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Why technology is now as synonymous with Hospitality as room service



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In some ways, the guiding principles of the hospitality industry have remained unchanged for decades; provide a high-quality room at a target price, in the best possible location, all underpinned by great customer service.

However, it is becoming increasingly clear that technology has utterly transformed the day-to-day business of running a hotel. Whether it's due to rising staff costs or the introduction of stringent Environmental, Social, and Governance (ESG) standards, the strategic use of technology is no longer just an option, it is the only way to deliver a profitable business model.

By integrating advanced technological solutions, hotels can significantly reduce their dependence on manual labour for routine tasks. For example, it is no secret that people costs, from recruitment through to increases in the national minimum wage, have been a major challenge in recent years. One of the clearest consequences of this has been the wholesale introduction of online and mobile check-ins. However, as is so often the case, this is an example of how technology can both reduce costs and deliver an improved service for customers, as taking the reservation process online has made the act of booking a room far more convenient while reducing the need for front desk staff. Similarly, mobile apps for ordering food and other services streamline operations and free up employees to focus on tasks that require a personal touch.

Some hospitality businesses are now taking this one step further. Hilton has launched a technology-enabled global program, Hilton for Business, aimed at simplifying travel management for small- and medium-sized businesses, as 75% of small and medium-sized business customers handle their own travel bookings and manage them in-house.

IHG has introduced a new system which cuts down the operational training time needed for reception teams to become comfortable with its platform, and is far more intuitive to use. On the back end, the new technology enables the company to offer a more personalised service by tracking and recognising things like a guest's preferred room in a venue.

The need to meet stringent ESG standards has also been a crucial factor in the increased use of technology. Energy-efficient systems, waste management practices, and sustainable sourcing are not cheap, but here again technology is a crucial part of the solution.

Smart energy management systems can optimise energy use across a property, reducing waste and lowering costs, while predictive maintenance technologies can foresee and address issues before they escalate, thereby reducing downtime and repair costs. These technologies not only support ESG goals but also contribute to a healthier bottom line.

Equally, leveraging technology to improve an asset's ESG credentials can enable businesses to tap into new debt sources such as green financing. As JLL noted in its Hotel Investment Outlook for 2024: *"Hotels that effectively articulate their commitment to sustainability, wellness, and authenticity will gain a competitive edge, enabling them to enhance asset values while accessing new sources of capital."*

Operators are also exploring the potential of artificial intelligence. Hotels are introducing AI-powered chatbots to streamline the handling of guest enquiries, reservations, and other requests, offering round-the-clock availability and immediate responses. The continued advancements in generative AI are further refining these technologies, enabling more sophisticated interactions. These technologies can answer questions, make reservations and provide recommendations instantly, enhancing both service and efficiency.

Investing in technology is crucial to maximising performance and meeting evolving guest expectations, and is only set to increase. According to Hospitality Technology, 69% of hospitality companies plan to increase their technology budgets in 2025, while 89% of front-line employees report that enhanced technology improves their job satisfaction (McNalty, 2024). Similarly, in a recent Deloitte survey, 52% of respondents said they expect generative AI to enhance interactions, while 44% anticipate that it will boost guest engagement.

In conclusion, it is clear that the hospitality industry has embraced technology both as a way to deliver an improved customer service, and to lower operational costs. What's more, from mobile check-ins and app-based ordering through to automated purchasing and smart maintenance systems, the most successful operators and assets will be those that continue to innovate.

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