

Opinion Information Technology

Striving for a Better Way, Better Year for Hoteliers

Cannabis Travel, Advanced Hotel Technology and Wellness Amenities To Be Necessities in 2023

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Economic and geopolitical factors from the war in Ukraine to lingering pandemic fears and interest rates are expected to continue into 2023, leading to some hesitation and talk of recession in the hotel industry.

The Federal Reserve has now increased interest rates three times in a row, all at 75 basis points. It most likely has already slowed the pace of inflation, so they should stop raising the rates.

While consumer spending remains strong, there are many indicators that holiday spending will be softer than expected, the housing boom is winding down and recession conversation has created concern.

After hearing my favorite economist, **Bernard Baumohl**, speak at the Lodging Conference last month, some assumptions we can probably make are that the economy will grow but in a sluggish fashion, oil prices will drop, and corporate travel will resume albeit not quite at 2019 levels.

What should we do as hoteliers? Lots of things from revenue production to cost-saving steps.

Revenue Production

While I have personally never considered “cannabis travel” to be part of my vacation plans, out here in California it is becoming big. Cultivar Brands, a strategic marketing agency partnered with MMGY, found that 29% of all leisure travelers could be identified as part of a growing “cannabis-motivated travel audience” and that number has increased to 37% in 2022. One of my first hospitality jobs was as a bartender — now, there are budtenders!

Other trends indicate that self-care is a new priority. Searches for bath tubs or in-room spas are up 35% this year. I know, we just eviscerated tubs for showers. Who knew? Searches for cribs, child-care and connecting rooms are up markedly.

Searches for fitness centers, one of the least utilized hotel amenities, are up 65% this year and free breakfast searches are up 75%. And now, travelers want free parking, with searches for that amenity up 43%.

Technology changes in the form of digital transformation will happen and quickly. A welcome note on a guest's mobile phone just after check-in can provide both service opportunities as well as sales opportunities. Further opportunities include really making guests understand the local area when entering the hotel bar and restaurant. Authenticity is a trend — having local favorites in food and beverage is also a trend and one that will drive guests back to our outlets rather than looking for something outside.

The big companies such as Amazon, Apple, Facebook and Google are getting more involved with lodging. Amazon has over 200 million global prime subscribers! Just 15 years ago, there were no hotel apps, no Facebook or Instagram, no iPads and no meaningful digital marketing. Personalization was largely a luxury boutique service and automation was very limited. What is even more remarkable is that technology innovation might equal those 15 years over the next 24 months.

Lastly, and by far most importantly, the talent crisis is real — we must find great employees who have the right customer service attitude. They do exist but recruitment, training and retention strategies must be implemented. My big takeaway comes from Jim Collins in *"Good to Great"* — hiring the right person is way more important than hiring someone with the skills you seek.

Cost Savings

Interest rates have increased, brands are back to their old ways of charging for things they deem important for their brand, which may or may not be important to hotel owners, and costs are up in energy, food, insurance and more.

Robotics are now available so perhaps it is time to provide some service from a robot — they can deliver to guests, vacuum floors and more. The time has come for us to evaluate every line item as it is budget season. Throw out expensive food items or raise prices. Train our staff to avoid expensive turnover — if we think of every employee as an investment rather than an expense, we will be much more strategic.

The Bottom Line

Together, a new era of employees can be trained, and if we listen to them, they can help identify a better way to do things. It's not just heads in beds anymore, it is the right heads in beds to optimize revenue. It's not hiring warm bodies because the labor market stinks, it is hiring the right people. And it is not "same old, same old" for managers, it is "what does our guest today really want?"

To what will actually be a great year in 2023 — ignore recession talk but be prepared. What goes up, always goes down, but not yet! ###