The travel and hospitality industry has been active in adopting technological advancements, leveraging its global exposure. However, as consumer preferences and demands undergo a massive transformation in the digital era, the need to integrate technology into day-to-day operations is being felt by the industry now more than ever before. As such, enterprises in this domain are seeking technological solutions that not only help them deliver a better customer experience but also generate internal efficiencies.

The travel and hospitality industry, which includes airlines, hotels, resorts, spas, cruise-lines, tour operators, car rental companies and restaurants, has seen an increase in demand over the past few years. The key demand drivers in this segment have been the growing middle class with greater disposable income in its hands, as well as foreign tourists. In the last eight years, between 2007 and 2015, the industry's contribution to the country's GDP has increased from $88 billion to $147.7 billion. This is further projected to increase to $275.2 billion by 2025. This significant growth is expected to be realised, in part, by greater use of technological solutions.

The biggest driver for technology adoption among travel and hospitality enterprises is the growing need for delivering personalised services to customers. Technology has made it possible for enterprises to connect with customers in multiple ways. Online portals, mobile applications, social networking sites, etc. have created a flood of real-time enquiries and demands, making it mandatory for enterprises to be up-to-date with these new media to reach their customers and keep pace with the competition.

While technology has helped the industry bring in more efficiency, it has also brought forth a set of challenges with regard to managing greater customer expectations. Moreover, there is a pressure on prices and disruption by new-age business models. This has led enterprises to innovate and devise new strategies that target the end-consumer more effectively and deliver a unique experience that would give them a clear edge over the other players in the market.

Adoption of new-age technologies

Making a lasting impression on the customer mind-space in a cluttered market is not an easy task. For delivering a personalised guest experience, the industry is depending heavily on new technology tools such as the internet of things (IoT) and big data analytics.

Travel and hospitality enterprises sit on a huge repository of data collected from customer interactions. However, only a few enterprises were using this data to obtain business insights

and deliver value. This is fast changing with enterprises leveraging big data to understand consumer preferences better. For instance, enterprises are combining internal information gathered from consumer interaction with external information from sources such as social networking sites and travel websites. Using advanced analytics, this data can be processed into insights to deliver information that can be used to improve, personalise and target their offerings better for greater customer satisfaction.

Another upcoming technology that is helping travel and hospitality enterprises deliver better services is IoT. Consumers today carry a number of devices while travelling, with smartphones and tablets being the most popular. Many hotels have installed proximity beacons that connect with smartphones to enable easy check-ins and allow them to use their device as the key to their rooms. In fact, some hotels provide their guests with tablets that can be used to control the room's temperature, lighting, TV channels, etc.

Globally, many airline companies are using IoT in innovative ways to carry out daily tasks. For instance, IoT is being deployed to manage passenger movements, measure journey time, deliver reminders on smartphones, find missing luggage, etc. IoT is also enabling hotels to keep a check on their energy consumption. By making data available from various points of consumption at a single location, IoT applications can help the authorities monitor consumption patterns across the premises.

Cloud is another emerging technology that has found significant traction in the industry. Businesses are adopting the cloud as a way to transform the way they work. Cloud software-as-a-service is being preferred over on-premises physical web servers by many enterprises in this domain. This not only helps them integrate multiple locations with ease but also brings down the expenses incurred in maintaining a physical infrastructure. Moreover, with cloud, business applications are accessible anytime anywhere. This enables smooth functioning of operations as well as better communication between customers and enterprises.

Enterprise and mobility applications

While large-scale adoption of the technologies discussed above is still a few years away, the travel and hospitality industry has fared fairly well in terms of the traditional IT set up. Most enterprises in the industry have put in place a robust communication infrastructure to ensure uninterrupted communication with consumers as well as among staff in its various branches.

Moreover, enterprises use enterprise resource planning (ERP) and customer relationship management (CRM) software for their operations. These are increasingly being hosted on the cloud. Hotels, specifically, have deployed a property management system that allows them to track their properties located in far-flung areas. In fact, the property management system is being increasingly integrated with smartphones, letting hotels manage rates, reservations, guest profiles and in-house services in a shorter span of time. Further, the industry has integrated its enterprise-level data with online portals to ensure timely update of information across all these channels. As mobility pervades all aspects of a consumer's life, enterprises need to step up efforts to engage consumers through mobile devices.

Issues and Challenges

The industry, which thrives on personalisation of customer services, is witnessing the emergence of newer business models that have technology at their core. For instance, there has been a spurt in the number of online travel agents (OTA) operating in the country, which are posing a threat to brick-and-mortar players. As consumers become more digital, offline agents are finding it difficult to maintain their position in the market. Moreover, these OTAs provide consumers with more options and better choices, and are accessible even on smartphones. As such, presence on online channels as well as on smartphones is becoming a business imperative for travel and hospitality enterprises. The emergence of these new players is forcing incumbents and established players to upgrade their legacy systems and change their business approach to cater to market demands.

Since the travel and hospitality industry has access to the personal information of its customers, it needs to put in place adequate security measures to ensure confidentiality, so that the information is not leaked or misused. Ensuring security of information as well as the communication infrastructure has emerged as a key challenge for enterprises in the industry.

Another big challenge that the industry faces is the lack of specialised service providers. Since the industry is relatively small, not many innovations are coming in from the vendors' side. The industry is often left to itself to find ways to deal with IT-related challenges. Moreover, many resorts and hotels are often located in places far away from the city, making connectivity a challenge. This impacts internal communications as well as communication with customers.

The way forward

Every enterprise is exploring ways and methods to put forward its competitive advantages to deliver a better customer experience and capture a larger market share. To this end, technology is not only instrumental, but also the key driving force that can help the segment in achieving business objectives.

Travel and hospitality enterprises can gain immensely from the incorporation of IT and communication technologies. By being able to target the consumer better and offer a personalised experience, enterprises can promote brand loyalty and increase the customer's return rate. The industry is well-poised to leverage the social networking, mobility, analytics and cloud opportunities.

While the industry has been among the early adopters of technology, there still remains significant room for incorporating technology in daily operations. Moreover, enterprises need to keep pace with the rapid advancements in technology while also being in step with customer expectations. In addition, the emergence of young online enterprises, which are increasingly looking to deploy advanced IT infrastructure to enable greater customer acquisition and drive growth, will continue to pose challenges for traditional enterprises.

With the Indian travel and hospitality market poised to grow strongly, enterprises in this domain are staring at a huge growth opportunity in the coming years. In a highly competitive market, the level of technology adoption will be the key differentiator for enterprises, going forward.

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