

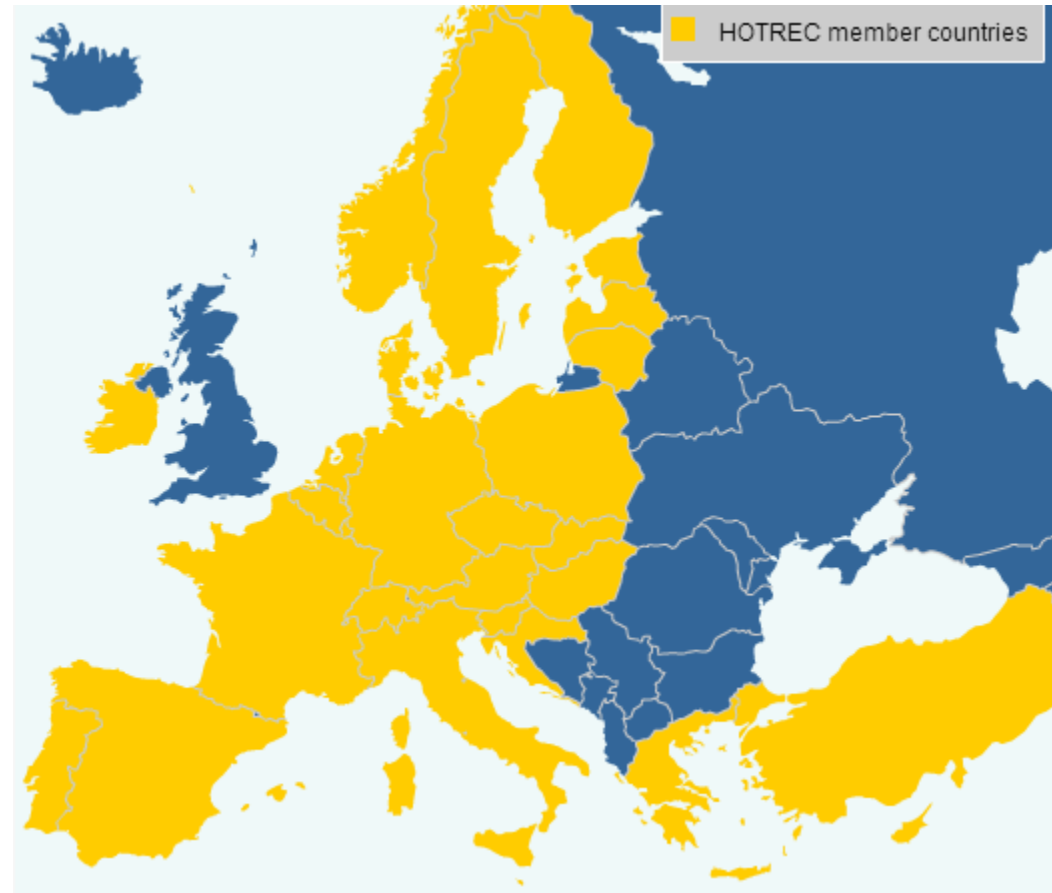
Challenges in the digital world for the hospitality industry

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What is HOTREC?

- **Umbrella organisation**
- **Representing hospitality industry at European level**
- **42 National Associations**
- **in 28 European countries**



Hospitality sector in economic terms:

- 1,8 milion businesses
- 91% micro enterprises (employing less than 10 people)
- 99% SMEs
- 460 billion EUR contribution to economy (3,7% of EU GDP)
- **→ Hospitality industry employs more than 10 million people in the EU!**

Challenges to address today:

- **Use of ICTs**
- **“Sharing” economy**
- **Challenges in distribution**
- **Search engines**

Use of ICTs in hotels:

- 94% of hotels have an own website
- 70% have a facebook page
- 42% a website adapted to mobiles and tablets
- 37% an updated front office system (not older than 5 years)

Use of ICTs in hotels:

- Smaller and individual hotels have a much lower rate of ICT use than hotel chains
- Similarly, hotels outside of bigger cities have a lower use of ICTs
- Similar observations can be made on the use of mobile applications

Use of ICTs in hotels:

- Better uptake to be facilitated through:
 - Awareness raising of possibilities in use of ICTs
 - Funding possibilities for the uptake of ICTs in the tourism sector
 - Promotion of already existing tools

Industry efforts to increase ICT take-up and use:

- ✓ All classified hotels in HSU to have a website + encouragement for own booking engine
- ✓ HOTREC participation in the TourismLink project to facilitate digital connection between smaller local service providers
- ✓ European Hospitality Skills Passport to facilitate mobility

“Sharing” (or shadow) economy:

- New business models facilitating development of unregulated market
- Rules applying to such new players not clear – regulations usually at national / local level
- Unbalanced conditions for operation for different types of hospitality businesses

“Sharing” (or shadow) economy - Accommodation:

Rented properties not belonging to the commercial tourist accommodation sector cause problems for:

- Established hospitality businesses
- Residents
- Authorities (grey activity – often not declared)
- Consumers (potential threats through liability, safety, etc. issues)

“Sharing” (or shadow) economy – Provision of food:

‘Private restaurants’ not belonging to the commercial hospitality sector cause problems for:

- Established hospitality businesses
- Residents
- Authorities (grey activity – often not declared)
- Consumers (potential threats through liability, hygiene, safety, etc. issues)

“Sharing” (or shadow) economy

- **Regulation and de-regulation in order to achieve a level playing field**

Challenges in distribution:

150.000 hotel and similar enterprises

vs.

3 booking giants in control of 90% of OTA bookings

Result:

- Imbalance in market power
- Similar terms and conditions including parity clauses (demanding best prices, full availability, etc.)
- Loss of control over the business

→ Might change in near future

Challenges in distribution:

Issue of online Comparison Tools:

- Authorities questioning correct information provision
- Reliability of user reviews to be tackled seriously
- Ensure trustworthy content from both the consumer and the business point of view

HOTREC Benchmarks of Fair Practices in Online Distribution

Online Distribution

20 Benchmarks:

- Use of appropriate terminology
- No rate parity
- No availability parity
- Clarity and truth about rates and availabilities
- No commission on no-shows
- Official star classification to be used
- Guest reviews to be prevented from manipulation and misuse
- Etc.



Search engines:

Searches more and more commercialized

- Limited space on screen → limited availability of any results
- Commercial results increase → to appear visibly is getting more and more costly
- Some unfair practices driving away traffic from initial search target (i.e. Brand bidding)

Conclusions:

- Lots of new challenges to be tackled
- Industry also making efforts
- Further support especially for SMEs and micro enterprises needed
- Authorities to take action to create clear framework for emerging businesses

Thank you for your kind attention!

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