LAUSANNE
REPORT

shaping the future of hospitality – outlook 2030

extract

INTRODUCTION

Inspiring leaders and pioneers

As the premier institution for hospitality management education, Ecole hôtelière de Lausanne (EHL) aims to develop and distribute knowledge for the continued growth and renewal of the hospitality industry through applied research, real case studies and innovative publications. Based on this expertise, Lausanne Report identifies key trends and drivers of the global hospitality sector to support its future development.

It strives to stimulate and inspire hospitality leaders, those who will be taking the strategic decisions needed to meet the challenges of the future. At the same time, it addresses the faculties and students in educational institutions that focus on hospitality management, as they too must adapt to a changing business environment. Lausanne Report provides expert advice and knowledge to players in the hospitality industry worldwide.

The main objective of this report, however, is to provoke and stimulate a debate on future risks and opportunities. Its impact lies in exploring possible new landscapes and in disclosing inter-relationships between global megatrends and hospitality trends.

The way people think, behave, communicate, work, consume, live, and perceive reality is changing rapidly. How will these changes affect human preferences? What are the potential disruptions or transformational opportunities these shifts will have on us? In a nutshell: The future of hospitality is all about people. All efforts have to be made in that direction, we have to focus on the human element. In this new landscape, intangibles such as knowledge, experience, and people's involvement in creative processes are becoming increasingly important.

We are quickly entering an age in which access to assets means more than ownership. People are joining forces to create new currencies to support them in their goals and the new paths they want to explore. Cities are fueling this people-centric economy by building innovative hubs to rethink traditional hospitality systems and models.

Lausanne Report exposes different scenarios to respond to these challenges ahead, providing thought leadership, promoting creative thinking and worldwide benchmarking in hospitality. It paints an ambitious view of our future; let us embrace it. ■

Guglielmo L. Brentel
President of the Board of Directors EHL

Prof. Michel Rochat
CEO EHL

SHAPING THE FUTURE OF HOSPITALITY

Change creates opportunities

There are no recognized research methods that could predict the future adequately. Trend research is therefore a procedure that is not science-based, but practice-oriented and focused on decision makers.

This report is based on the relevant literature and scientific contributions in «trend and future» studies, and it combines these findings with the results of the qualitative analysis of interviews and more than twenty workshops. Forty hospitality industry leaders from fifteen countries have given us their input and shared their views of the future. We have compiled a list of mega-trends, sub-trends and forces that will shape the future and with it, the changes to come.

The main result from this process was the «P–BTE model»; it represents the four pillars of the hospitality environment: people, business, technology, and the environment.

These four dimensions and their mid- to long-term impact were studied in detail. Lausanne Report describes the future environment of the hospitality industry holistically and explains the interaction between the various global drivers of change that are affecting the evolution of hospitality. Some of these trends and relationships will lead to profound changes. The industry has no choice but to embrace them.

We have selected the six most important developments that will change the hotel industry for good.

P-BTE MODEL
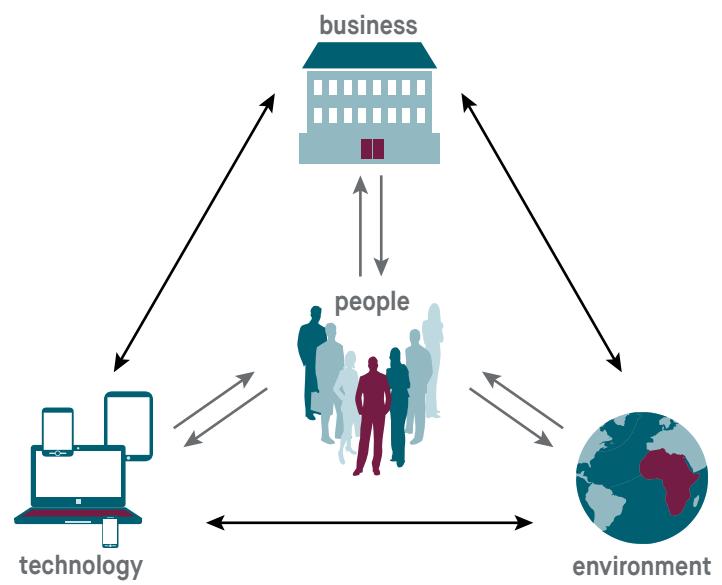
#1 SHIFT OF MARKET POWER

Consolidation vs fragmentation
Will globalization fragment or consolidate the hospitality industry?

Fragmentation and consolidation are the two opposite directions in which a market structure may evolve. However, both dynamics can co-exist and create risks and opportunities for the hospitality industry at the same time. The hospitality market in the USA is already consolidated and durably so. In Asia, the hospitality industry could continue to consolidate and create regional hotel chains and ownership. Europe is likely to remain fragmented although consolidation is gaining speed.

#2 VULNERABILITY ON THE RISE

Fragility vs resilience
Is hospitality becoming more fragile or more resilient?

Threats resulting from climate change, safety and security issues, wild card events (e.g. SARS, Zika, terrorist attacks, etc.) as well as unprecedented migration streams are today's and tomorrow's game changers. The main challenges for the hospitality industry are the lack of predictability and the magnitude of such events – and how fast the industry can react and adapt to crises. The hotel industry's ability to deal with this new type of fragility will be key to its success.

#3 IN SEARCH OF A SENSE OF BELONGING

Communities vs individuals
Will communities or individuals determine the future?

Concepts such as crowdsourcing, crowdfunding, crowd creation, peer-to-peer and sharing hospitality have their origins in the relationship between individuals and/or communities. Human beings need to believe and to belong – and the hospitality business has to be able to meet and integrate the demands of individuals, communities and networks.

#4 THE EMOTIONAL EXPERIENCE

High tech vs high touch
Does the guest of the future want high tech or high touch?

New armadas of physical and virtual robots will be deployed to meet customers' needs. And avatars will negotiate with avatars to ensure everyone's demands are met, and negotiate the best deals. However, the answer to high tech is high touch – that means emotions. The hospitality industry has to provide these emotions to attract and retain guests.

#5 SMART HOTELS DEPEND ON SMART DESTINATIONS

Autonomous vs connected
Will smart hotels be autonomous or connected?

By 2030, many cities will be embedded in so-called smart city clusters. This will pave the way for mutual investments, buffer energy and water supplies through decentralized resources, and provide a cluster-wide connected and adaptive safety and security infrastructure. Both infrastructure and management of the environment can be centralized, and new mobility concepts can be introduced and deployed.

#6 THE SCOPE OF KNOWLEDGE

Empathy vs efficiency
Must future talents be empathic or efficient?

Future hospitality managers will be stage directors who create memorable experiences and magic moments for their guests. At the same time, they must meet efficiency and profitability requirements and therefore find the best processes, technologies and methods to run their business. Last but not least, they must empower their staff and motivate all stakeholders. ■

How to read this report

To show the most important findings of our research, we have developed a method based on «decision making under uncertainty» and «scenario planning». Possible future landscapes are explored to the extreme in two divergent and antagonistic scenarios (see figure «state of the environment»). We have identified the most important triggers (rationales) for each extreme in the direction of each hospitality driver (horizontal axis). The impact – speed, magnitude and reach – of the states of the environment (scenarios) is highest at each extreme (vertical axis).

Under normal conditions (no disruptions or black swan events), many characteristics of both extreme scenarios are valid and co-existing. This situation is represented by the «smiley model» (see figure «the smiley model»), which merges the two perspectives.

In addition, changes in the business environment are put into the context of «what if» scenarios.

What is each hospitality manager's position between these two extremes? The answer to this question defines the mix of constraints and opportunities hospitality managers have to take into consideration to evaluate the best possible strategy for the future – a strategy that leads to decisions that have to be made under uncertainty.

Each thesis in this report is built around a specific driver of change; in thesis #1, for instance, this driver of change is «market power». Then, we define the rationales for the two contrasting scenarios and explain their respective consequences; thesis #1, for example, looks at «fragmentation and consolidation». The connecting elements that allow for a co-existence of both extremes are subsequently analyzed; as an example, thesis #1 discusses «fragmentation and consolidation go hand in hand». Eventually, we question both scenarios in «what if» cases directing future scenarios in an entirely different direction. As a sort of a takeaway, «food for thought» summarizes actionable opportunities and concludes our journey.

STATE OF THE ENVIRONMENT

Scenario L

impact
(speed-magnitude-reach)

left extreme

t1

t2

t3

hospitality driver

Scenario R

impact
(speed-magnitude-reach)

right extreme

triggers

t1

t2

t3

hospitality driver

THE SMILEY MODEL

impact

left extreme

right extreme

What if?

?

hospitality driver
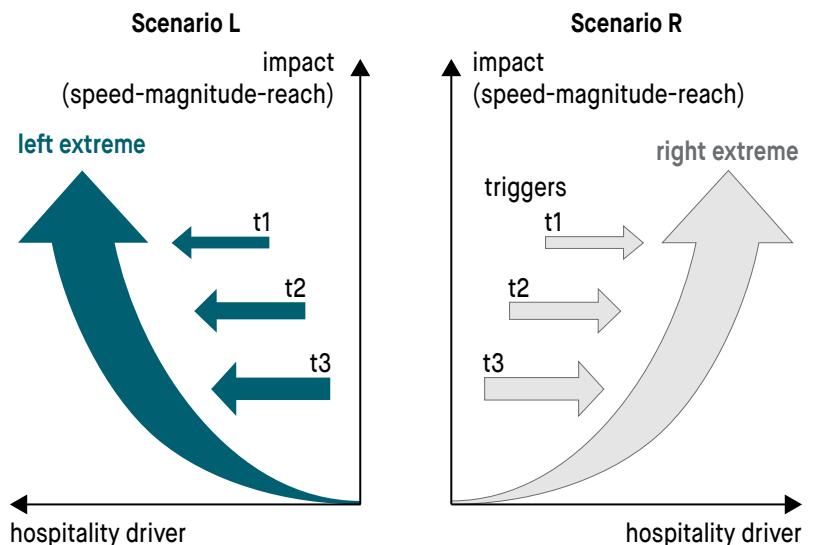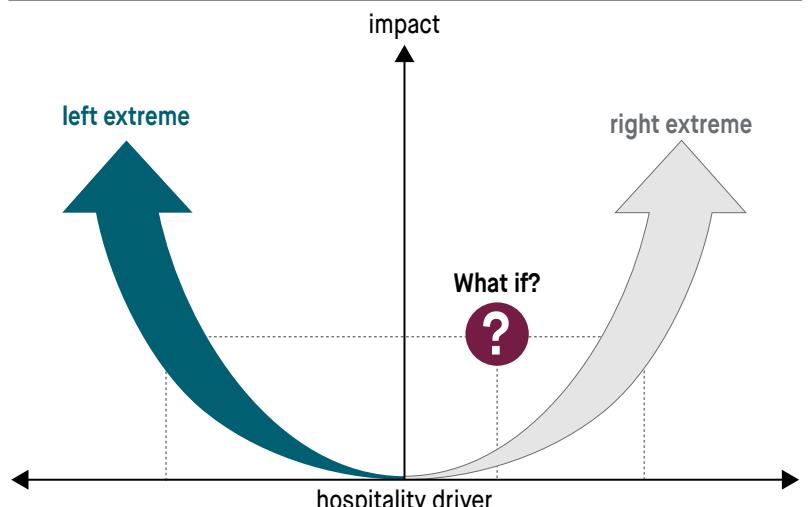
Will communities or individuals determine the future?

thesis #3

IN SEARCH OF A SENSE OF BELONGING

communities vs individuals

CONTENT

EXTREMES

WHAT EXPERTS SAY

«It's generational. My parents would not even think of being in somebody else's space, even in the home of someone they'd known for twenty years, if they're not there. If I'm at my close friends', I still won't open their fridge.»

Michael Levie
COO Citizen M

«We are going to see funds that will go in with a longer holding period and raise money for real estate: I believe, that's the new model, we're going to see.»

Andrew Katz
Partner at Prospect Advisors

«Why wouldn't you put a luxury hotel room on Airbnb? Then at least the guest knows that everything is covered: fire, life and safety – the whole lot. To me it's not a question of if but when.»

Gerald Lawless
Head of Tourism and Hospitality Strategy Dubai Holding

FACTS AND FIGURES

CROWDFUNDING IN HOSPITALITY

For
$10,000
individuals became equity owners of the Hard Rock Hotel in Palm Springs, which raised

$1.5 million
to refinance and renovate the property

Source: CNBC

CUSTOMERS ABOUT THE SHARING ECONOMY

57%
are intrigued by companies in the sharing economy but have some concerns about them

72%
could see themselves being a consumer in the sharing economy in the next two years

Source: The Sharing Economy by pwc

BLOCKCHAIN AND BITCOIN

Coinbase raised
$75 million
in the single largest venture-capital fundraising by a bitcoin-related startup

Source: coinbase.com

WILL COMMUNITIES OR INDIVIDUALS DETERMINE THE FUTURE?

«Are people the problem, the solution, or both?» asks Joel Cohen, professor of earth and environmental sciences at Columbia University. Hospitality is a people's business. All executives who have been interviewed for this report mention the «human factor» as the principal and decisive element for the development of the hospitality industry. People will be hosts and guests, investors, owners and clients – all at the same time.

Concepts such as crowdsourcing, crowdfunding, crowd creation, peer-to-peer and sharing hospitality have their origins in the relationship between individuals and/or communities. Human beings need to believe and to belong – and the hospitality business has to be able to meet and integrate the demands of individuals and communities alike.

Pushing things to the extreme will result in a polarized world where rules will be set by either individuals or communities, leading to the following two possible scenarios:
➢ **Scenario A** power to communities, or
➢ **Scenario B** power to individuals

> **« The hospitality business has to be able to meet and integrate the demands of individuals and communities alike. »**
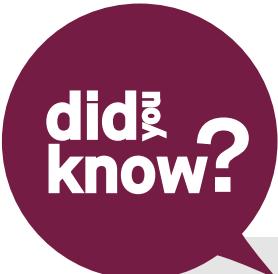
did you know?

CROWDSOURCING

describes the process of gathering ideas, content and services from a large group of people, mostly from an internet community, in contrast to obtaining such information and services from traditional employees or suppliers. Despite its huge potential to generate new ideas for product development, innovation and improvement, crowdsourcing is still predominantly used for marketing purposes – prominently so in the hospitality industry. [16]

CROWDFUNDING

is a version of crowdsourcing. Its objective is to raise capital from a large number of small investors. Active crowd funders – as opposed to passive crowd funders – do not only supply money but also serve as crowd sources. They help to design and test products and supply their network and their individual expertise, which helps the company to define its business strategy. This does not only result in financial gains for the company but has many other benefits, such as a new channel for corporate communications or a public relations platform. [17]

SCENARIO A
POWER TO COMMUNITIES

Communities will be the driving force for business success. Community-controlled organizations may outperform their competitors as they fulfill a social mission and meet the goals these communities strive for. ■

Crowdfunding and social benchmarks

Digital communication platforms make it easy for people to flock together in communities. Their members participate voluntarily, they want to engage actively and they can make or break a company. Communities have even begun to participate in new ownership models.

In the hotel industry, diverse ownership and management structures exist side by side, as illustrates the concept of brand ownership and real estate ownership. Institutional investors sometimes regard hotels as speculative engagements and therefore have a short investment horizon. This can be challenging for the establishment of a brand.

In contrast to traditional financing models, crowdfunding also pursues longer-term societal goals that may be related to the sharing economy, business ethics, sustainability, security or energy self-sufficiency. Individuals join communities whose values are in line with their own – and the community serves as a platform for the implementation of these ideas. Communities push companies into the sharing economy and into new codes of conduct. In this context, communities will appear as co-owners of hotels. ■
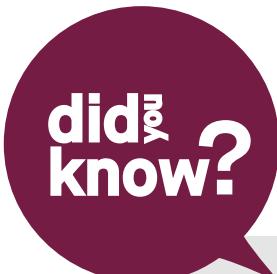
did you know?

In the United States about USD 25 billion are raised through crowdfunding annually, USD 2.5 billion of which are assigned to the real estate sector. In Europe, crowdfunding amounts to approximately USD 7 to 8 billion. By 2020, the rapidly expanding crowdfunding market could increase tenfold to as much as USD 250 billion.[18] This trend, largely driven by changing consumer needs and new and easy funding platforms, is supported by regulatory changes.

Initially, investors in crowdfunding schemes were accredited according to SEC[19] regulations. They had to meet demanding net worth requirements that limited any potential to attract smaller investors. But recently, the Securities and Exchange Commission (SEC) has loosened the reins on crowdfunding. Since March 2013, the so-called JOBS Act (Jumpstart Our Business Startups Act) allows for private placement offerings.

Why communities gain power

Communities might become significantly more important as they are supported by the following trends:

Leverage technology

Digital platforms promote the creation of new communities that will replace traditional hospitality segments. Communities pursuing special interests will push hospitality into following their needs, they will blur sectoral boundaries and reshape the hospitality market.

In 2014, the Hard Rock Hotel in Palm Springs used a crowdfunding platform to raise USD 1.5 million to renovate the property. Synapse Development Group, a joint venture between a Kuwaiti and a New York real estate investment firm, has launched a crowdfunding campaign to convert a historic office building in San Francisco into a 203-key hotel operated by YOTEL. The idea to syndicate small investors into a community for a project is not new, but the speed and the magnitude at which it is happening on crowdfunding platforms certainly is.[20]

Share your values

Millennials have the need to share values and join communities. Such community values will influence all aspects of the development of hospitality – ideas, concepts, standards, design, collaborations and investments. From crowdsourcing to crowdfunding to crowd ownership.

Cool investment tools

New investment tools facilitate novel types of hospitality investments, and regulatory bodies will help crowdfunding on a commercial level. Cryptocurrencies could be the new means of payment for shared investments and customer retention. The universal loyalty and rewards platform loyal.com, for instance, is introducing inter-operability, multi-branded coalitions, program liability management as well as customized issuance and redemption options[21] to a currently fragmented industry. ■

How to handle communities

New organizations – new models

When people hand over their needs and desires to the community, they cease to exist as individuals. They only act under the umbrella of the community. Communities will appear in the form of innovative organizations. They will define the new rules of hospitality, fill up unregulated fields and push hotels into the shared local economy. This calls for new organizational models.

Upgrade your leadership skills

Communities will request a greater say. Headquarters will not be able to enforce guidelines centrally, and the local management has to be empowered to be able to adapt quickly to the demands of communities. Dealings with the new «business partners» will require new leadership skills.

Communities demand different partnership models and, for instance, ask for social audits. Incentives and key performance indicators for the local management have to be aligned with the community targets.

Co-own and benefit

Co-ownership and new dividends can be enjoyed by hosts and communities alike. A hotel chain that receives confirmation from communities that it is respectable, safe and follows stringent business conduct standards, has a competitive advantage over its peers. Communities, a mix of investors and customers, profit from the positive impact their investment has on society and the environment. They can benefit from a financial and a social dividend. In the long run, the interlinkage between entrepreneurship and ethical business is a precondition for credibility.

And the risks?

Hotels that manage and conduct their business in line with the demands of communities gain acceptance and are rewarded with new customers. However, failure to manage relations with the owning communities appropriately, could turn into a boomerang for hotel managers and the brand itself. The care and management of communities will therefore be of utmost importance for the wellbeing of companies. ∎

« Dealings with the new «business partners» will require new leadership skills. »

SCENARIO B

POWER TO INDIVIDUALS

Why individuals take over

Communities lose influence and individuals decide to act on their own. This is a perfectly conceivable scenario that might be driven by the following three factors:

Choice

Technology gives individuals the power of choice (e.g. peer-to-peer) and the command to customize their hospitality experience. Guests want to be able to select and combine services according to their own preferences. Smart hotels will have to respond appropriately.

Privacy

As generation X is getting older, individual privacy is making a comeback. Guests want to decide who is tracking what kind of data. Individuals prefer to be on their own, but they want to make use of a hotel's services and facilities at the same time.

No common values

Individuals will not want to operate in communities anymore, because they may no longer share the community values or because they have entered a new stage in life. The hospitality market will focus on a personalized customer experience.

Disruptive sharing

Besides the growing power and impact of online travel agents (OTAs), the most disruptive element that the hotel industry has had to face in recent years has been the rise of online accommodation rental platforms such as Airbnb. This development is disruptive, because such platforms present products that OTAs have never offered and because they go into straightforward competition with hotels for guests. After their initial wait-and-see approach, traditional hotel groups have begun to take steps in order to gain exposure to this peer-to-peer sector.

Most hoteliers consider the sharing economy a threat to their business models. But this threat can be transformed into an opportunity. In fact, the sharing economy driven by communities is expanding the hospitality market – rather than stealing market shares from traditional hotels. Due to the sharing economy, new segments of the population will be able to travel. The decent prices, good locations, authenticity and simplicity of the accommodation offered on peer-to-peer platforms prompt classic hoteliers to react. ∎

did you know?

Peer-to-peer (P2P) is a term that was coined in computing, describing an IT architecture or network that divides tasks among peers. Adapted to the travel sharing economy, peer-to-peer platforms are online travel marketplaces that enable and facilitate the sharing of homes with travelers. More and more people use peer-to-peer platforms (Airbnb, Flipkey, Crashpadder, Housetrip, Iloho, etc.) to rent homes or exchange visits at a decent price. [22]

THE HYBRID MODEL: SHARING HOSPITALITY

Providing new services

When Apple created an application environment (app) around its smartphones, the company first monopolized that market. But it soon had to give way to open source applications and other providers. Peer-to-peer platforms underwent a similar transformation: Airbnb presented a new type of accommodation – and the sector is now opening up to a variety of players offering innovations and a broad range of services to clients.

This presents opportunities for both independent hotels and hotel chains to create more revenue by developing hybrid forms of accommodation, combining the best elements of both hotels and the sharing economy. ■

Loyalty and partnership

Hotel guest reward programs may offer an effective basis for partnerships between the sharing economy and traditional hotels. A business traveler may stay 50 or more nights per year at hotels when traveling for work – but may seek redemption opportunities on accommodation rental platforms for leisure travel. In July 2015 it was rumored that Marriott was looking into a redemption program for Marriott Rewards members with Airbnb, but the partnership idea was canceled. Such partnerships could be a win-win situation for chains and rental platforms: chains would be able to offer their loyalty program members a new attractive redemption option, and platforms would gain another source of revenue by selling rental accommodation points to the chain's frequent guest program. ■

Future distributions

Will independent hotels also distribute rooms via peer-to-peer platforms? Accor has started to include offerings from independent hotels on its booking platform. Peer-to-peer platforms are likely to follow suit. Communities are relentlessly demanding new accommodation solutions. Hotels will answer with peer-to-peer platforms that offer hybrid services. Alternative tools will disrupt OTAs. Mobile technologies allow an increasing number of guests to be in direct contact with the hotel; intermediary actors are likely to disappear or will be transformed into advisory agencies. ■

Empowering the guest

TripAdvisor already has a huge influence on how guests choose their accommodation and has become a tool for hotel classification. In the Airbnb economy, guest online feedback is the single most important element of valuation and credibility on which any further clients will base their choice. That equips individuals and communities with enormous leverage. Sharing experiences and emotions on social platforms will reshape the world of hospitality.

The creation of communities does not only make people share emotions, but they will also share their

ideas and knowledge. IHG, for instance, launched its own sharing economy initiative in April 2015 in the form of a partnership with Stay.com offering tailored tourist guide apps curated by local experts for 150 cities.[23]

Stay.com allows the traveler to build a travel guide together with fellow travelers in order to discover attractions, restaurants, nightlife, etc. ◼

SERVING INDIVIDUALS AND COMMUNITIES

Empowered individuals want to be considered independent personalities and be treated as such. What hospitality might look like in such a world is entirely unclear. On the other hand, communities of special interests will become significant. Hospitality will have to serve both segments – individuals and communities at the same time. ◼

Individuals and communities as promoters

Crowd-sourced content is effective for promoting intangible travel experiences that are described and shared by individuals or communities and therefore perceived as authentic and reliable.

For the highly competitive hotel industry to exploit this trend effectively and efficiently, promoters are key. Promoters are highly loyal and frequent consumers. They are very valuable, not least because they operate as long-term ambassadors. Their impact can be captured in the «Net Promoter Score» (NPS) that allows for the measurement of a hotel's customer relationships. NPS will be used as a management tool for individuals as well as for communities. ◼

CASE STUDY

1. Peer-to-peer? Of course! But deluxe, please!
Onefinestay (taken over by Accor) offers clients the chance to stay in a private luxury residence, while its owners are away.[24] A typical property in the firm's inventory is worth USD 2 to 3 million and is located in either central London, Manhattan, Los Angeles or Paris.

The main difference between Onefinestay and for example Airbnb is the provision of certain hotel services. Onefinestay employs several hundred staff, including sub-contractors, who assure smooth logistics and accommodation operations. Reception takes place on the premises, overseas guests receive an iPhone to avoid mobile connectivity problems. Although the properties are listed on OTA-platforms such as booking.com, the main distribution channel are luxury travel agents, such as Cox and Kings and Abercrombie & Kent.

2. Be my room mate
The small innovative Spanish chain Room Mate is an example of a new future business concept. With its Be Mate offering, the company attempts to combine the best features of Airbnb with more developed hotel services.[25]

Room Mate has also established relationships with the landlords of properties listed on Airbnb that are located in the vicinity of its hotels. These Airbnb landlords are offered cleaning services for their apartments, key collection and drop-off services as well as other optional services and activities, such as meeting rooms, local tours, catering, transportation, etc.

WHAT IF – CRYPTOCURRENCIES WERE TO GAIN INFLUENCE?

Currency fluctuations heavily impact the profit margins of the hotel industry – something that cannot be influenced by the hotels themselves. Cryptocurrencies could provide a certain amount of protection and be a tool to hedge currency risks.

Hotels have built up large obligations that stem from loyalty programs. Customers, who are the loyalty programs' creditors, dislike the fact that loyalty entitlements from different suppliers are not interchangeable. Cryptocurrencies can be the clearing platform to convert loyalty points from different companies into a universal currency that is compatible with any system and offering. The more power communities gain, the faster this trend will develop.

Crowdfunding platforms that offer different types of services for different types of needs are created almost on a monthly basis.[26] In addition to that, funding via cryptocurrencies (e.g. Bitcoin) that are transferred into another cryptocurrency has already started, as the example of the start-up company Swarm clearly demonstrates.

Blockchain can be described as the public account of all Bitcoin transactions.[27] Although still at its infant stage and not yet regulated, this technology allows for peer-to-peer transactions of digital currencies without going through traditional financial intermediaries – and it provides absolute transparency. Reflecting that hospitality is a purely contractual business, Blockchain will support the peer-to-peer business (e.g. Airbnb) as it has no entry barriers and is based on trust. Blockchain has the potential to disrupt every industry and to have a huge impact on global society. ■

WHAT IF – COMMUNITIES WERE TO LOSE POWER?

Much as the new economy in 2000, the sharing economy is a bubble that will burst. Airbnb's market capitalization is higher than Hilton's. Communities will lose power and disappear; individual providers and consumers will be back at the forefront to create the second wave of the peer-to-peer economy – based on individual values, networks and entrepreneurship. However, the need to integrate local micro-entrepreneurs to create common economic spaces will remain.

Making individuals act as brand ambassadors is much more difficult than influencing the particularities of a community whose members already share many values. Therefore, hospitality has to find the best strategy to adapt to the reach, the speed and the scale of such changes. ■

« The sharing economy is a bubble that will burst. Airbnb's market capitalization is higher than Hilton's. »

FOOD FOR THOUGHT

Together alone

The phenomenon that people like to be on their own and interact with their smart devices – but at the same time enjoy being surrounded by an anonymous crowd – has led to new concepts for hotel lobbies. Hotels have started to transform lobbies into living room-like surroundings: guests can share the space and services, help themselves to refreshments and a variety of snacks, and clusters of seats invite for people watching. ■

Exclusive clubs

The need to share values and lifestyle attributes will lead to a renaissance of member clubs and create new opportunities for hospitality. There will also be an increasing demand of exclusive communities to be hosted and shielded by hotel facilities. This will impact the infrastructure and operation of hotels (F&B, conferencing, processes, safety & security, etc.). ■

conclusion
IMPACT

A world of opportunities

From an array of possible future scenarios we have chosen the most striking ones to build our six theses.

Other industries all over the world have experienced a long process of change in the global market: it is now the hospitality industry's turn to face this trend and recognize the powerful potential of mergers and acquisitions. China, the new mega investor, contributes towards this consolidation by bulk buying whatever hospitality offers for sale. However, increasing urbanization and the tourism sector's strong growth give rise to optimism. The hospitality business will undoubtedly continue to thrive, despite a worldwide increase in political instability and uncertainty. What is more, the «silver» segment (baby boomers) with its purchasing power and time to travel will support hospitality and drive it to explore new paths.

Digitization is already affecting the hospitality industry as a whole, an industry usually known to be adverse to change. Everybody speaks about the sharing economy and about robots, virtual reality and other amazing technologies – trends and developments driven by the millennials. The new technologies present considerable challenges to classic hospitality. After a long battle against «evil OTAs», hotel chains have decided to pursue a different approach and fight the «enemy» on their own territory. More is being invested in the pre-stay of the customer journey; hospitality strategists integrate and create their own OTAs, and they exploit new opportunities by collaborating with the peer-to-peer segment.

The question that remains to be answered, however, is what the post-digital economy will look like in an era where digitization has become an integral part of all aspects of life. In hospitality, automation is on its first wave, based on the availability of information, cyber-physical systems and data analytics. Other more advanced industries are already on their third wave of automation. Technology, processes, business models and knowledge will have an unknown impact on our lives, on guests and on service providers.

The automation of industrial production processes could destroy millions of jobs within the next years. Is this also true for hospitality? The arrival of new types of robots, soon available to small and medium-sized enterprises, ensues full and widespread automation. According to the philosopher Bernard Stiegler, «we have to rethink the economy and pass a contributory income». He declares: «Employment is dead, long live work!» The hospitality sector is also a pioneer in devising certain work models: It was hospitality that invented part-time work models, as well as management contracts and franchise business models.

Progress in science and technology manifests itself in different ways in different economies and different political frameworks. Driven by the revolution in knowledge and education, the nature of work will change radically – but only in economies that choose to invest in education, technology, and related infrastructures. Certain types of jobs will be assumed by intelligent robots. Others will be created in areas where the demand for services is growing exponentially, while entry barriers continue to fall. In many hospitality segments, robots will be poor labor substitutes.

The six theses of this report have illustrated our P-BTE model, which represents the four dimensions of hospitality: people, business, technology, and the environment. It has become utterly clear that these are the main pillars of the future. The «P-factor» presents the core of the profit chain in hospitality, it links employee satisfaction to guest loyalty and profitability. We will continue to be «ladies and gentlemen serving ladies and gentlemen». The more important intelligent machines will become (robots, artificial intelligence, and so on), the more important the human factor will be. Hospitality will continue to be about guests and hosts. It will remain a guest-centered industry – with its eye safely on the three Hs: «hands, head and heart».

Swiss School
of Tourism and Hospitality

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