

# “A Futuristic View of the Asian Hospitality & Tourism Markets”

-The Trends, Challenges & Opportunities-1)

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## A Strategic Looking into the Future

As economists and others well know, forecasting the future is an extremely hazardous occupation. Despite our best number-crunching and analysis, innumerable unknown variables or wild cards, make our best sensible predictions look naive in many cases. When director of this conference originally contacted me, he mentioned that he was looking for a scholar who could speak to the topic, 'Asian Markets'. But, one doesn't have to be much of a futurist to make accurate predictions here in Asia.

We are all fascinated with the future. But to foretell the future is difficult. Marco Polo visited China a long time ago when there were no printing presses, compasses or gun powder in Europe. He saw these revolutionary things in his travels, but brought none of them back with him. He took back to Europe only paper money, which apparently caused a riot in Venice.

Marco Polo was a merchant. And he saw the future through merchant eyes. As a

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## 2 • A Futuristic View of the Asian Hospitality & Tourism Markets"

merchant, he understood the revolutionary nature of paper money. But, he was blind to the importance the power of the printing press, which today is the most powerful influence. He was also blind to the implications of the compass for travel and transportation. And he, himself, was a traveler. We don't want to make the same mistake as Marco Polo did.

I guess I am not a futurist. Anyway, not in the hyped up, mass market Ph. D sense. Or in the Oracle at Delphi sense, either. The future is a complicated place. And, it does not play by our rules. But there is a hope. The future, however, can be projected with some clues, which provided from the past and present. So instead of *looking into the future and trying to make predictions*, I prefer *looking into the past and trying to make projections*. In a very real sense, the future is an extension of the past. History can be a pretty useful guide to the future, if you know what to look for. We all live by a rigid set of rules. And, we call those rules 'culture'. Culture is patterned behavior. Each time we are confronted by a similar set of circumstances, we react pretty much the same way. Where we can observe historical patterns of behavior, we can sometimes project those patterns and their consequences into the future. It's a limited, imprecise way to make predictions. But it is all we've got.

### **Looking into the Past & Present - A Starting Point -**

So what does all this high-minded philosophy mean for the hotel and tourism industry and for your business? Let's start by looking for some historical patterns.

You won't find too many significant patterns in the history of the Asian hospitality & tourism markets. There hasn't been enough time. But by looking at the travel and tourism industry in its broadest sense, we can find a few. And what they tell us about where the future of the market seems to be going is extremely interesting.

People haven't always vacationed in the same way or for the same reasons as they do now. Back in the late 19th century, when Thomas Cook invented the 'modern' international travel business, travel was an elite experience. People didn't take this Grand Tour for fun, they took it to enhance their social status. It was a rite of

passage into the upper ranks of society.

Following the end of World War II, a large and relatively prosperous middle class arose in North America and Europe. These 'newly rich' worked very hard to earn their disposable income. When they made travel plans, they went looking for a rest, not an education. Because of the shift from enlightenment to relaxation, the economics of our business changed. Big beach resorts in the French Riviera, Miami in Florida, and Hawaii, sprang up and filled up. Prices came down and the shape of the modern industry had been defined.

The trend continued with large scale resort development in Mexico, Greece, and dozens of other countries around the world. Club Med was born. The industry kept building. Customers kept coming. Our customers are looking for 'Fantasy Island', where their own personal travel dreams can come true.

But, travel patterns have begun to shift again and leisure customers appear to be moving away from the 'fun in the sun' mentality. This current shift in motivation isn't just a fad. It is at least as significant as the two previous behavioral shifts in our industry and it has profound implications for our economics and development patterns.

Many people have begun looking for new ways to find fulfillment; new ways to create a personal identity. And, more and more, people are turning to travel for the answer. A growing number of leisure travelers have begun to seek out those 'unique' experiences that will help them to 'understand' who they really are. They are looking for those rich, colorful experiences that nobody else in the office can boast of having. Today, more and more, its about enrichment and self-fulfillment. People in Korea and China, who don't yet know that they are lacking in self-fulfillment, will be told that they are, and they will be told convincingly. And then they will believe. What does this mean for the economics of our industry?

This trend is moving across the world, with prosperity, like a tidal wave. I can say with some degree of certainty that this trend represents the future of hotel and

tourism at least one of the futures of the markets because the pattern is already well established and observable. Now this won't happen all at once, and it won't happen everywhere at the same time. From this point, let's look into the future of the hotel & hospitality markets.

## Looking into the Future of the Hotel Markets

### Highly Advanced Hotel Services

Did you ever think about what services the hotel company of the future would offer? Here's an area where the hotel company of the future can improve your experience dramatically. Some chains are experimenting already with express check-in service, which is an incremental improvement, but we can envision a major breakthrough in this area. Imagine yourself pulling up to the hotel, identifying yourself to the doorman, and receiving the keys to your room right there! No need to sign in, or even stop at the registration desk—just go directly to your room and relax. Now that's a breakthrough!

While we're thinking "out of the box", let's imagine a higher level of service than you previously thought possible from a hotel company. What other parts of your trip are annoying to you? How about the front-end coordination of traveling to the hotel? Currently, you usually have to arrange for the air travel and ground transportation to get from your home or office to the hotel. Wouldn't it be nice if you could book all of this with one call, without relying on a travel agent?

Well, it can be done. Here's how it would work. Say you are in Tokyo at your office when you decide to attend a meeting in Beijing next month. You call the number of your Personal Travel Concierge (PTC, for short) at the future hotel company. The PTC has all of your travel preference information at his disposal—favorite airlines, frequent flier numbers, car rental identification numbers, hotel room type preferences, special requests for in-room amenities (like a printer compatible with your notebook computer).

The PTC works with you to arrange airline flights, car rental or pickup service, and assigns you a room at the hotel. And no need to haggle over the rate based on your record of usage, a specific discounted rate is assigned to you, regardless of which hotel you choose. Furthermore, think of the opportunity to simplify your record-keeping! A monthly statement is sent to you, detailing your travel activities and charges for that month, formatted in exactly the form you have requested, whether it be to submit your expense report or for tax record-keeping purposes. Your miles, points, expenses—all in one place!

Look at the income possibilities from the hotel company's standpoint. By making their guests' lives easier throughout the travel process, there are new revenue sources available—commissions from the airlines and ground transportation companies, the ability to shoehorn room-nights into slack periods through personalized marketing, and the opportunity to build loyalty among guests, their families, and their co-workers. Clearly a win-win situation for everyone! Who says the future has to be bleak?

## **Changes in the Fundamental Ownership of the Industry**

We have seen a period of great change in the fundamental ownership of the industry worldwide. But there is no reason to believe that the merry-go-round will stop here. There is an enormous pool of capital swirling about the globe today. It can and does touch down anywhere. International banks and professional firms have made it possible for transactions to be done by multi-national partnerships competing for assets virtually anywhere in the world.

## **Technology Driven Hotel Services**

Technology is rapidly changing the face of most industries, and the hotel industry is no exception. Technology used to be the friend of big companies only. The luxury of huge investments in mainframe computers, international reservations systems,

vase marketing budgets for brand name awareness, and other strategic moves are out of the reach of smaller, independent companies. The hope of going global was simply out of the question for the smaller company. This is no longer true in most industries, and is reaching the hotel industry with similar force. As reservation distributions migrate to new network technologies and advances in direct marketing techniques reach new plateaus, smaller players will gain a share of the international market. We should be asking ourselves: Which breakthrough technologies will soon turn the hotel industry upside down? How will these breakthroughs influence the global market?

On the business and finance side, it will be important for the international hotel company for the future to have access to global capital and state-of-the art technology. To meet the increasing personal service standards and demands of international travelers, successful hotel companies will need to adapt to local markets. How will they get there? Through a sound understanding of the human and cultural differences within each local market and empowerment of diverse multi-national employees. The forward-looking, well-managed international hotel companies with strong capital bases and great ability will survive.

## Looking into the Future of the Tourism Markets

### The New Travel Buyer

#### \* Seeking Freedom and Expression

One of the key aspects of the travel market of the next century, based on trends already in evidence, is its increasing segmentation along generational and other demographic lines. As the traveling public gets more sophisticated and specific about what kinds of travel experiences they are seeking, it is becoming clearer that the travel market is, in fact, comprised of many sub-markets. For example, one extensive recent of Asians youth in their twenties found some of their beliefs to be significantly different from those of their parents' generation, as well as areas of

agreement and continuity. One finding of particular interest and relevance to tourism is the belief among Asian youth of a dichotomy between their outer, more traditional self and their inner self, which seeks freedom and expression. Overall, the study found little correlation between the beliefs of Asian youth and their cohorts in the West, often referred to as Generation X and N. From the standpoint of travel marketing these kinds of findings are critical, given the fact that roughly one-half of Asia's population is below the age of 30. They are also critical in highlighting the need to carefully design marketing strategies for particular target audiences.

#### \* Seeking new Destinations

The segmentation of the travel market is accelerating along with the rise in the sheer number of destinations risen, each of them is trying hard to distinguish themselves from other similar ones. If these trends continue—and I believe they will—we will find our industry characterized by highly sophisticated methods of discerning and targeting very specific travel markets for our events and destinations. It will be an environment where the absence (or presence) of a single attraction or attribute will mean the difference between a decision to purchase or pass. Destinations will be under constant pressure to appeal to these easily distracted, but hard-to-please, consumers.

#### \* Seeking Simplicity

The growing popularity of complete fly-five-lodging and cruise packages appears to indicate that consumers seek value expressed in the form of price, quality, and ease of purchase. Perhaps nothing can more quickly dampen the spirits of a would-be traveler than wading through innumerable options, each with its own price. The quick-decision, weekend traveler will want one price with which he or she can make a decision among competing destinations or simply to stay put. There is, a trend towards simplicity in the market.

#### \* Seeking Total Quality Service

If travel will be more personal in the future that is, if it is going to fulfill needs that are deeper and more individualized then the travel experience itself will take

on a different meaning. Where the traditional tourist may view long waits in customs lines, mediocre service, or a less-than-pristine environment as tolerable inconveniences, a tourist who is on a journey of self-discovery will likely be significantly more disturbed by them. In fact, we know that tourists are increasingly sensitive to their travel experience as a whole. No longer can poor service be compensated for by a relaxing afternoon at poolside. Each aspect of the traveler's experience is important to his or her overall sense of satisfaction and value. I have come across many projections by management specialists and futurists that stress the importance of quality in service industries, and see that a high baseline of quality will simply be expected by all consumers in all of their transactions and encounters. In fact, I suspect that the budding movement towards performance guarantees by service-based businesses to attract a new generation of demanding consumers will become more common in the future, perhaps not unlike the warranties given by manufacturers to assure buyers of product quality.

## **Distance-Bridging Technology**

### **\*Information Technology**

And bridging distances more efficiently and comfortably is what our industry is all about. One should remember what happened to the passenger rail industry when it thought it was in the train business instead of the transportation business. In this respect, the revolution in information technology that is already upon us is surely a harbinger of a new era in general, and especially for us in travel and tourism. Think, for a moment, about what an individual can learn and accomplish with a personal computer and modem today. Hooked to the internet, this person can research virtually any potential destination, shop around for the best air and hotel rates, and book his flight and lodging, all from anywhere where there is a simple phone jack. I should note here that backbone of this kind of capability is access to real-time information. Decisions can now be made not on yesterday's printout, but on the best prices at this very moment. Clearly, as we will see later, this holds extraordinary implications for the future.



### \*Virtual Reality

Perhaps the ultimate in distance-bridging technology, and one that we should all be monitoring very closely, is virtual reality. At the moment, VR is more important in the world of video games than in mainstream entertainment, except perhaps in the new high-tech casinos, showrooms, and theme parks of Las Vegas. As technology continues to improve, we may expect to see VR intrude more boldly into those areas that we once believed to be the province of "real" experiences—such as tourism. After all, the logic behind VR is that technology can overcome obstacles of time and space: that is, with VR you can be there without actually being there. And although personally I cannot envision the day when actual travel will be upstaged by virtual travel, I am certain that VR will change our industry in ways that we cannot begin to imagine.

Hotel and tourism must remain sensitive to its impacts upon, and implications for, individuals, communities, societies, and the world. We are in a people business, and the measure of our success will ultimately be how all people have fared in their dealings with us. This, to me, is the heart of sustainability.

## Concluding Remarks

It is a New Asia we are witnessing, an Asia which is on the verge of launching into its own renaissance. So, what implication does this have on hotel & tourism markets? What impact will it have on the hotel & tourism product and services? Ultimately, the challenges and opportunities facing us have a lot to do with whether or not we can understand the customers new psyche, and can continue to make ourselves relevant to them.

What we are essentially doing is to create new value for our customers. There will still be a reliance on the basic essentials for the hotel & tourism industry to thrive on: worldclass transportation, sophisticated communications, business infrastructure and an efficient labour force. But we will want to package it in a

different way, to put together a holiday and visit experience that is relevant to the customer of today.

In this conference, some of the major forces in the Asian hotel & tourism industry today have been discussed. Those issues addressed today is necessary to arrive at tomorrows products & services. Our populations are rapidly gaining affluence and they are hungry to encounter new experiences and other cultures. At the same time, new, less expensive opportunities for travel are blossoming. Tourists are increasingly looking for more enriching and rewarding holidays. And we have a more diverse, value-laden constellation of products to offer them than any other region in the world

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## 국문 초록

### 주제 : 아시아 지역 호텔관광시장에 대한 새로운 경향, 도전 그리고 기회

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