



# 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

# executive summary

# 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.

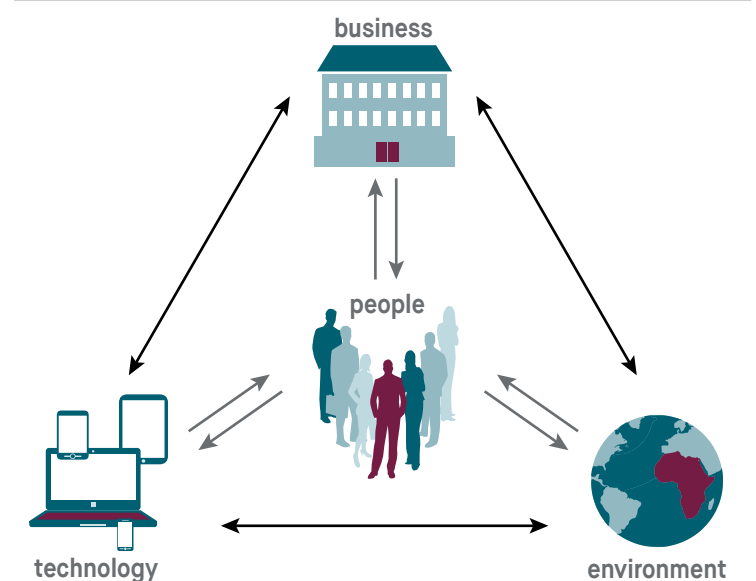
This report is based on the relevant literature and scientific contributions in «trend and future» studies, and it combines these findings with the results of the qualitative analysis of interviews and more than twenty workshops. Forty hospitality industry leaders from fifteen countries have given us their input and shared their views of the future. We have compiled a list of megatrends, 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).

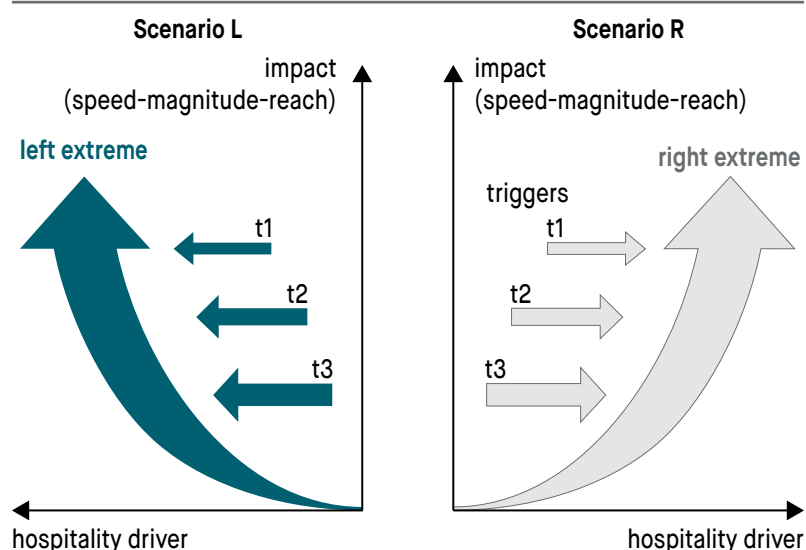
Under normal conditions (no disruptions or black swan events), many characteristics of both extreme scenarios are valid and co-existing. This situation is represented by the «smiley model» (see figure «the smiley model»), which merges the two perspectives.

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

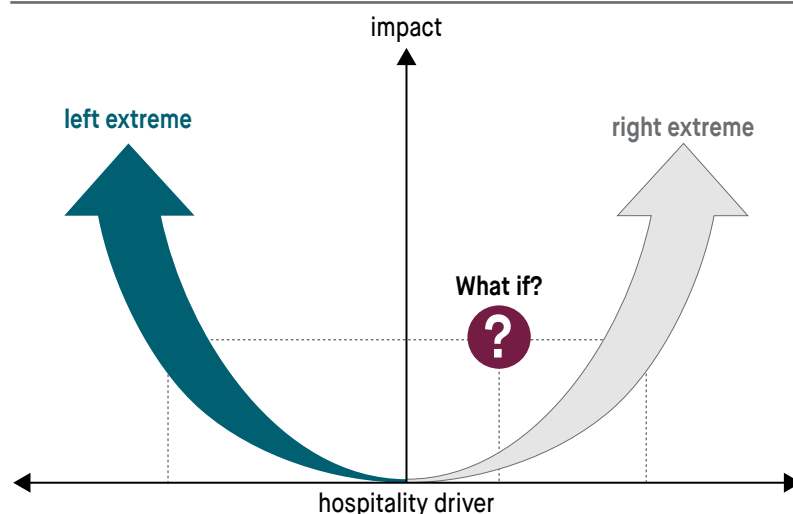
What is each hospitality manager's position between these two extremes? The answer to this question defines the mix of constraints and opportunities hospitality managers have to take into consideration to evaluate the best possible strategy for the future – a strategy that leads to decisions that have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



## THE SMILEY MODEL



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Must future talents be empathic  
or efficient?



thesis #6

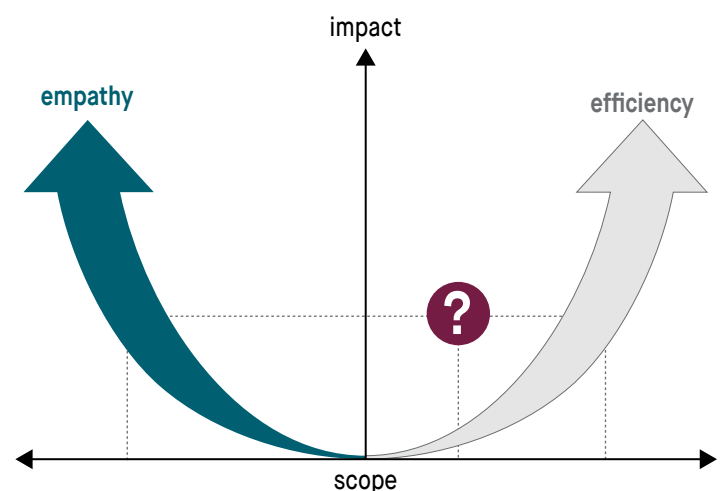
# THE SCOPE OF KNOWLEDGE

empathy vs efficiency

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## EXTREMES



## WHAT EXPERTS SAY

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«In our business, quality is as good as the people behind it. Training makes all the difference. Running a hotel in the future requires specific skills, tailor-made training and a wealth of social competence.»

*Guglielmo L. Brentel*  
President of the Board of Directors EHL

«Leadership is a bit like swimming. You can read all the books about swimming you want, but you have to get into the water to really learn it.»

*Dominique Turpin*  
President IMD

«I do not believe that the future will be all about technology. Our industry's true future leaders will have to be people who can create a community.»

*André Witschi*  
President of the Board of Governors EHL

## FACTS AND FIGURES

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### DIGITIZATION – MOOC PARTICIPANTS

**35 million**  
students in  
**500+**  
universities and  
**4200**  
courses

Source: [www.class-central.com](http://www.class-central.com)

### FUTURE JOBS

**65%**  
of all  
children  
starting primary school  
today will end up  
working in jobs  
that do not yet exist

Source: [CNNMoney.com](http://CNNMoney.com)

### GROWTH OF THE HOSPITALITY INDUSTRY

**17%**  
growth  
in the last 10 years with  
**2.2**  
million  
new jobs

Source: <http://advice.careerbuilder.com>

# MUST FUTURE TALENTS BE EMPATHIC OR EFFICIENT?

The International Labor Organization (ILO) predicts that over the next ten years, almost 10 million jobs will be created in the US for highly skilled professionals and executives in service occupations.<sup>[44]</sup> The main driving force for the hospitality job market, however, will be emerging markets such as China, India, Thailand and South Africa, where economic development, urbanization and higher incomes drastically boost service sectors – and where the demand for education will steeply increase.

Economic success in the hospitality industry will depend on the effective use of intangible assets: knowledge, skills, creativity and innovation will create a competitive advantage. Future research is a collaboration among research institutions from different fields and the integration of disciplinary approaches that were originally viewed as separate. This merging of technologies, processes, and devices into a unified whole will create new opportunities

for hospitality development. As hospitality is a people's business, people are the most important asset for any hotel company and they require dedicated investments.

Over the next 20 years, sector boundaries will disappear. A more automated hospitality will welcome hedonistic engineers as well as graduates from humanistic universities. Sociology, anthropology and psychology will merge and generate knowledge. Hospitality will have to bridge the gap between business and societal demands, a notoriously difficult task, as both investors and society want to see a return.

From a wide range of possible scenarios helping us to imagine the future of knowledge and education, two extremes could create important paradigms:

- **Scenario A** empathy is the most important capability, or
- **Scenario B** efficiency is the engine of any business ■



## SCENARIO A

# EMPATHY IS THE MOST IMPORTANT CAPABILITY

## Empathy rationales

### «Hospitude»

The success of a hospitality enterprise does not depend on the classification of the property but on the quality of its employees. Experienced general managers with a high degree of empathy demonstrate an attitude towards their guests that is not only right for the occasion, but is actually memorable. We refer to this as «hospitude», a blend of hospitality and attitude – using soft skills and social and emotional intelligence.

The following questions will define the new requirements for education in hospitality: What will hospitality have to offer in the future? What expectations will guests have? What will be the new role of the hotelier? What are the soft skills and other components to achieve «hospitude»? How can we make the elements that determine the success of hoteliers tangible? To address these questions, we will have to enter the world of emotional and social intelligence.

### Once-in-a-lifetime guest experience

Future hotel managers have to be empathic generalists. They have to know how to create a once in a lifetime experience for their guests. Empathic general managers have to be able to motivate heterogeneous teams across cultures. They must be entrepreneurial, creative and innovative in managing their staff's working processes – all at the same time. Empathy will stem from a comprehensive educational background, including topics such as anthropology, psychology, art, history, sociology, etc. Empathy will be part of a hotelier's future core competences.

### Big data or small data?

Big data analytics help us to predict consumer trends and future demands. However, we do not always know what information to look for and what is relevant. Dealing with small data and having a detailed analysis of specific guests' requirements and future needs facilitates such predictions. Do we want to base our business strategies on smart algorithms though? Or is empathy the key to selecting the relevant information and to developing the appropriate skills? ■



## SCENARIO B

# EFFICIENCY IS THE ENGINE OF ANY BUSINESS

## Efficiency rationales

### Digitization

Digital labor platforms can help to recruit people and advance their careers, and they can organize hospitality companies to increase labor productivity. For hotel chains, implementing collaborative platforms is easier than for independent hotels.

Hospitality associations will have a chance to prove their added value by integrating fast labor platforms to be shared by their members, and by thus providing a real opportunity to transform the way they recruit, develop, and engage employees. HireVue's Team Acceleration Platform, for instance, uses videos with predictive analytics to instantly highlight the service attributes that matter, such as personality, communication skills, cultural fit and customer empathy.<sup>[45]</sup> Platforms such as LinkedIn, Monster.com, Freelancer.com, Total, and Upwork have changed the way employers and employees connect in the marketplaces.

did you know?

*Three years ago, the Bill and Melinda Gates Foundation invested USD 60 million in edX<sup>[46]</sup>, the world's largest online learning initiative in cooperation with Harvard University and MIT. EdX triggered a new wave of «massive open online courses» (MOOCs) providing virtual world-class higher education to hundreds of thousands of participants. Although MOOCs are still growing, it is not clear what their impact will be. In the knowledge economy, education is leading a silent revolution.*

### Cost pressure

Due to cost pressure, hotel companies need to explore the possibility of automating the back office and tasks such as night audit, accounting, finance and marketing. Different kinds of robots are already keeping watch, building websites, cleaning, and chatting to customers. This transformation will require people, hospitality engineers, and social engineers to improve their IT skills.

Innovation, interaction and immersion will be important features of future education and training in the hospitality industry. The use of virtual reality tools will help staff and students to interact with intelligent avatars and to improve their skills. Collaborative learning, co-creation and co-innovation will be the next step in crowdsourcing (see thesis #3 «Power to communities»).

### Teaching robots

Robotic teaching systems have become powerful. Students can study online, tutors monitor their progress and assign tasks based on their capabilities. This change will be disruptive. Education will become much more accessible, but at the same time, many jobs in the education sector will become obsolete, on a training and executive education level.

We will witness a huge advance in specialized areas of artificial intelligence such as machine learning and «deep learning», which is based on neural networks. Applied to hospitality, pattern recognition systems will help people to work in a global environment. Devices that translate spoken Mandarin into English in real time will become reality in hospitality all over the world. ■



# HANDS, HEAD AND HEART: EFFICIENCY MEETS EMPATHY

## Dual system reloaded

Hospitality's excellent dual education system that was invented in Europe (Switzerland, Austria, Germany, Norway, Sweden, Finland and Holland) and has been successfully practiced for more than one hundred years, will have to face radical changes. Based on the strong belief that human interaction and practical skills cannot be replaced by technology, it will open up to new opportunities created by the progress of science.

Two powerful drivers will transform hospitality's classic dual education system: the changing nature of the hospitality industry itself, and future automation of hotels and progressive digitization of knowledge and education.

### Changing hospitality industry

Hospitality is commonly perceived as «hands-on». For a long time, capable people with a vocation to serve and the ability to develop and maintain good relations with guests

were considered to be the best employees. Due to low profitability, the hospitality industry cannot compete with the upper labor market, and advanced managerial skills have not been a priority.

During the last decade, however, shareholders have called in their rights. The most senior managers of large hotel chains have been replaced by executives with a business background from real estate, investment funds and banks. Their task has been to increase profits in the short run. This trend is more than likely to change again. When recruiters and senior managers from top hotel companies are asked to list the most important attribute of a young hotel management school graduate, they all mention soft skills and attitude. Hoteliers undoubtedly need advanced managerial skills to successfully lead their businesses, but they also need «holistic» abilities to be able to fulfill their guests' demand for emotions and affective experiences (see thesis #4 «The emotional experience»). But where and how can those abilities be acquired? ►

## ► Automated hotels and online diplomas

At a vocational level, hospitality will need skilled people and the major hotel chains will provide in-house training programs. Food, for instance, will be prepared, customized and delivered by outside providers, the kitchen will merely serve to plate up meals. Most steps of the cooking process will be automated, and students will learn how to program automated cooking machines (next generation 3D printers) to produce dishes as planned. The front office of the hotel will be completely automated, and its maintenance will be conducted by engineers.

Workers with a few years of experience in hospitality will be able to get certificates and diplomas online – over the course of a few days and without physically attending classes on campus. This presents a major challenge to the current vocational and managerial education system. Higher education has become slow to adapting to the needs of business and society. In the digital economy, employees do not need diplomas but skills. We are moving from a world in which content is created only by institutions to a world where adaptive knowledge is created by computer programs such as Googlebot<sup>[47]</sup>, and where platforms autonomously tweet, tell stories, and teach students. ■

### did you know?

*Peer-to-peer learning is a reciprocal learning activity. It involves the sharing of knowledge, ideas and experience among participants. It can be described as a way of moving from individual to mutual learning. On digital platforms, students learn new topics and develop skills in organizing and planning their studies. They work together with their peers, give and receive feedback, and evaluate their own progress.*



# NEW COMBINATIONS OF SKILLS

## Collective intelligence

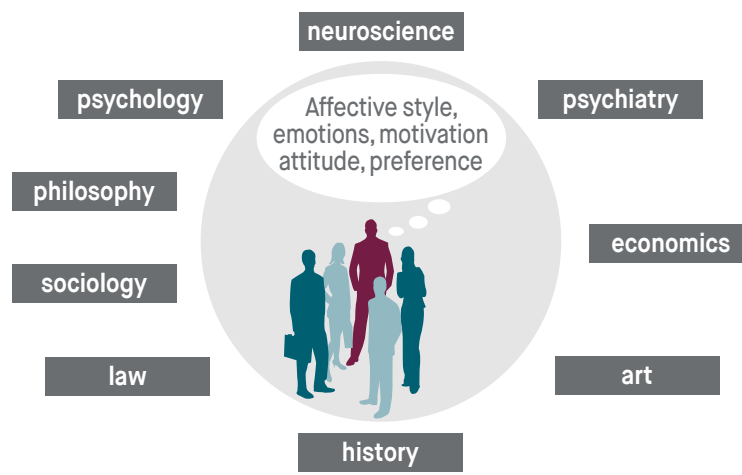
What skills and talents are needed in the future? Evidence is pointing towards collective intelligence. New networks that convey and share knowledge will take a dominant role in teaching, learning and shaping new knowledge and skills. For millennials, information and online education will be free: search engines such as Google, Wikipedia, YouTube and online education providers such as Coursera, Udacity, iTunes U, etc. will process the bulk of knowledge. The rapid progression of knowledge and its interdependency raises two questions: How do we turn global and interlinked information into real knowledge that is relevant for decision-making? Will hoteliers be generalists or specialists?

In the future, hospitality jobs will require a significantly more complex set of interdisciplinary skills than today, such as engineering (to manage automation), data analytics, relationship management, emotional intelligence, as well as new collaboration and communication skills with multinational co-workers. Guest emotions can only be managed effectively if they are clearly understood (see figure «basic knowledge to understand guest emotions»).

Skilled jobs are growing faster than simple jobs, and skilled workers will represent the fastest-growing talent pool in leading hospitality companies. However, the main challenge seems to be to attract young, skilled people with a true vocation for hospitality.

On the other hand: from housekeeping to the front office – how many employees will lose their jobs to robots? Digitization, process outsourcing and automation will lead to many layoffs, but also liberate people from repetitive and menial tasks. Internet-based self-employment will find markets worldwide and does not have to rely on the local job markets. Tomorrow's youth will adapt effortlessly to that. ■

### BASIC KNOWLEDGE TO UNDERSTAND GUEST EMOTIONS



Source: CISA Geneva

## Competition for talents

A large part of today's graduates from the top hotel schools do not enter hotel operations. Instead, they want to land attractive positions in sectors such as luxury products, healthcare, consulting, or banking. In many Asian countries hospitality companies are becoming less attractive.

The hospitality industry employs large numbers of relatively unskilled workers. Those workers often have few

opportunities to get the necessary training to advance their careers. This fact makes it difficult for the hospitality industry to compete with other industries for young, low-wage workers. In the future, the competition for talents will be increasingly fierce for both small hotel companies and big chains. Higher mobility of employees is good for individuals and the economy as a whole, but ►

► will be more difficult to manage by hotel companies. Also, despite an increase in productivity in the hospitality industry, real wages have come to a halt.

It is hard to predict how hotel chains can avoid an expensive and disruptive fight over the best workers in the developing world – and in Asia in particular. Talent must be educated locally. This represents a golden opportunity for hotel schools. Industry partnerships are imperative.

What is, therefore, the best education model for the future? In education, decisions taken today will only show results in approximately five years' time. It is difficult and costly to make important corrections once a program has taken its course. The hospitality industry needs highly skilled managers, but at the same time also requires people with basic qualifications. For the majority of hotel schools, the positioning between practical and theoretical

education has always been a central issue. What mix between efficiency and empathy – between hard and soft skills – will be the best strategy to educate our students and prepare them for the future of hospitality? We have to answer the following questions:

- vocational or managerial courses?
- hospitality business school or hospitality applied sciences school?
- educating for a job or educating for life?
- corporate in-house training (corporate academies) or outsourced education?
- multiskilling or expert knowledge?
- generalists or specialists?
- focus on emotion and empathy or focus on rationality and efficiency?
- human to machine or human to human?



# The hospitality manager of the future

Neither extreme generalization nor specialization can produce the perfectly adapted hospitality manager of the future – but a smart mix of both can. A balance between empathy and efficiency is needed. Only then can guests be made happy, and only satisfied guests will return.

In an atmosphere of technological and societal changes, the demand for education will rise substantially. The hotel industry will only be able to shape the future with knowledge and skills if rational and emotional intelligence are being combined. The best combination of generalization and specialization – and empathy and efficiency – will empower and motivate employees and make their work interesting. Some characteristic demands of this future work environment are:

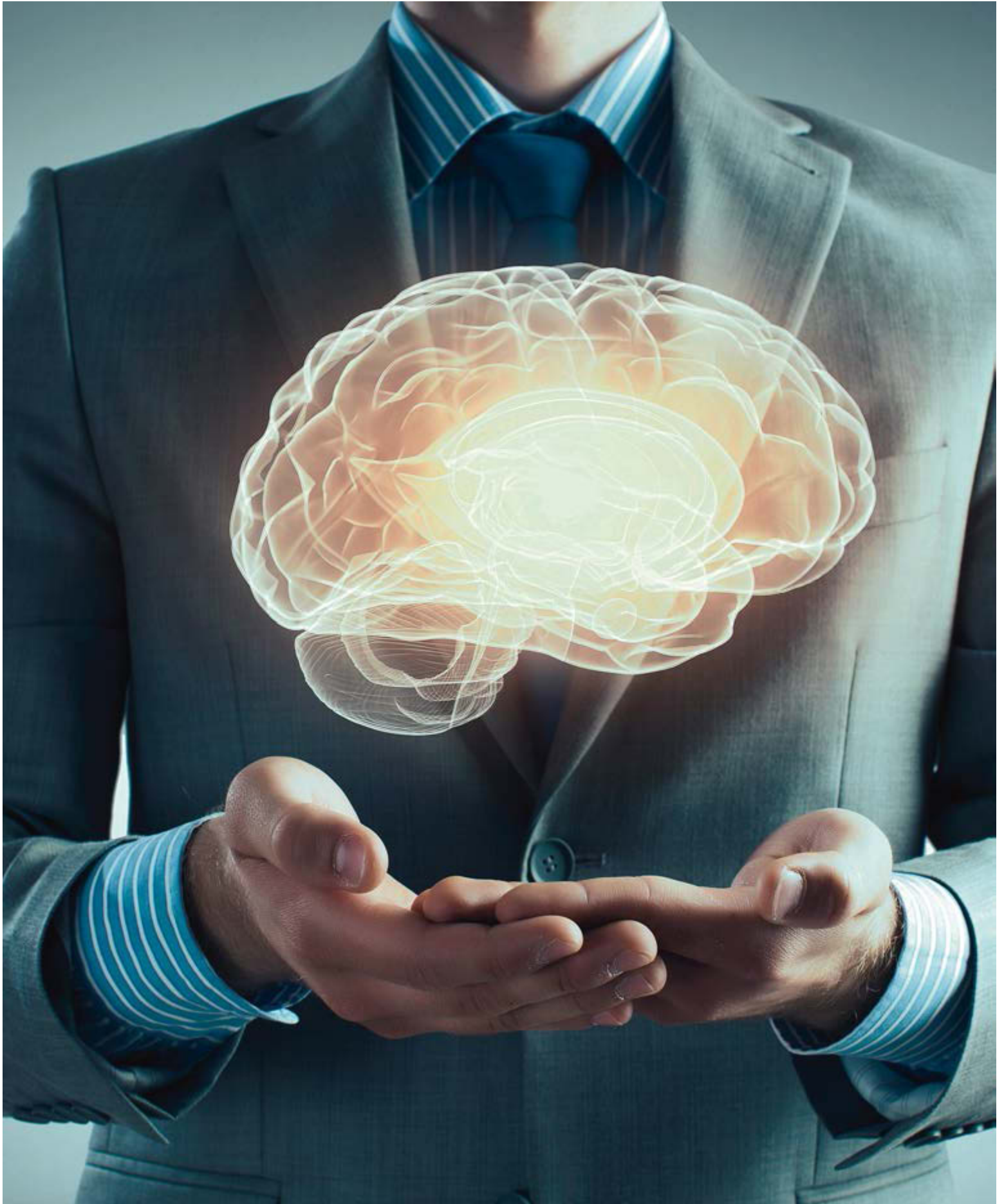
- ability to work in heterogeneous teams
- ability to understand and create guest experience and emotions

- technological literacy
- ability to work globally, in networks and across cultures
- flexible, mobile and agile personality
- life-long learning capabilities
- creative, innovative and entrepreneurial
- adaptability to think in scenarios and react quickly

Those hotel managers who are able to operate efficiently and, at the same time, manage to include empathy and emotionality into their working processes, will be the players of the future. ■

## WHAT IF – THE NEW HOSPITALITY MANAGER WERE A STAGE DIRECTOR?

The convergence of sciences also involves a convergence of skills. Future hospitality managers will be stage directors who create memorable experiences and magic moments for their guests (see thesis #4 «**The emotional experience**»). 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. To fulfill all these requirements, sophisticated training is needed – something only few institutions will be able to provide. Hospitality will have to bridge the gap between business and societal demands, a difficult task, as both investors and society want to see a return. Hospitality education will have to be holistic. ■



# FOOD FOR THOUGHT

## The R&D of hospitality

Most technological and scientific innovations in hospitality are introduced from outside; they are not developed by the industry itself. In view of the prevailing mind-set that matches basic services with basic needs (such as sleep, food and entertainment), this does not come as a surprise. Hospitality needs larger capacities to adopt innovations and create new opportunities. In successful industries, competitive advantages stem from R&D. Only if hotel chains build up their own R&D divisions, will they be able to insource innovation and progress. In such departments, ambitious projects could be run. The following presents some ideas for future projects:

### Affective Hospitality Laboratory (AHL)

An affective hospitality lab would offer a unique environment to design and test different types of rooms and communal areas where virtual and emotional guest experience can be measured. This laboratory would be equipped with virtual reality systems and recording instruments (for eye-tracking, physiological, behavioral and neuro-scientific measures) that enable the assessment of guest experience.

### Affective Hospitality Training Program (AHTP)

The Affective Hospitality Training Program (AHTP) is aimed at professionals in the customer service industry who would like to improve their management skills. The training is based on the most recent findings from emotional intelligence research and customer relationship management. Its application focus will enable participants to effectively use what they have learnt in their daily work with their customers.

### Hospitality Management Affective Skills (HMAS)

This Hospitality Management Affective Skills test (similar to the GMAT<sup>[48]</sup>) will profile prospective candidates' competences in several domains that are essential for successful careers and job performance in hospitality.

### Affective Hospitality Index (AHI)

The Affective Hospitality Index (AHI) decodes a guest's genuine experience in a hotel or on a property to provide a benchmark for the quality of affective experiences.

### Affective Customization Protocol (ACP)

We can imagine a framework (Affective Customization Protocol, ACP) in which clients can interact with the hotel to get a personalized service. The interaction could happen via a mobile application to request the «emotional profile» of a room. ■

**« Only if hotel chains build up their own R&D divisions, will they be able to insource innovation. »**

# 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». ■

## **EHL LAUSANNE REPORT**

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