical tourism increase by 500,000 by 2020, with patients coming from MENA, CIS, China and Africa.[2]

This segment of tourists will be stimulated further with ongoing authority development, similar to the recent Health Authority – Abu Dhabi (HAAD) and Abu Dhabi Tourism & Culture Authority (TCA Abu Dhabi) agreement, which has established a medical tourism network for international patients travelling to the Emirate of Abu Dhabi for healthcare and treatment services. Through this agreement, HAAD and TCA Abu Dhabi aim to develop an integrated and comprehensive network of best-in-class service providers for international patients seeking specialised medical treatment and expertise.[3]

Furthermore, the ongoing global shift, coupled with the strength of the region's infrastructure will both continue to contribute to strengthening and evolving the hotel industry. Emirates alone has a 22.6% share of international traffic, with the GCC outperforming the rest of the region in the last decade. The country is served by 42 airlines, 11 of which are commercial carriers with a focus on passenger transport services. In terms of passenger traffic, Dubai International Airport was the busiest airport in the region, handling over 78 million passengers in 2015, followed by Doha International Airport with 30 million passengers.[4]

Such positioning and connections continues to support the region as being the gateway to the rest of the world due to its geographical position, which will continue to provide a strong pipeline of travellers and tourists. A recent study suggested that 66% of Indian travellers plan to visit the region for seven days or less, of which 43% were millennials. Further, in 2017, almost 30% of hotel check-ins came from the GCC region. Such trends are aligned to the notion of an effective entry experience which include smart solutions and visa-upon-entry.[5]

There are however common elements which regional and global hoteliers are impacted by which include:

- Diverse traveller behaviours which are in keeping with the technological revolution and youthful population which is emerging
- The creatively curious traveller who leans towards the sharing economy and therefore inquisitive to new market solutions and entrants
- Restricted consumer spending power as a result of global economic pressures
- Increased market fragmentation and supplier choice for the traveller to select from
- Millennial generation traits which are associated to being less brand conscious or loyal advocates
- Access to greater information and knowledge, along with artificial intelligence (AI) driven advertising to influence buyer decision-making

In summary, the industry is prone to market changes and realignment of operational models, with the adoption of tech being penetrated effectively. However, hotels in the region are encouraged to regenerate their mindset, approach and appeal to the new-age traveller, along with reconsidering the elements which may impact the buyer choice in the future. This paper aims to consider how hoteliers within the UAE can regenerate the following elements:

- Tech-disruption and its impact on mass-personalisation
- Brand fragmentation for the new traveller
- Remaining relevant in a diluted market
- The future of tourism in the UAE

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Market Outlook

In 2017, the highest occupancy rate in the world was seen in the Asia Pacific region at 68.7%. In the same year, both the highest ADR and the highest RevPAR were seen in the Middle East and Africa, which is synonymous with the spending power across the GCC, along with the geographic position of the region.

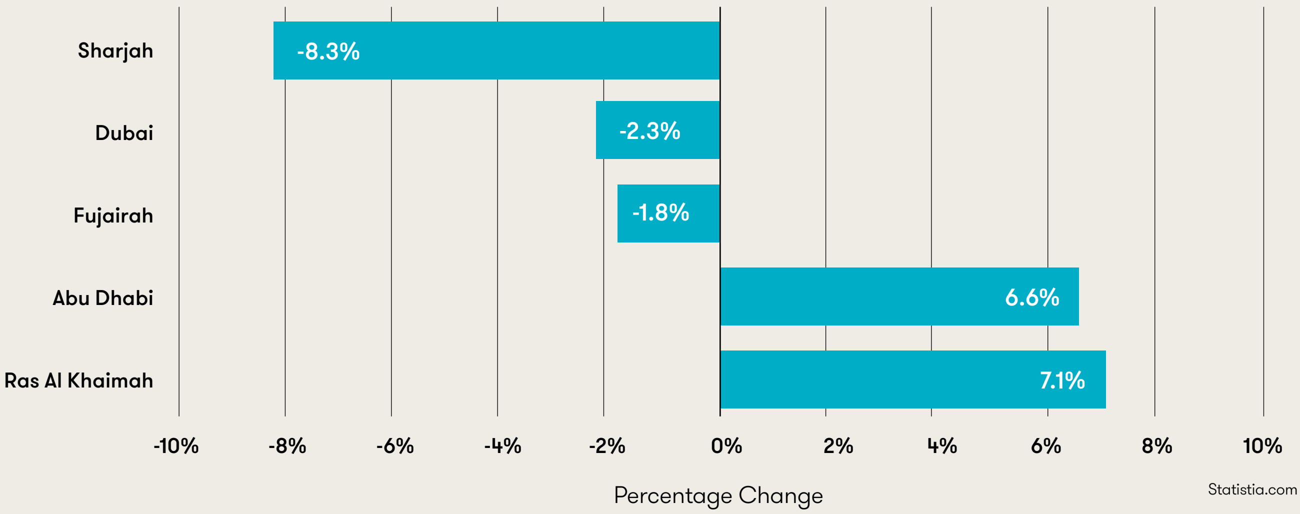
Hoteliers must consider the influencing global shift towards Asia Pacific, given the trading power and cost-effective manufacturing hubs which countries in this region will offer, along with the backpack culture which the curiously intrigued millennial will strive for.

In terms of the current position within the UAE, Dubai and Abu Dhabi continue to rise in prominence, however, in recent years, Ras Al Khaimah (RAK) is beginning to emerge as the country's hidden gem. Setting itself a target of one million visitors by the end of 2018, Ras Al Khaimah Tourism Development Authority (RAKTDA) has forecast 4,445 new rooms to be added to its hotel capacity ranging from mid-market to luxury 5-star properties.

Dubai also continues to be a major holiday destination and has continued to strengthen its position as a business hub, particularly given it is the sixth most visited destination in the world despite the strong local currency. The hospitality sector in the emirate is expected to witness continued growth in the future, with occupied room nights forecast to reach 35.5m annually in 2019 and amounting to a healthy 10.2% compound annual growth rate (CAGR) over the next 24 months. Room supply in Dubai is meanwhile estimated to grow to 132,000 by the end of 2019, growing at a 2-year (2017-2019) CAGR of 11.1% with occupancy levels forecast at a robust 76-78% despite growing inventory.[6]

Abu Dhabi hotel occupancy rates surged to 81% in February 2018, up by 5.1% from the previous year earlier and the highest level for a February in Abu Dhabi since 2009.[7]

Figure 1: Percentage change of the Bedroom Occupancy Rate (OCC) in the hospitality sector across the United Arab Emirates between September 2016 to 2017, by emirate



Overall in the UAE, hotel occupancy levels rose 0.5% to 75.1% while the average daily rate dropped 3.8% to AED 599.58, and RevPAR dropped 3.3% to AED 450 in 2017.[8] Despite these figures, the travel and tourism sector is estimated to increase from 2017 to 2027 to AED 116.1bn (USD 31.6bn) which would be equivalent to 5.4% of the total GDP in 2027.[9]

The percentage change in bedroom occupancy (figure 1), across Abu Dhabi and RAK can be correlated to active target marketing. Abu Dhabi saw the largest visitor increase from India and China, as a result of the UAE introducing visas on arrival, likewise new tourism products such as the Louvre Abu Dhabi and Warner Bros Studios on Yas Island have diversified the local offering for families and tourists alike. RAK has also targeted tourists by promoting the emirate abroad in source markets and at various conferences, with emphasis on the millennial market who seek adrenaline-filled locations, which RAK provides.

Whilst the hotel industry has heavily relied upon RevPAR, % Occupancy and ADR as financial performance indicators, perhaps the time has come to introduce a new set of metrics which assess guest experience and of criteria which travellers will come to expect such as digital connectivity.

Tech-disruption and its impact on mass-personalisation

The rapid evolution of technology has significantly reduced the time it takes for hoteliers to introduce new and innovative solutions which contribute to delivering a distinctive guest experience. It took some 40 years from the inception of the first TV to a hotel-specific telephone being introduced into guest rooms, it then took half this time to evolve from the phone to the launch of the first hotel mobile app.

The age of tech-disruption, shifting socio-dynamics and evolving guest preferences can no longer afford hoteliers time and complacency. There is a real cause for shifting the focus of operators and owners from operational to tech-enabled practices which will drive buyer behaviour and influence guest experiences.

Whilst tech-disruption will continue to impact hoteliers in many ways, the leverage of such technology is important to consider, particularly given it is an enabler of change, efficiency and the portal to big data.

Whilst many hotels either have or are considering mobile apps and virtual check-in desks, which put the control of an in-room and resort experience control back into the guest's hands, it is important to consider how the data collated from such devices can be penetrated and used further to continue growing market share and a repeat custom pipeline.

When we look to the demographics of the current and future traveller, there is a need to answer the multi-faceted requirements of the increasingly discerning and digitally native new traveller looking for unique and authentic experiences tailored to their individual interests and to reflect their own personalities and desires. Furthermore, the Chinese, Russian and Indian target audience are predicted to continue travelling to the region, looking for a local experience with a connection to their native land.

The trading hub of the region, the UAE, will continue to grow in presence for the business traveller who will spend their time in hotels as a respite from their increasingly demanding schedules, whilst the medical tourist will seek a place to recover and heal in peace.

The diverse requirements and growing needs of each traveller profile will continue to evolve, and will also be subject to multifaceted choices through the emergence of the sharing economy, new market entrants and new concepts to offering accommodation in a cost effective and unique manner – whilst capitalising on AI to advertise and influence buyer behaviour. Such challenges are at the fore for hoteliers and hence using big data to offer personalised solutions will offer competitive advantages.

86% of travellers now view personalised offers as central to their decision making when making a purchase, therefore data must be used at the spontaneous search point of a potential traveller through to selling the next holiday destination.

Effective personalisation in the hotel sector stems from obtaining and tracking guest information from the point of sale, combined with capturing information during their stay and interaction with the hotel, whilst uniting external data sources such as website history and social media feeds. Possessing the necessary data together with investing in the right tools and technology could reward hoteliers with increased revenue of as much as 6%.[10]

Such data will provide the hotel with a deep analysis of their guest profiles, preferences and buyer behaviours. Likewise, through the use of data analytics and management benchmarking boards, hoteliers are able to assess trends in guest choices which would lead to the emergence of new services and solutions.

Hotels can deploy technology to enrich the guest experience from the moment they make a reservation, by using ad-content algorithms to show customised offers to customers based on their search, whilst analysing guests' social-media "likes" to present tailored add-on choices upon check-in.

Data should be used across the entire guest journey from point of embarking on their trip search to disembarking back home. Travellers are emotionally connected to their journey in the first 48 hours of landing back home, therefore the role of data and mass-personalisation should not stop at the check-out desk. It is important to continue reminding your guests of the experience they had and how sister properties of hotels could be the destination of choice for the next visit.

With the ever-increasing role of smart technologies such as AI, hoteliers are presented with an evolving means in which to drive mass-personalisation, with the ability to predict consumer behaviours whilst making recommendations for its target audience. Laggard organisations who fail to be a part of the digital movement online will experience the loss of essential user-behaviour based data which will be key to driving ongoing strategy and unlocking new revenue generation potential.

It is no longer enough to know that a guest has stayed with you before: guests are seeking compelling and engaging tailored brand experiences at each touchpoint throughout their stay and during the user journey online, with more choice and control. Organisations who fail to navigate and apply big-data into its strategy will need to prepare for its customers to be lured away by new market entrants, entrepreneurial businesses and tech-enabled challengers at a click of a button.

Evolution of hotel technology[11]

1947	The Roosevelt Hotel NYC installs guestroom TVs.
1958	Sheraton introduces Reservatron, the first automated electronic reservation system in hospitality
1983	VingCard invents the optical electronic key card.
1986	Teledex Corp. introduces the first telephone specifically for hotel guestrooms.
1994	The first hotel chains launch websites on the Internet (Hyatt Hotels and Promus Hotel Corporation).
2003	Hotel WiFi begins a steady increase, as more than 6,000 hotels make it available to guests.
2009	The first mobile hotel app for guest service and operational enhancements is introduced by Intelity.
2012	Introduction of the first service-enabled hotel brand app by Conrad Hotels & Resorts, through a partnership with Intelity.
2014	Accor pilots the digital concierge concept in the UAE.
2016	The world's first robot hotel opens in Japan, furthering the discussion of automation within hospitality technology.

Brand fragmentation for the new traveller

In the wake of a challenging global travel landscape, new market entrants, and the rise of online intermediaries, hotels face a new reality in which the brands that will survive will be the ones that can attract and anticipate the needs of the diverse traveller and increase their reach in this new digital era where the choice of customer reigns.

Search engines, aggregators, and online travel agencies continue to steal market share and strengthen their grip on the consumer through immense marketing efforts and superior technology such that the hotels of the future could be consigned to be the passive recipients of third party business rather than initiating and leading brand conversations and guest interactions.

Online and mobile transactions are taking a larger share of the travel market across the region, particularly as a younger, tech-savvy demographic emerges and moves from a face-to-face booking model to 24/7 virtual travel agencies. With 40% of its population under 25, and one of the highest mobile phone ownership rates in the world, mobile bookings in the UAE are estimated to leap to 45% this year.[12]

Hotels have turned to brand fragmentation as a strategy and they are doing so for a variety of reasons: to address the needs of every age cohort as they look to compete on all aspects of the hotel sector; to retain authenticity within each brand offering; and to create tailored experiences. Hotels are rolling out these new and tailored experiences via a diverse range of properties, from luxury lodges and trendy boutique hotels to value-packed midscale properties and mixed-use developments as well as the region's flagship luxury offerings.

Within these new properties, hoteliers are integrating key trends or in some cases launching a portfolio of new brands to accommodate a more diverse customer base. Some of these trends have already been discussed at length such as the increasing desire to 'stay local' and participate in authentic and immersive travel experiences. Other trends include the importance of promoting wellness and wellbeing by designing properties with natural light and using sustainably sourced materials.

Design is no longer the mainstay of boutique hotels as more brands shed their obsolete interiors in a bid to appeal to young, design-conscious travellers. Jumeirah Group has for example, recently launched Zabeel House in Dubai labelling the brand as being 'high on design but low on complexity' with each hotel in the new brand offering 'an element of bespoke design, unique features and architectural details'.[13]

Reflective of the rising prominence of digital nomads and remote worker and in an attempt to enter into the sharing economy, another burgeoning trend springing up in hotel lobbies is the idea of co-working spaces where travellers can engage, entertain, and network, together with access to high speed WiFi and a 24/7 concierge. Marriott International, for example, has launched a design and lifestyle brand, Moxy Hotels, offering communal spaces with plentiful power sockets, a 24/7 self-dining concept, fast and free WiFi, with Marriott Rewards loyalty programme members getting access to more digital features through the Marriott Mobile app including mobile check-in and check-out, and keyless entry.[14] In this region, Emaar's innovation lab e25 launched 'letswork' co-working spaces targeted at freelancers, SMEs who have run out of space, and anyone else looking for a place to work and meet instead of your typical office space.

Hotels are also embracing technology and incorporating the Internet of Things into the fabric of their properties in order to differentiate themselves and transform the guest experience. Innovations include keyless room entry, virtual concierge, online check-in and check-out powered from a hotel app, personalised entertainment selections based on guest profiles, robot butlers, and voice-controlled climate and lighting in rooms.

Radisson Red for example describes itself as a "Lifestyle Select" brand, and lets its guests forgo the formal check-in process and instead lets them order everything from food to flowers via a mobile app. Starwood Hotels, meanwhile, has an app for the Apple Watch at its Aloft boutique hotel brand that allows you to skip check-in and unlock your room with 'a mere flick of the wrist' and has deployed its robot housekeeper Botler to deliver whatever towels or toiletries you have ordered via your smartphone app.[15]

Whilst technology and brand fragmentation will support hoteliers to retain and capture market share, there is a need to consider the balance required between the overall DNA and value of the brand, the continuing presence and dominance of international brands and the new emerging solutions required to address the needs of the new and diverse traveller.

Remaining relevant in a diluted market

When Airbnb first entered the travel market the battle lines were drawn with established hotels on one side and holiday rentals on the other. The lines are progressively blurring as the hotel sector diversifies its property portfolio and moves towards unique and personalised experiences.

It is still uncertain if Airbnb is taking revenue from hotel industry or if they are increasing the size of sector in general by bringing more visitors to the market. Hoteliers often argue that Airbnb guests do not represent typical hotel customers, as this category of guest may have stayed with friends and family had an Airbnb option not existed. Nonetheless, the ease at which Airbnb can add new supply stemming from a lack of regulation, gives it a significant cost advantage over hotel chains which might take several years to add a new property to the market.

What is certain is that Airbnb has dramatically lowered the barriers to entry to the hotel industry. It currently offers 4m listings in over 191 countries of which 1.9m listings are instantly bookable – more rooms and more instantly bookable listings than the world's largest five hotel chains combined (IHG, Marriott, Hilton, Wyndham and AccorHotels, 3.88m listings[16]). In the decade since its inception in 2008, the online home-sharing company has witnessed a meteoric rise in popularity valued at USD 31bn as of May 2017, welcomed over 200m guest arrivals globally, and is currently hosting on average 2m people in its homes, shared rooms, and private rooms on any given night around the world.[17]

As the Internet facilitates growth in the sharing economy and hence the growth of Airbnb, the challenge for hotel chains is how to adapt, collaborate, and level the playing field. This increasingly collaborative economy has fundamentally shifted the mindset of consumers in how they make travel plans and reserve accommodation. Sharing economy customers recognise the value of staying in a 'home from home' environment, the benefits of home amenities such as a washing machine and kitchen facilities, the additional space, and the relative lack of administration fees that come with sharing. The modern traveller wants to live like a local, connecting with the local culture and community rather than focusing on attractions.[18]

Under pressure from this rising competition and a squeeze on its margins from online travel agents, several hotel chains are attempting to diversify by acquiring or building alliances with short-term residential platforms, developing new brands that answer the needs of an Airbnb profile traveller, and launching localised services to increase interactions with its customer base:

- AccorHotels has acquired Onefinestay, the UK-based luxury home rental site; Squarebreak, a French home rental start-up; and Travel Keys, a US group that acts as a broker to hire luxury villas.[19]
- Hyatt Hotels Corp has invested in The Oasis Collection allowing it to feature the 'handpicked' home rentals in its Unbound Collection by Hyatt with plans to integrate Oasis into its World of Hyatt loyalty programme.[20] The Oasis Collection also offers its guests 24/7 assistance and access to private member's clubs.
- Emaar Hospitality Group, in a joint venture between Emaar Properties and Meeras Holding, has introduced Rove Hotels in Dubai which they say is "for the young and young at heart – defining a new niche in the hospitality sector offering reliable, modern, fuss-free, efficient and stable service.[21]
- Wyndham Worldwide's timeshare division RCI has purchased Love Home Swap, a home exchange club in which users pay a monthly membership fee to book time to stay in other people's homes, while simultaneously listing their properties for people to book.[22]
- Marriot International is diversifying into the digital experience marketplace having invested in the tours and activities meta-search platform PlacePass to power local experience and excursion recommendations on the Marriott website and mobile app.[23]

"Rotana has developed 5 brands that have been defined to suit different types of guest and their varied needs. Within each of these brands we are also able to present certain aspects of the product or service offering that are more relevant to specific groups of guests. For example, our Arjaan brand is very flexible and has been able to appeal to the long-term serviced accommodation market, as well as to short-term families and also other guests simply looking for a more Airbnb or self-catering accommodation option. Whilst our Centro brand caters for those guests looking for something affordable without compromising on quality, as well as for young millennials or entrepreneurs. Our Rotana Hotels & Resorts and Rayhaan Hotels & Resorts brands are designed to appeal to different groups of guests who share the same desire for more luxury accommodation."

Rotana Hotel Management Corporation PJSC

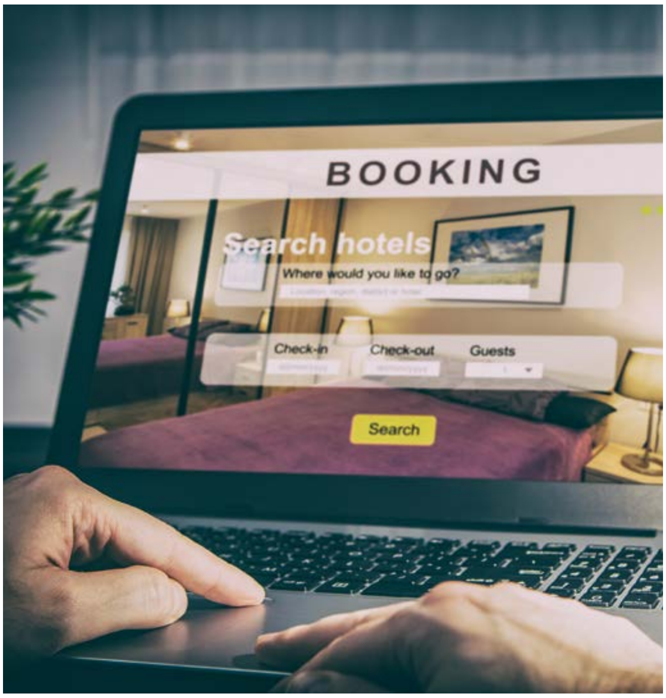
Aside from responding to new market entrants, hoteliers must consider ongoing initiatives which provide an appealing edge to its competitors, whilst directly addressing the evolving needs of its guests. Previously we assessed the broad category of travellers who will continue to drive demand and presence across the region. Hotels must consider innovative ways in which to continue attracting these audiences in order to remain relevant.

Business Traveller – this traveller is not in need of accommodation but a virtual office, therefore to remain relevant, hotels need to consider 'business-focused' solutions beyond a business centre.

Medical Tourist – hotels could consider forming strategic partnerships and alliances with medical institutes, so that a bespoke package and service could be offered, from hospital bed to flight seat.

Millennial and inquisitively intrigued traveller – this tech-savvy and price conscious traveller is looking for a thrill-seeking adrenaline pumped break, therefore perhaps consider a bidding online app where the sale of last minute rooms and combined adventure sport offers are promoted.

Family leisure seeker – whilst new service solution providers such as The Entertainer are entering into the hospitality sector, in order to offer a diversified range of services, hoteliers could consider stepping outside of the hotel market into a 'service-driven' mindset which offers a holistic set of solutions and offers from travel insurance, nanny services through to redefining the loyalty programme which works for families and that locks-in brand loyal guests from an early age.



Viewing hotels as accommodation providers will be a thing of the past, guests will expect more, be targeted and attracted by a wide and diverse range of solution providers, along with having the luxury of choice. Such market dilution must be carefully considered and planned for, ensuring hotels adapt their approach, solutions and offering in order to remain relevant.

The future of tourism in the UAE

The economic diversification policies pursued by the UAE have positioned the country as a leader amongst its peer countries in the region, which is set to register GDP growth of 3.8% in 2018, with tourism predicted to be one of the main drivers of growth in the UAE in 2018.[24] The travel and tourism sector contributes 12% of the overall UAE economy versus a global average of 10%.[25]

Located at the crossroads between Asia, Africa and Europe, its strategic demographic position by two of the world's fastest growing markets of China and India has underpinned its success as a key player in global trade and finance and has helped propel the country's travel and tourism sector which has grown steadily over the years. The introduction of new visa regulations has also helped increase visitor numbers from China and Russia.

Dubai was most recently ranked as the sixth most visited destination in the world and the only Middle East country in the top 10 with 16m visitors, it ranked ahead of Paris and New York,[26] and has seen a steady increase in demand for all types of hotel and holiday accommodation spanning hotel rooms, serviced hotel apartments, short-term holiday homes and Airbnb type accommodation from its visitors, supported further by recent and upcoming tourism attractions and experiences.

Over 70% of hotel online search queries are for luxury and high-end hotels in the Gulf region indicating this sector's enduring strength in an evolving market.[27] The market has, however, adapted to meet the varying needs of visitors and local markets, and the once largely luxury and 5-star hospitality supply now comprises of 33% luxury five-star hotels, while four-star hotels and one to three-star hotels account for 23% and 21% respectively, with hotel apartments contributing to 23% of overall supply.

Dubai has also invested in the development of large-scale tourism projects such as Dubai Parks & Resorts, IMG World of Adventure, Citywalk, Dubai Harbour, Marsa Al Arab and continues to build on the site of EXPO 2020 which is expected to attract more than 25m visitors from October 2020 to April 2021.

Abu Dhabi, also previously reliant on public sector demand, has focused on creating a diverse and vibrant tourist sector with the recent completion of The Louvre and a number of large-scale cultural, educational and retail projects in the pipeline including the Guggenheim Abu Dhabi, Zayed National Museum, and The District prime retail development set to open on Saadiyat Island. Saadiyat Island is fast becoming the jewel of the UAE's luxury beach accommodation, with many of the country's finest hotels and arguably the best beach in the whole of the UAE.

The future of travel in the country however will not only depend on new attractions but will benefit greatly from the UAE's focus on technology, and building smarter, and more sustainable cities of the future, and Dubai's plan to transform the emirate into one of the smartest cities in the world by 2021. The UAE is also expected to launch 5G technology in 2018: a mobile broadband service capable of ultra-fast speeds that is likely to revolutionise Internet usage in a country where mobile phone penetration is already at 228%.[28]

Digitisation provides several benefits to hoteliers, particularly with smart technology such as AI, robotics, virtual reality, augmented reality and cloud computing. This will enable the sector to leverage cutting-edge technology to predict guest behaviour, make every guest interaction meaningful with personalisation, replace time-consuming, repetitive, and mundane tasks with technology, while balancing the service it provides with the traditional human touch.

An element which hoteliers will need to consider in the future is the tech-ability, infrastructure investment and skills versus the rapidly-evolving technological development. Hotels of the future will enter into strategic alliances, partnership, and perhaps even consider buy-out solutions of developers who can keep the brand at pace with the market dynamics.

Intercity competition will become a notion which hoteliers will need to increasingly grapple with, particularly as states such as Abu Dhabi and RAK continue to reposition themselves in order to attract a wider share of the tourist market. The market dynamics of the UAE will also continue to add ongoing pressure for hotels, specifically given the investment landscape, entrepreneurial flair and ease of doing business in the region continues to develop. Such market forces will continue to see a migration of competitors and new solution providers, which will push hoteliers to think and act differently.

Hoteliers must reinvigorate their corporate strategies, human capital policies and internal culture in order to embrace and stimulate innovation for its people, which will act as a lever to attract youthful resources who can create competitive advantage. Further, hotels will have a part to plan in embracing and supporting national talent to migrate from public-to-private sector roles, particularly given the drive to build smart-public sector solutions which will result in mass-unemployment in the future.

Finally, societal demographics globally will enforce hotels to take their socio-impact much more seriously, particularly given this is increasingly becoming an important factor for talent who are considering their employer of choice and guests who are looking for a new solution provider. Coupled with this, the millennial and youthful generation are much more conscious and well-informed of environmental, social and gender parity issues which are impacting their environment today and which will continue to play a greater role of concern in the future. In order to embrace and attract the creative and tech-enabled generation, businesses must take their role in society seriously, ensuring they contribute responsibly to supporting the wider eco-system.

How Grant Thornton can help

Grant Thornton currently works with several of the world's largest hotel chains, regional hoteliers and local industry brands.

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