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## American Generation Y and The Hotel of 2030

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**American Generation Y and The Hotel of 2030**

**By**

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**A professional paper submitted in partial fulfillment  
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# **Part One**

## **Introduction**

The Baby Boomer generation, once the largest, most important consumer base and leader in purchasing power, is entering retirement (Sherman, 2008). Now an aging generation, the Boomers, are slowly losing their hold on the attention of the hospitality industry. The Boomers are quickly being eclipsed by their children and grandchildren as the largest market population and the biggest spenders within America with over 73 million or 26% of the total US population belonging to this demographic (Nusair, Parsa, & Cobanoglu, 2011). Much like the Baby Boomers, this demographic, known as primarily as Generation Y (Gen Y) or “Echo-Boomers” due to the great impact that they will have on society and business as the Baby Boomers did; Gen Y will slowly become the focus of many revenue managers, general managers, and industry executives (Agarwal, 2009). It is this generation’s opinion that will most likely determine the success and evolution of their business for decades to come, setting the tone for future generations. Many studies are starting to come about in response to this very fact. By the year 2030, Gen Y will make up 34% of the US population with many of them at the pinnacle of their purchasing power (Nusair et al., 2011).

## **Purpose of the Study**

The purpose of this study is to illustrate how the hotel industry can best prepare to serve American Gen Y customers’ expectations in the year 2030.

## **Objectives**

As Gen Y grows older what will be their expectations during a hotel stay? What should the hoteliers offer Gen Y to earn their business? What marketing techniques work for them? Gen Y is likely to have different expectations in terms of technology, facilities, and services in comparison to other generations. By looking at current trends, this study will help hotels be proactive now, so they can make a seamless adjustment to cater to this increasingly important segment of the market. It is hoped that the findings offered in this study will serve as a roadmap for hoteliers as they organize their efforts to serve Gen Y hotel guests.

## **Justification and Rationale for the Study**

Generally speaking, the hotel industry is slow to react to changes in the market and consumer trends. Hoteliers like to wait to see if changes in the market are sustainable before they commit any money to the particular trend (Dev, Buschmann, & Bowen, 2010). The reason for this slow movement is because many times, the changes are more than just quick tweaks. Many times the physical environment needs to be changed or employees need to be retrained. This can be extremely costly, requiring increased labor costs or even closure of the property to renovate. By the time the hotel has made the changes, the trend might not be valid anymore or worse, it might have moved into something else entirely forcing the hotel to go back to square one, wasting valuable time and money. Since Gen Y will soon be the main demographic for hotels, it is important to get a head start in understanding Gen Y's expectations. Gen Y is very different from other generations in terms of their expectations and the type of marketing that gets them excited (Sherman, 2008). By adapting to Gen Y's expectations now, hotels can invest in their properties for the future, gaining a competitive edge on other slower moving properties and capitalizing on this important demographic.

## **Constraints**

One of the main constraints of this paper is that it will only be focusing on Generation Y in the US. Gen Y'ers from other cultures and countries will not be included in this study. Additionally, this research study will not focus on the expectations of generations younger than Gen Y as it pertains to the hotel industry.

Another constraint of this study is Moore's Law. The law states that the processing speed of computers and technology as a whole doubles every two years, creating an ever increasingly rapid change in the market. Moore's Law has shown us that the current "hot device" will be obsolete annually, if not faster! Essentially, any suggestion made in this study may not even be relevant by 2030. Will iPads still be a relevant tool by the year 2030? Will Apps evolve into something completely different that will render any investment in them now moot? The speed of technology moves so fast, that no matter how fast hotels evolve, they will always be behind the technology curve. "The challenge for the sector is not to try to identify every possible technology that might emerge, but rather to develop an effective scanning mechanism to monitor and evaluate new developments quickly." (Amadeus, 2010 p. 16) Further adding to the issues is the cost of creating and developing apps or a social lobby. Renovations in facilities and investments in new technology might be too expensive for some hotel chains to take on. Already hotels are creating apps themselves and many already have them out for use. Furthermore, the hoteliers themselves might not want any help or input when Gen Y's true potential has not been seen yet. Why invest so much time and money today when they still have 15 years to see really what Gen Y wants?

As stated before, hotels can be adverse to change since many general managers are concerned with the bottom-line and spending more money on expensive, unproven ideas could

mean their job. The technology or lobbies or any other recent innovation will have to prove themselves in the real world before some hotels adopt what could possibly be a very costly venture. “Given the range of technologies coming at the industry and the pace at which they are arriving, there are natural concerns about the industry’s capacity to absorb, evaluate, implement, and actually benefit from these developments.” (Amadeus, 2010 p. 16) But, as time goes on, costs go down, and the Gen Y demographic market matures many hotels will begin their process of catering to the new market. WiFi was once a paid amenity or luxury at certain hotels, they are now becoming standard, this will hold true with many other Gen Y expectations as we move closer to 2030.

## **Part Two**

### **The Generations**

The current market is dominated by the three major demographics; the Baby Boomers, Generation X and most recently Generation Y (hoteladnetwork.com, 2008) Each of the successive generations had different expectations when it came to marketing and their needs when visiting a hotel. This is due to the different times and environment that they grew up in. As such, each generation's specific impact on the market and industry was built upon the previous generations causing the need for the market and hotel industry to adapt to meet the new expectations of each new generation.

For the past few decades it has been the Baby Boomers who have dominated the hotel market in terms of how hotels market themselves and how they build their services to cater to their guests. Children of the Greatest Generation, their name sake comes from the great leap in birth rates that occurred in America after in 1945, after World War II. Boomers are, "the most studied, most written about and best understood generation..." (Sherman, 2008 p. 42) whose significance cannot be underestimated. Baby Boomers have long been considered to be a vital part of American society being the generation that shaped modern America in terms of marketing and consumption research (Sherman, 2008). Their enormous purchasing power is believed to be around \$900 billion and they are currently the largest population in the US (Sherman, 2008). This has led them to be the foundation of how marketing works and how hotels operate. However, this is also an aging generation, whose members are entering retirement and whose influence is beginning to wane in favor of other generations. "...Baby Boomers have the biggest market dollar to spend...hotel companies are going to have to begin to satisfy Generation Y..." (Amadeus, 2008 p. 6)

Generation X'ers, as they are commonly referred, are the children of the Baby Boomers and the parents of Generation Y. Born in the early 1960s and early 1970s, Gen X'ers are known as being a very individualistic generation and prone to be adverse to authority and groups. Gen X'ers are also the last generation to grow up without the Internet and the first to see the effect of globalization (Sherman, 2008). They are currently a generation in their 40s and 50s whose are at the top of their purchasing power, however due to their relatively small population size, about 57 million or 21% of the total US population, this generation only accounts for about \$125 billion annually in purchasing power (Sherman, 2008).

Generation Y also known as Millennials, Generation Buy, the Net Generation, or Echo-Boomers are currently entering the market and beginning to show their great and lasting potential. The exact start date for Gen Y differs depending on who you speak with or the type of study. This study defines Gen Y'ers as American individuals born between the years 1980-1995.

Currently, Gen Y is progressing to be the largest portion of the US population with an estimated population of seventy-three million Gen Y'ers or 26% of the total U.S. population (Nusair,Parsa, & Cobanoglu 2011), and they are quickly catching up to the aging Baby Boomers. "It is projected that in 2015, the adult members of Gen Y will make up 34% of the population (in the US)" (Nusair, et al., 2011 p. 3). Also, their purchasing power will have a tremendous effect on the hotel industry. Currently, Gen Y has a purchasing power that is reaching close to \$200 billion and it is rapidly growing. As the Boomers begin to die off and Gen Y inherits the money of their parents and grandparents, Gen Y's potential purchasing power is forecasted to top \$1 trillion once they begin to reach their 40s in 2020 (Sherman, 2008). Gen Y also grew up in a time of generally strong economic conditions, making them more consumption-oriented and use to getting what they want quickly (Nusair et al., 2011), causing them to be more prone to impulse

buying. “This means they have more disposable income than earlier generations had at their age, prompting creeping luxury demand-premium cars, electronics, vacations, etc...” (Sherman, 2008 p. 46) For the hospitality industry, marketing to a certain demographic, especially one as important as Gen Y, you must first know who they are. As stated before, Gen Y is the “Net Gen” growing up with the Internet and technology has defined who they are as a generation. As a whole, Gen Y is a very sociable, confident, well-informed, and open-minded demographic (Agarwal, 2009).

To understand Gen Y you must first look at each aspect individually. First, Gen Y is very social. They grew up with team sports and were instilled by their parents the virtue of working together for a common goal. This carries over into their adult life through the use of Facebook, Twitter, and MySpace (all Gen Y innovations). Being group oriented is important, however, because once in a group, Gen Y’ers like to express themselves as individuals. Clothing style, hair style, and individual interests are all important to Gen Y and they add this to their overall group experience. This primarily stems from the importance of diversity within Gen Y. “The success of such programs as affirmative action and the gender-equality sports programs Title IX reduced the gaps between genders and cultures for Gen Y...race, gender, and ethnicity are less of a concern to this group as opposed to previous generations...” (PreparedFoods.com, 2003 p. 34) Further compacted by the Internet, Gen Y is the “...first global generation and the first daycare generation.” (Sherman, 2008 p. 46) which has led to more interaction with people different from themselves.

## Marketing to the Generations

When looking to see the differences between these generations and what expectations they will have from the hotel industry, a great guide is to look at how they are marketed to. Marketing indicates what the hotel industry believes their target demographic expects from them. It also puts the different expectations each generation wants to the forefront. By looking at each decade's advances in marketing we should be able to see the impact Gen Y has on hotel marketing and what they expect when staying at a hotel.

Marketing for the Boomers began in the 1960s. It was during this time-period that the Baby Boomers first started to become a key market and the principle marketing tool in the hotel industry was Promotion. It was also "...a time of rapid change in the hospitality industry, triggered by the developments in technology and marketing." (Dev, Buschman, & Bowen, 2010 p. 461) This was also a time when hotel chains began to compete with one another due to increased market visibility because of new technology, like television. With the introduction of television, marketers could fit their message to what the customer was watching on TV through commercial. "The sixties was also the decade where technology met promotion" (Dev et al., 2010 p. 462) Technology also revolutionized how the hospitality industry worked from within. Automated Hotel Reservation System, first introduced by Holiday Inn, "...dramatically decreased the number of no-shows and virtually eliminated the need for overbooking." (Dev et al., 2010 p. 462) thus making hotels more efficient and profitable.

Scholars began to take note of the changing industry and began to write about how to market hotels to the general public. "C. Dewitt Coffman's landmark book on hotel promotions, *The Full House: A Hotel/Motel Promotion Primer*...was endlessly pored over by hotel owners, managers and marketers...quickly becoming required reading in many hospitality marketing

courses.” (Dev et al., 2010 p. 461) By the mid-1960s a Harvard professor, E. Jerome McCarthy introduced the “4Ps” of marketing, which are, Product (what you are selling), Price (how much it costs), Place (where you can find the product), and Promotion (who you are as a product provider/deals for the product to bring in more customers). These four concepts together gave birth to the modern day advertisements we see today. From the 4Ps, Promotion became the most important marketing tool. Hospitality industry executives began to see the need to “get their product out there” in order to survive in the ever-increasingly competitive market, understanding that they, as hotel executives, were no longer competing with the other hotels in their general area, but also hotels across the country. “William Morton in ‘Closing the Marketing Gap’ cautioned hotel managers who refuse to adopt marketing as a new business philosophy is tantamount to ‘shutting your door not only to opportunity but barring your own survival.’” (Dev et al., 2010 p. 462)

As the Boomer generation began to mature, so did their tastes. Boomers of the 1970s began to expect more from the hotels they stayed at. Hotel executives had to learn and understand what the customers needed and wanted from their hotel experience. Focus-groups determined that better customer service and the development of employee-customer interaction was what set many hotels apart from each other. Michael Leven, considered one of the best hotel marketers of his time, saw this and placed his philosophy of rewarding employees for taking the initiative to help customers at the forefront of his hotels at Days Inn (Dev et al., 2010). Leven said, “Service falls short when employees are always trying to please their immediate boss. You end up putting layers between yourself and the customer.” (Dev et al., 2010 p. 463) After putting this philosophy into place, Days Inn occupancy doubled under Leven’s tenure. Spurred by Leven’s very successful philosophy, other hotels saw the need to further develop

their product (i.e. the hotel facilities and employees). “It became clearer that to succeed, hospitality establishments had to be constantly adjusting their product to the changing tastes, technologies, and competition.” (Dev et al., 2010 p. 463) This meant that to differentiate themselves from the competition, hotels had to find out what they wanted to convey to the customer. Hotel design, decor, and architecture began to play a more prominent role in the industry, especially when marketing to the certain demographics.

Hotel branding and revenue management became the most important themes of the 1980s, so important that the 80s were known as “the decade of brand development” (Dev et al., 2010). “If we review the concept of branding, it’s really about communicating the values, mission, and vision of the company to the employees and customer” (Dev et al., 2010 p. 464) Hotel executives saw the need to promote themselves to customers differently, speaking to not just one demographic, but many different ones at once. The development of brands with different tiers allowed for hotel companies to do this. By targeting different customers of different socio-economic backgrounds, hotel companies could maximize profits by catering to the different needs of each group. The idea of maximizing revenue was also a major component of the 1980s hotel industry. In terms of marketing, getting a customer to come to your hotel costs more than retaining them. “Conventional marketing wisdom is that it cost five times as much to create a customer as it does to maintain an existing one.” (Dev et al., 2010 p. 464) Revenue Managers took this statement to heart and in the 90s began to focus on retaining the loyalty of customers. The study of loyal customers in the 90s allowed for hotels to maximize profits even further because they realized that, “...loyal customers are less price-sensitive than other customers, that they will spend more on food and beverages and other-services...” (Dev et al., 2010 p. 464) It also led to another great business marketing tool, positive word of mouth.

Loyal customers would tell their friends and family of their positive experience, creating new customers for the hotel at no extra cost to the hotel itself (foreshadowing the rise of peer review sites of today). This would then negate the cost of having to create a new customer and pass that savings on to the existing customer.

If the "...1990s was focused on generating research to better understand customers, develop closer relationships with them, figure out how to retain them as loyal customers, and secure a lifetime stream of income from them." (Dev et al., 2010 p. 464), then the 2000's was the decade of how the Internet changed how customers were marketed to. Though the Internet has been around since 1990s, it did not show its true marketing teeth until the early 2000s. As data speeds increased with modem technology, the internet was becoming more prevalent in American homes. Marketers started to understand the power of the Internet as not only a tool for information, but for shopping and social interaction, marketers began to use it to connect with their customers on a much more personal level. Building on the ideas of the 90s, customer loyalty became ever more important as competitors could now connect to the general public instantaneously. Loyalty programs and customer satisfaction became increasingly more important to hotel companies. E-mail blasting, mass texting and advertising on social media sites slowly became the lead influence in marketing.

### **Marketing to Gen Y**

Marketing to Gen Y'ers is not an easy task. Gen Y is aware that they are being marketed to and appreciate authenticity. What worked on their parents and grandparents will no longer work on them. "Direct mail, print ads, and television advertising bounce off these powerful consumers like bullets off Superman's chest." (Fields, 2008 para. 3) The DVR has all but diminished the importance of the once mighty TV ad and print form is all but dead to Gen Y'ers

due to tablet computing and the increased power of laptops. Gen Y'ers wants short, direct messages; so it becomes important for hotel companies to shape and direct their message in the form that speaks to the general interest of the group, with the Internet being the primary delivery system. Gen Y'ers are mostly interested in socializing and completely obsessed with being connected to the Internet. Social Media, internet ads, mass texting, E-mail blasting, and personalized recommendations are quickly becoming the norm. For the hospitality industry, "a guest experience that appeals to Gen Y'ers must have connectivity at its core." (Agarwal, 2009 introduction para. 3) As a result of their sociability and use of internet and technology, Gen Y'ers also poses many problems to the hospitality industry. "...having a virtual world of information at their fingertips has made Gen Y the most impatient, advertising-skeptic, buyer-aware public we've ever known. For them, corporate reputation and brand are less important than peer recommendations and viral forms of marketing. Price is generally secondary over convenience." (Agarwal, 2009 introduction para. 2) This means that Word of Mouth (WOM) and Electronic Word of Mouth (E-WOM) are extremely important to Gen Y, placing personal recommendation from a peer over clever marketing or branding. Just look at the popularity of websites like Tripadvisor, Yelp!, or Facebook. Thousands of people write reviews about different establishments which are read by thousands more, affecting people's view of an establishment and their patronage.

### **Gen Y'ers and branding.**

With different brands all over the place, Gen Y'ers is over-saturated with advertising and branding. This leads to the problem of getting Gen Y'ers to not only take notice in your brand, but also to spend their money on your brand. "Today the 17 year old in one month is bombarded by more media than a 17 year old 20 years ago was in one year." (Twice, 2000 pg. 38) Gen Y'ers

look for authenticity in brand names. Today the brand is more than a name, the brand that Gen Y'ers buy are now extensions of themselves as a person. "...the trait of pursuing differentness relative to others through acquisition, utilization, and disposition of consumer goods for the purpose of enhancing one's social and self-image." (Rajamma, Pelton, Hsu, & Knight, 2010 p. 390) It is important to remember that Gen Y'ers grew up with world class brands like McDonald's, Coca-Cola, and Apple Inc. "Some marketers view Gen Y as the first truly global consumers, and vivid examples include that they drink Coke, surf the web on their Macs, wear Nike sneakers, and so forth." (Rajamma, et al., 2010 p. 401) Gen Y is often likely to leave a brand quicker if you don't stay on the cutting edge. "Sites that were important and popular two years ago (e.g. Yahoo, Myspace, eBay) are declining, while other sites have burst forth (e.g. Facebook, Twitter, YouTube)" (Dev et al., 2010 p. 466).

Since Gen Y'ers uses brands to express themselves, it is important that the marketing of the brand itself be authentic otherwise they might ignore your business. "Young consumers can spot a phony from a mile away...be honest and open. Drop the old sales-speak and be sincere when marketing your products and services" (Fields, 2008 para. 10) The relationship Gen Y'ers builds with your brand and product is something that they invest in emotionally. Gen Y'ers see brand familiarity as evidence of authenticity, thus it is an important determinant of their retail patronage (Rajamma, et al., 2010).

The trick is getting Gen Y'ers to become interested in your brand and staying relevant. "Successful delivery of brand strategy will be dependent on the ability of the organization to translate vision into capability, process and customer experience." (Amadeus, 2010 p. 16) That means constantly innovating and evolving yourself. "The innovation seeks to achieve efficiency while providing higher convenience and more choice to the customer" (Piccoli, Anglada, &

Watson, 2004 p. 8) A great example of consistent innovation is Apple Inc., which constantly updates their product to relevant consumer interests; annually coming out with new iPhones, iPads, and Macbooks while updating their software, as needed, to keep up with consumer demands.

### **Gen Y and the Internet.**

The birth of the Internet and technology has changed everything. Considered to be one of the greatest inventions created by mankind, next to the discovery of fire and the invention of the wheel, the Internet has revolutionized human interaction and everyday life. Because of the Internet's amazing effect on all aspects of human life, the U.N. declared access to the Internet a basic human right.

The importance of the Internet on humanity and in particular Gen Y cannot be understated. This rise of the Internet and its integration into everyday life has been led by Gen Y. Gen Y grew up and matured in conjunction with the Internet and its capabilities. "For Gen Y, being connected is not normal, but necessary." (Agarwal, 2009 introduction para. 3) If hotels want to attract, satisfy, and retain Gen Y the hotel industry must further embrace and invest in technology. "The hotel industry was initially slow to adopt the internet for marketing purposes." (Piccoli & Dev, 2012) This statement shows that the hotel industry as a whole is a very reactive environment to the market when it should be proactive.

Agarwal (2009) looked at Gen Y for what they are, an impatience generation that has seen it all, has access to everything at their fingertips, and still wants more. "Gen Y grew up with technology and the Internet, and has embraced both as part of a hyper-connected lifestyle." (Agarwal, 2009 introduction para. 2) The Internet will be everywhere within the industry and free WiFi at the property will be an absolute must! "Gen Y expects their WiFi enabled devices

to work seamlessly throughout the hotel and be available anytime/anywhere.” (Agarwal, 2009 p. 1) And it goes without saying that an online presence will be the lifeblood of the industry. Your property must show up in the search engines and have stylish websites that are consistently updated with hotel information, user-friendly, and have ways to connect directly with the hotel and it’s staff. So far, the hotel industry has been lacking when it comes to its online presence. “The hospitality industry’s channel and content management is absolutely average if not below average...they (customers) compare you, your website, your content, your distribution methodology, with the best of the other companies they deal with in their everyday life.” (Amadeus, 2008 p. 7) This will be increasingly more important as younger Gen Y’ers, those who are currently still teenagers, begin to enter the market place. For many of them, they cannot remember a time without the Internet or cell phones. These innovations are a part of their lifestyle and an extension of who they are. The virtual world is just as relevant to them as the real world.

### **Social Media**

This hyper-connected lifestyle has led to an exponential increase in the use of social media by Gen Y. According to the Nielson Company, “Internet users spend an average of 6 hours, 13 minutes on social networking sites, just in the month of May. That number was just 3 hours, 31 minutes last year.” (Porterfield, 2010 para. 1) By 2010 Facebook had over 125 million unique users, today that number is reaching closer to a billion with over 950 million users (checkfacebook.com, 2012). The study also found that 22% of all time spent online was on social networking sites and another 20% users frequently shared advice about food, movies, music and other venues not directly related to social networking. Social networking has become so prevalent that users spend more time on Facebook than on any other of the top 10 most popular

online brands. (Porterfield, 2010) During a one month period, 127 million people or 57.5% of internet users in the US will visit a social networking site at least once! (*Social Network Demographics and Usage* as cited in Porterfield, 2010) Updating your status, tweeting, virtual “check ins” at favorite places of business are now all part of the American lexicon and an accepted form a communication between friends and loved ones. This has made WOM especially E-WOM even more important. According to Katz and Lazar (As cited in Nusair, et al., 2011) WOM is seven times more effective than newspaper and magazine advertising, four times more effective than personal selling, and twice as effective as radio advertising in influencing customers to switch brands which is an indication that personal communications are viewed as more trustworthy (Nusair, et al., 2011).

Prominent user review sites like Tripadvisor.com and Yelp!, as well as Facebook and Twitter have made it easier for Gen Y customers to share their experience with their friends and family. “Their (Gen Y) strong social networks mean that the speed at which a Gen Y-er can influence peers is astonishing. A bad experience can be shared worldwide in a manner of seconds.” (Agarwal, 2009 p. 2) Because of this, Gen Y customer satisfaction is even more important, since a bad experience at your property will not just be known to the customer’s immediate friends and relatives but to anyone with access to the Internet. An example can be seen with Zagat travel guide. Once a compilation of reviews made by professionals, Zagat has now allowed their customers to review business as well. “In doing so, Zagat changed the role of its customers, making them part of the rating procedure. Customers are no longer only users/consumers of the information, but also expert judges of their experience.” (Piccoli, Anglada, & Watson, 2004 p. 15) The overall effect of changing the customer from a passive experiencer to an active reviewer can cause you to lose a business opportunity before you even

get a chance to redeem yourself. It has now become common place for many potential new customers to first read reviews of others from Tripadvisor.com before making final plans for their trips, influencing where they will stay, what they eat, where they will shop and what attractions they will visit. “(the) new breed of traveler will know what to expect before they arrive at their destination. They will have done their research...this will increasingly mean reading what their peers had to say about the place they’ve booked into.” (Amadeus, 2008 p. 6)

Hotels must also have a constant eye on your guest reviews on peer to peer review sites, like Tripadvisor.com, as E-WOM is now a part of the industry marketing strategy and brand development. “Video and audio bits uploaded to your site can spread across the Internet as Gen Y’ers share their favorites with their friends, who pass it along to their circle and so on.” (Fields, 2008 para. 14) This means that hotel executives must keep tabs on their customers’ preferences, experiences, brand image and any possible issue customers might have before, during and after their stay (Amadeus, 2008). A Facebook page/Twitter account will let hotels connect with their guests on a more informal level and inform them about hotel promotions.

The increased attention to social media means that hotels have a new way to establish a deeper understanding about customer expectations. This means that hotels have to make sure that they are actively listening to their customers on these sites. “One of the big frustrations for travelers is a concern that their voices aren’t really being heard by the industry and that hotels aren’t paying enough attention to dialogues on social media.” (Amadeus, 2010 p. 6) This means that if hotels do engage their customers on social media sites, hotels must actively change according to their customers’ expectations, whether they be good or bad. Websites like Revinate.com make it easier for hotel executives to see who is talking about their property across all online media and allow them to directly talk with their customer base by responding to issues

that might occur or by directly thanking their customers. “Invest time in reading what (Gen Y) is writing about and getting engaged in an online conversation, and your return will be the knowledge of how to market to them.” (Fields, 2008 para. 11) This provides hotels with the opportunity to interact with their guests at different points during the purchasing process, enabling communication before, during and after the hotel stay experience (Amadeus, 2008).

Consistent social media presence will also help many hotels increase their brand loyalty. By acknowledging Gen Y’ers comments, praise, and issues with their hotel experiences gives the impression that hotels care about each individual guest and their own personal experience at the property they stayed at. Bill Carroll of Cornell University acknowledges this, “Your capability once you interact with the customer to protect your brand and engage them creates an opportunity to capture that customer for current and future bookings. How hotels do this is going to be essential to their success...this includes search engines or Facebook...Hotels must engage the customer however they can.” (Amadeus, 2008 p. 17) This will become increasingly more important since Gen Y will demand a more individual and personalized experience as they grow older. The good news is that hotels are currently integrating social media as a tool to enhance customer relations, with 70% of the industry already implementing social media as a way to interact with their customers (Erdem & Zhong, 2012).

### **E-Commerce and Third Party Vendors**

The Internet has enabled the many industries to develop e-commerce sites. This has become true with the hotel industry. The Internet allows hotels to expand their ability to give their customers a new avenue to research room rates and make their reservations. Although the hotel’s long standing aversion to accepting and putting into practice new technology has allowed new competitors to spring forward and develop the market. “...the hotel industry leadership

(was) asleep at the wheel. Rather than jumping to build our new channel of distribution we ceded our domain to others who sold our product as commodities and, at times, even undercut out prices!” (Piccoli & Dev, 2012 p. 6) Third party vendors like Priceline and Expedia are businesses that are considered “e-commerce” because they do not have a brick and mortar/physical property, instead conducting their business entirely over the web. When looking at demographics, “most users of the e-commerce sites were between the ages of 18-34 year olds (Gen Y), they are well-educated, employed, earn a substantial salary of over \$70,000, and an overwhelming majority are women!” (Piccoli & Dev, 2012 p. 10)

After seeing the success of third party vendors, hotels began to develop their own websites, which also forced the hotels to see that the online market rapidly changes and requires constant updating with an eye on the competition to stay relevant with today’s modern customers. “We no longer think only in terms of web pages, news groups, and personal computers. Rather, we design interactive web applications (apps) that are context sensitive to users-generated data and social relationships.” (Piccoli & Dev, 2012 p. 7) With Gen Y users more connected than ever, they can easily find specials or discounts from quick Google search or a few taps on their iPhone. Gen Y’ers can easily compare deals that undercut hotel rates.

An off shoot of the third party vendors has also become prevalent; these hybrid sites like Groupon and LivingSocial offer discounted prices but on everything from yoga classes, to tanning salons, to hotel rooms. Additionally these sites rely on group participation or a certain quota of people to buy in order for all of them to receive the discount.

With the recent introduction of Apps, users can also get notified of special time sensitive deals through location based push-notifications in real time without the user actively looking for the said deal. This leads to quick impulse buying, direct to consumer marketing, and more repeat

business, however, hotels are just beginning to enter this new market. According to Piccoli and Dev (2012), the current leaders in this type of app-centric market place are not the hotel properties themselves but the hybrid vendors like Groupon and LivingSocial. These sites are offering flash sales which, "...offer customers promotions of short duration (time sensitive) that provide dramatic savings-usually contingent on achieving threshold of customers accepting the proposed deal." (Piccoli & Dev, 2012 p. 7) The most popular sites for flash sales were Groupon and LivingSocial, who offered discounts to the consumer on average between 45-55% off the promoted rack price of hotels. Coincidentally, because of the perceived saving consumers made for booking the room through flash sales, consumers would spend an additional 30% then what they usually spent once at the property. It was also found that 70% of new customers came from flash sales. This showed that flash sales attract customers to the hotels and increase their brand recognition. Nevertheless, hotels were still losing revenue on each sale because many times, the hotels would have to pay commission to these third party sites, sometimes as much as 20%! In the near future, hotels should adapt this through their own apps, thus possibly cutting out third party and hybrid sites and offering an increase in direct customer interaction. Hotels will also have to define (their) purpose for the promotions, study competitor sites carefully, start small and build slowly overtime to avoid user issues, and monitor all your user carefully. Furthermore, flash sales gives the appeal of exclusivity to the consumer, which is something that is very desirable to GenY (Piccoli & Dev, 2012)

### **Gen Y and Technology**

Many would be hard pressed to find a member of Gen Y who that did not have at least a general understanding of the Internet and the technology associated with it. "Generation Y and those that follow them are coming into the hotel as both guests and employees with a very

different relationship to the technology they use. For them the boundaries between the physical and virtual world have blurred...” (Amadeus, 2010 p. 12) Growing up within the age of the computer, Gen Y’ers have been around to see the rise of the personal computer and all the innovations that go along with it. “The way Gen Y’ers use technology is an extension of who they are - sociable, confident, well-informed, and open-minded.” (Agarwal, 2009 introduction para. 2) The increased use of smartphones and tablet computers will further change the expectations of Gen Y and their expectations and interactions with hotels. Smart phones will fundamentally change hotels and how they provide different services (Amadeus, 2010).

Increasingly, mobile devices like smart phones and tablets are becoming the most common tool for Internet access and the main form of communication and interaction for much of the general population in America (Amadeus, 2010), especially with members of Gen Y. Many mobile device companies, like Nokia, forecast that mobile subscribers will rise from 4 billion (in 2009) to over 5 billion by 2015 and that mobile data use will increase 300-fold from current use by 2015 (Amadeus, 2010). This tremendous increase in data use means shows the importance of mobile devices to our society. This also means that proficient users of mobile devices expect service industries to be proficient in mobile use as well. “The emergence of App culture is creating a generation which believes that whatever they want, whenever they want it, there’s an App for it. If there isn’t an App, the social networks provide a platform to discuss it and if the demand is there, someone will develop it.” (Amadeus, 2010 p. 10) Free Wifi to access the Internet so guests can use their devices must be standard with the expectation that speed, bandwidth and functionality of this service must meet the customers’ standards, because their consumption of data will only increase (Amadeus, 2010). Gen Y uses their smart phones to learn about different hotel properties, the surrounding activities, read peer’s reviews, and book their

services. Gen Y'ers will expect that hotels will have the technology allow them to do all these things and more. "(Smart phones) can enable contact-less payment which Gen Y will want to use at a self-service kiosk rather than wait in a line at the desk. This trend is important because devices like these will be the center of the Gen Y guest experience before, during and after their stay in your hotel." (Agarwal, 2009 p. 1) Hotel information, content, ability to shop, order food, make point-of-sale purchases, and book services and rooms via a mobile device will be a necessity for any hotel wanting to stay relevant (Amadeus, 2010).

In current modern hotel rooms, Gen Y guests can already control most, if not all functions of their room with just one device. This will soon become increasingly commonplace as guest being to bring in their own devices therefore the room itself will be connected to these mobile devices. "Why can't a hotel send a barcode to a guest's mobile phone which will act as a virtual key?" (Amadeus, 2008 p. 7) Holiday Inn has already begun to embrace mobile technology, by introducing smartphone based Fast Check-in service (Amadeus, 2010). Gen Y'ers will also expect that they will be able to interact with hotel staff in the virtual world via their mobile devices. This means that hotels will have to start taking advantage of current technology and implement it in new and creative ways. For example, many Gen Y'ers will expect to be able to ask a concierge a question or set up a dinner reservation for them all over SMS texting and will expect to get an immediate response or confirmation via the same deliver system (Amadeus, 2008). Much of this is already being put into practice, with Hilton Hotel Group's launch of their mobile web and iPhone app. This app enables guests the full booking capability that they would expect from home, but while out on the go. It also provides the services to change booking information, preview hotel images, rooms and quick access to call the particular hotel in

questions (Amadeus, 2010). These abilities will only increase and become more common as time goes on.

However, because of technology and the Internet, instant gratification has led to Gen Y having a short-attention span thus they become bored very easily and are always looking for the next best thing. "...Generation Y, is much more demanding than the Baby Boomer generation...I think hotel companies are going to have to begin satisfying Gen Y because their expectations are quicker, faster...they are more self-centered." (Amadeus, 2008 p. 6)

### **Social Lobbies**

The increased use of technology and the Internet will not only transform how hotels market and interact with Gen Y, but it will also change the hotels themselves. The new innovation that many hotels are investing in is a visually dynamic, operationally effective, customer-centric design for the hotel (Amadeus, 2010). This can already be seen with the increased number of social lobbies and renovated hotel space that is currently occurring in many hotel properties. Social lobbies can be described as a public area which is adjacent to the main lobby which is open for use by the public. These lobbies offer amenities and services like free Wifi, comfy chairs to sit in, waiter service, a bar, and coffee shop. They also offer the ability to change the mood of the lobby by changing scent, music, and color (Taulane, 2007). Marriott, for example, has taken this idea of social lobbies and turned it into something unique to them, calling the lobbies "great rooms". Marriott has built these great rooms to encompass three zones, with each zone completing each other and seamlessly transitioning into one another creating a free-flow feel and designed specifically for the 24/7 working traveler (Hotels-Online, 2006). Zone one focuses on the traditional front desk with a twist. "(It) places control into the hands of guests by allowing them to choose between self-check-in at a kiosk or assisted check-in at the

front desk.” (Taulane, 2007 p. 45) The second zone, called the social-business zone is a day/night bar that offers amenities that will support both needs of the business travelers and leisure travelers. The third zone “affords the solo traveler the chance to join the crowd in a private way...designed for people who want to be where the action is but not actually part of it.” (Taulane, 2007 p. 45) These social lobbies also offer hotels to help take off some of the work load from their busy employees. For example, Courtyard by Marriott installed 57-inch LCD touch screens in their lobbies which provided customers with information about the local area, restaurants, local attractions, current weather across the country, news, daily stock ticker, sport headlines, and provide printable directions. This helps alleviate the concierge work load and decrease wait time for customers wanting to speak directly with the concierge (Amadeus, 2010).

The main idea behind these new lobbies or great rooms is to create a third place, which is a place between the home and the office, where non-guests can come to the property and a new way to entertain current overnight guests, “...creating a spot where ‘people in the know’ flock.” The increased number of working Gen Y’ers staying at hotels has changed how hotels see their guest’s behavior. “Many hotels say even overnight guests, especially those under 40, are more comfortable working in a public lobby than upstairs in their rooms.” Social lobbies allow for Gen Y’ers need to be in a group by providing them with a more social atmosphere to relax in and an inspiring environment to work in. “It has a lot to do as well with Gen Y and their wanting to be with other people....people do look at traveling a little differently, mixing leisure and business.” (Dizik, 2012 para. 13; Taulane, 2007 p. 43-44)

Dizik (2012) found that hotels are seeing great potential with these new lobbies from a revenue stand point. First, many non-guests use hotel lobbies as a meeting place, a place to get work done, or a great place to socialize with peers for after work drinks, i.e. a third place. This

adds a new important source of revenue for hotels, especially during down times or off-seasons. Furthermore, social lobbies indirectly generate great word of mouth marketing for their respective hotels, “A crowded hotel lobby creates an upbeat, buzz-worthy atmosphere...from a customer’s standpoint, it does reinforce the idea that the hotel is successful and a good hotel.” (Dizik, 2012 para. 12)

Though for all the advantages social lobbies possess, social lobbies do pose potential hurdles for hotels. “If you are inviting the locals to hang out in your lobby, you better make sure they represent your brand.” (Dizik, 2012 para. 6) Hotel lobbies that are open to the public will attract people from all walks of life, many of whom might not represent the hotels targeted demographic. This can potentially change the overall atmosphere and reputation of the hotel, alienating the demographic that was initially targeted. Additionally, this could also lead to guest confusion with the increase in the number of people in the lobby, “...(guests) can’t figure out who works there and where you have to go to just check-in.” (Rosenwald, 2006 para. 12)

Another issue that may arise is that many non-guests will be free-loaders, meaning that they will just use your lobby for the free Wifi and not make any purchases. Nevertheless, hoteliers believe that the revenue generated from social lobbies far outweighs the negatives. “About 90% of the hotel’s daytime food and beverage revenue in the lobby is from non-guests.” (Dizik, 2012 para. 15) However, the investment of remodeling a lobby can be very costly, often costing millions of dollars, which means that many hotels cannot afford to make that investment as they struggle in the current economy. “How do you get all of this into (a) space so that once you build it, it has legs and can go on for many years?” (Taulane, 2007 p. 45) According to the Seattle Times, new hotels wanting to update or add social lobbies could expect an increase in construction costs to be about 15% (Rosenwald, 2006). This cost could be worth it for many hotels because, in the

end, it is the lobby that is the first and last part of the hotel the guest sees making it an important part the guests first and last impression of the property.

### **Choice, Personalization and the Data-Driven Market**

Gen Y is ushering in a new movement in the hotel industry, and that is the need for a personalized experience where each individual guests experience at the hotel property is shaped to that individual's expectations. Gen Y'ers are looking for a hotel that caters to them as an individual, taking into account their interests, previous booking history and spending patterns. Gen Y'ers are looking at the hotels they stay at as extensions of themselves; where they stay tells you something about them as an individual. What Gen Y'ers want are more choice in their hotel experience and increasing demand for personalization is forcing what was once a 'producer-led' segmentation of the industry to a more consumer driven choice industry (Amadeus, 2010). The guest now has to become part of the service delivery system because they are increasing demanding to be involved in its delivery and how it is designed, they want it individualized to their specific needs (Amadeus, 2010).

Currently, hotels do not spend the time to work out how they too can exploit the amazing amount of data that they receive from their guests (Amadeus, 2008). Many other industries also receive a substantial amount of data from their customers but put them to good use. For instance, banks and supermarkets receive a lot of data from their customers purchasing history, such as the items they buy, accounts customers have, frequency of purchasing or visiting of a branch, and other buying habits; these companies then tailor their marketing, communications and products to the individual customer based on past experiences and buying habits. The way hotels can personalize the experience is by changing to a data-driven market and culture. Hotels accumulate substantial amount of information about their guests; hotels also routinely keep a

personal history of each guest based on voiced concerns, preferences, and past behaviors. These behaviors can be defined as booking histories, the avenue in which the reservation was made, pricing preferences, food preferences, and concierge recommendations. The amount of data that hotels accumulate is given, many times freely, by the guests and can be very personal.

A mix of new technology and online data mining will make it even easier for hotels to accumulate information from their guests and personalize the guest experience. The Internet allows for the consumer to make choices in the services that they want while the mobile devices that they use provide the easy access to implement those choices. It will no longer be acceptable to Gen Y'ers that hotels will find out about them by building customer profile and histories based on continuous stays. Gen Y'ers will expect that hotels will be using the new technology and the Internet to find out more about them (Amadeus, 2010). "Getting to that point is not about filling in more lines on a profile. It is about observing the consumer's behavior while staying in hotels, while searching for information, while talking about (their) experiences. There will be 100 times as many sources of information because it will be online." (Amadeus, 2008 p. 12) This means that the hotel technology that is needed will increasingly become invisible to the customer. "Technology will be operating in the background...customer information, customer preferences, customer behavior, helping to guide the hotel staff toward relevant suggestions of upsell and cross-sell offers." (Amadeus, 2008 p. 12)

The use of the Internet can also help with gaining data from the customer base. Very soon the Internet will evolve again. The changing Internet will become smarter taking into account the individual that is searching; based on past history and social media a future traveler will search Google differently (Amadeus, 2008). "If someone is looking for travel information, instead of getting 180,000 hits on Google, the system will know that the person looking online is

a teenage girl who is into fashion-that search result will be different if a business person were doing the searching.” (Amadeus, 2008 p. 7) Hotels will have to be on top of this changing market to take full advantage of the data at their disposal. A male college student staying at a hotel will expect a different experience at the property from a 40 something female business executive. Hotels will have to understand their differences and expectations and deliver on those expectations because the customers will expect that (Amadeus, 2008).

The personalized experience really comes down to the idea of choice, giving the customer more control over the choices they make before and during their stay. “Ninety Two percent (of customers) expect their stay to be personalized around a set of choices they make at the time of booking or prior to arrival.” (Amadeus, 2010 p. 16) Hotels will increasingly be in a constant state of experimentation, becoming everything to everyone, reinventing themselves from customer to customer (Amadeus, 2010). “Customers will increasingly demand choice over every aspect of their hotel stay- encompassing check-in/out, service levels, size of the room, decor, the furniture, the audio-visual facilities, amenities, and food and beverage options.” (Amadeus, 2010 p. 3) This increasing fixation with personalizing can be seen with smart phones and tablets, which allows the user to customize the features and programs that the devices come with. If the program they have does not have everything the user wants, the user can easily download an App quickly to accomplish that task. It has been seen that the more adaptable a product is to the consumer, that product becomes more valuable to that consumer because it is no longer just an inanimate object, but an extension of themselves and their personality (Amadeus, 2010) This should be true with an individualized hotel experience. The more the experience is personalized to the guest, the more meaningful that experience will be to them. A study done by Amadeus (2010) found that 95% of hotel executives believe by 2020 hotels will increasingly use

new technology to increase their efficiency, reduce their overall costs and personalize the customer experience by improving the service that they offer. Small steps toward this are already occurring in some hotels. Room configurations can be modified to guest's tastes and preferences based on the guest history and feedback (Piccoli et al., 2004). Wyndham Hotels has already started, "... (Guest enrolled in), WyndhambyRequest, can configure rooms to their liking. Using a web-based interface, prospective guests create a very detailed profile of their preferences. This information, combined with historical guest stay data, is then used to enhance future stays at any Wyndham property." (Piccoli et al., 2004 p. 17)

A change of focus onto data mining will, in addition, give the added benefit of a deeper understanding of where revenue is truly coming from and what it cost to serve each individual customer, giving them a true value (Amadeus, 2010). Based on previous stays, hotel websites can "...utilize predictive tools to suggest products and service that would cater to the needs of each individual consumer." (Nusair et al., 2011 p. 12) A great example of how this could be implemented can be seen Apple's Genius bar which recommends new purchases based on the consumer's previous purchase history. Also, other recommendations can be made to the customer based on similar purchases of other users. Amazon and Apple currently practices recommendation marketing with their "other users also purchased these items" sections on user accounts. These recommendations become profitable because the customer can make quick impulse buys that they normally would not have made. Hotels can also use this information for internal analytical purposes. By analyzing the data of each customer's choices, hotels can refine the choices that are made available to the guests and determine which of the services, amenities, and facilities are the most popular and which can be discarded (Amadeus, 2010).

Hotels can cheaply begin the personalization process by directly accessing and utilizing social media tools. This will give real-time data that hotels can employ to keep up with the changing perceptions in brand, service quality, marketing messages, and pricing in a customer base that is consistently becoming more diverse (Amadeus, 2010) “Customers may be willing to provide a deep profile to a secure social network if they knew it would then be used effectively by all travel providers...they need to see that such data would really be used to personalize the travel experience and that hotels will continue to learn about (them) through each stay.” (Amadeus, 2010 p. 6) Much of the information that hotels want about their guests or future guests can be costly or time-consuming to amass. By adapting social media into the hotel industry, hotels will have a consistently updated profile of each guest. If the customer is new to the property, the information gathered from the social media sites will provide a deep guest history, guest interests, family information, socioeconomic status, and a new avenue to reach other consumers through the guests’ friends list.

## **Part 3**

### **Introduction**

As stated earlier in this study, hotels are just at the beginning of turning their attention to the Gen Y demographic market. Hotels are also at the beginning of integrating the Internet and emerging technologies into their infrastructure and services. However, when looking to the year 2030 there are many factors that cannot be predicted. Types of technology, what will be popular and new not yet thought of innovations could all very well change the landscape of the hotel industry. This section breaks down the study recommendations for the future hotel into 6 different components that encompass the Gen Y hotel experience: Customer communication, guest arrival experience, hotel staff and facilities, the room, technology, and pricing.

### **Hotel Futuro**

The study will use a fictional hotel where the future Gen Y guest will stay. The hotel is called Hotel Futuro in Los Angeles, California, built in 2015 with a constant eye on the integration of modern and possible future technology. Hotel Futuro has gone through one major renovation since its opening in 2028. The hotel has all the services and amenities a traveling Gen Y'er would want and is integrated with the last cutting edge technology including a social lobby, high speed Internet, and is able to interact with the mobile devices of the day. Since its most recent renovation, many in the hotel industry consider Hotel Futuro to be the most modern and technologically friendly hotel in America. Hotel Futuro is also the leader in offering its guests the ability to make choices in regard to what they want and what they can do during their stay. These options are reflected in the 6 components of the Gen Y hotel experience.

## **Technology**

By 2030, technology will be integrated into every part of the hotel and the guest experience. Wifi Internet access, as stated earlier will be free and accessible from anywhere within the hotel. In Hotel Futuro, every part of the hotel will have some form of technology in it, whether it be a large interactive screen in the lobby, mobile device integration into the room, or full 3D hologram technology assisting guest with dinner plans. Acquiring new technology and implementing it within Hotel Futuro has become a selling point for the property, and like many hotels, allows guests to use technology that they may not have at home or is too costly for them to own. “A guarantee of the chance to try out the latest gadgets may become a brand differentiator and attract a particular type of customer.” (Amadeus, 2010 p. 19) However, the increased use of technology by hotels and guests will also have potential pitfalls. Increased guarantees of the security of guest informational data will have to be an important factor since cyber-crime will only rise as people continually live digital lives.

## **Customer Communication**

The possibilities of communication between the guest and the hotel are endless and depending on the individual customer. These communications could involve text messaging, social media postings, emails, video calling, and regular phone calls (Amadeus, 2010). Furthermore, future Gen Y guests will be able to state the frequency and language of this communication and its content; guests can state that they only want to receive communications from the hotel that only pertain to an upcoming stay or only if it is about special offers given by the hotel (Amadeus, 2010)

The beginning of any future Gen Y guest experience at Hotel Futuro is the reservation process and how Hotel Futuro will communicate with their guests. Most of the advertising done

by Hotel Futuro is data-driven direct marketing. Hotel Futuro is linked in with social media and Google so they are able to directly market to and personalize their marketing to prospective guests based on their personal social media profile and Google search histories. For instance, they know when a 43 year old female, college educated, business executive who is married with two teenaged kids, making \$140,000+ a year and likes romantic comedies, The New England Patriots, and shops at Nieman Marcus. Hotel Futuro will also know based on her previous stay at a sister property that this prospective guest prefers email communications between her and the business she patronizes. Based on her previous Google searches, Hotel Futuro also knows that this particular guest has shown an interest in sky-diving and can have the concierge make a pre-visit call to possibly arrange a sky-diving excursion during her stay (Amadeus, 2010).

The booking of the reservation for Hotel Futuro will be Internet based, with each guest making their reservation over their mobile device or personal computer. Third party sites like Expedia will still be relevant with Hotel Futuro working directly with them to offer special promotion and customization features for each guests stay. During the booking stage, future guests will be able to have a choice over everything about their stay, customizing their experience to fit their needs. Every option given from the room type, in-room amenities, features and lay out, services that will be used and pricing will be offer and remembered by the hotel's system and added to the guest profile for future reference. Location based promotions and flash sale promotions will also be used through mobile devices to attract locals to the property where they can use the lobby and its amenities to further add revenue for the hotel.

### **Guest Arrival Experience**

Once the guest arrives at Hotel Futuro they will experience the hotel in a highly personalized and individualized way. The key here is to make sure that the guest has a choice in

every aspect of their stay. The guest can check in via their mobile device through the hotel app, a self-service kiosk or the traditional front desk. Hotel keys will be sent to each guests mobile device or if they want, can be give a traditional key card. Directions to their room can also be sent to their mobile device with a fully realized 3D mapping of the hotel property which tracks the guest's location, similar to turn by turn GPS in modern cars. Once the guest has settled in their room, they can book any service needed from within their room via their mobile device or receive confirmation for any activities that they might have planned, car services, spa treatments set up times cleaning services or customize their hotel profile.

### **Hotel Staff and Facilities**

It will be up to the staff and the facilities of the hotel property that will truly make each guest experience personalized. “The ability to deliver a highly personalized experience will be dependent on the ability of staff to recognize and address the differing needs of each guest and respond in a manner that reflects what the customer has selected...” (Amadeus, 2010 p. 18) The integration of technology into the common areas and its use by the hotel staff will help facilitate a high level of personalized service for each guest. Hotel Futuro's housekeeping will be notified to service a room based on the guest profile or the guest can send a message to housekeeping via their mobile device that they are out of the room and would like their room cleaned before their return several hours later; the concierge will know the restaurant preferences or types of entertainment the guest enjoys based on their social media profile which is integrated into the guest history; room service will be aware of guest food allergies or preferred times of dinning; the restaurant will know the guest favorite menu options or provide other items that the customer might enjoy based on previous purchases or other customer recommendations. All these options will be delivered to the guest in their preferred avenue of communication and in their language of

choice. “...cultural sensitivity, adaptability, problem solving ability, and use of different languages will be critical for hotels if they are to deliver on the service spectrum.” (Amadeus, 2010 p. 18)

Just like every other hotel in 2030, Hotel Futuro will have a highly integrated common area or Social Lobby that can be used by every hotel guest for different purposes. This area will be fully integrated with online capabilities with hologram technology based on gesture controls which recognize each guest through facial recognition which can bring up guest profiles. By using intuitive AI this system will be able to perform different tasks and further assist guests and enhancing their experience (Amadeus, 2010). Additionally, hotel facilities will offer more services on a 24 hour basis. If a guest at Hotel Futuro wants to play tennis at 3:00am, the courts will be available. The court can be automated to service guest during off-hours with gates to the court being opened by mobile device and equipment handed out by automated kiosk.

### **The Room**

The heart of any hotel stay is the room and Hotel Futuro provides the latest in fully customizable rooms. Gen Y guest can exercise their capability to control and make choices to personalize their hotel room experience. These choices can range from wall color with intelligent wall paper, decor, displayed artwork, personal photos uploaded to digital picture frames, bed type and size, linens, in-room amenities, quantity of pillows, customized in-room movie options, furniture type, furniture lay out, and maybe even different views i.e. digital screens that can project “views” of different scenes like a beach front, Las Vegas skyline, New York Skyline, or maybe the guests own backyard (Amadeus, 2010)! Many of these options will be controlled by the guest using their personal mobile device, which can control the room from anywhere they might be within or out of the hotel property. Currently, The Trump Soho offers

features very similar to this on a limited capacity with their app based Control4 Suites. Using their personal mobile device guests can control the temperature of the room, lighting, curtains, TV, and other entertainment options. As time goes on, the abilities of control the guest has over their room with their mobile devices will only increase.

Additionally, Hotel Futuro offers many room options a la carte, meaning that guests only pay for the items or things they use or want in the room. “This implies offering customers the choice of a standard or ‘fully loaded’; room or a basic room which can be enhanced through a menu of free and paid options.” (Amadeus, 2010 p. 19) So if a guest happens to be on a business trip, one which will require a lot of time outside of the room, guest may just want a basic room with a comfortable bed. In this instance the guest would only pay for the room and bed. Other amenities and features would be removed from the room which will act as a cost saving measure during their business trip. Conversely, a family of four might want the amenities offered by the hotel, like a TV with movies for their children, multiple beds of different sizes, digital picture frames with current family photos from their trip automatically downloaded from their social media profiles, and a calming wall color similar to the one in their home. All these options given to the guest can also be a way for Hotel Futuro to add to its revenue stream. “For some, the hotel experience may offer the opportunity to try out bedding, furniture, linens, audio-visual equipment, and amenities that are a change from those they use at home.” (Amadeus, 2010 p. 18) Guest will be able to try out all these different items and then have the option of purchasing them for their own personal use after their stay. This is already happening at many major resorts like The Wynn in Las Vegas, where every item in the room is up for purchase from their in-house dealer. Wynn even has a showroom on their property where guests can see other options, as well as other items that may not be in their room.

One option that has become popular choice in 2030 are green rooms. Hotel Futuro knows that the environment is important to their Gen Y guests who want to know the environmental impact of their room. These green rooms state the environmental impact the room has on the Earth and will utilize green options to ensure a more environmentally friendly space. Options could include low flow toilets, an improved shower system, special recycled paper products, furniture made from recycled materials, and temperature controls to ensure reduced use of power.

### **Pricing**

In Hotel Futuro guests have many options when it comes to what they pay for. The a la carte option is a popular one with many business guests, however, many families opted for a flat fee option similar to an all-inclusive deals that resorts like Sandals provides. These offers allow Gen Y guests to pay a one-time fee which covers all their services and amenities. This includes the price of the room, alcoholic drinks, in-room entertainment, spa facilities, car services, food, outside activities, and any other option provided by the hotel whether the guest uses them or not (Amadeus, 2010).

### **Conclusion**

With 2030 fast approaching and Gen Y'ers beginning to mature into their position as the largest American demographic, hoteliers should not wait to understand and anticipate Gen Y'ers expectations when staying at their hotels. As stated earlier in the study, Gen Y'ers are expected to have over \$1 trillion in purchasing power (Sherman, 2008), making them the most powerful demographic within America. With the Boomers influence slowly waning, it will be Gen Y'ers opinions and interest that will shape America for the next four decades. This study encourages hotels to become more proactive in meeting the expectation of Gen Y'ers by investing in

research and technology now, to develop a competitive edge for the future. This study also encourages hotels to become more active in their interaction with Gen Y'ers, especially over social media sites. Furthermore, hotels must become innovators and more accepting of new technology by taking chances with them. This will help hotels not lose ground and market share like they have with third party websites. Hotels will have to compete for the Gen Y dollars and to do that they must understand the important characteristics of what makes Gen Y'ers who they are, in order to capitalize on their huge potential purchasing power. Gen Y'ers are:

- Consumption-oriented
- Technologically-savvy
- Internet-centric
- Extremely social
- Socially diverse
- Group oriented
- Individualistic once in a group
- Impatient
- Brand conscious

It will become important for hotels to meet the expectations of what Gen Y'ers will expect from their hotel experience. Gen Y'ers will expect free Wifi access, hotel rooms that can hook up to and be controlled by their mobile devices, areas within the hotel to socialize in, personalized experiences that give Gen Y'ers choices over every possible option the hotel can offer, and the newest technology available for them to use.

To start capturing the attention of Gen Y'ers, hoteliers should become more accepting of the infinite possibilities of the Internet and the massive amounts of data that is available to them.

This means becoming more of a data-driven industry, using information to better service their guests. Develop new ways for hotels to market themselves to their customers by going to where Gen Y'ers are and conforming to what interests them. Hotels should start using the Internet more to market themselves, instead of traditional forms of media, such as television and print. Hotels should start using mobile devices as a way to reach Gen Y'ers directly, whether it is through advertising on Apps or through social media. It will become increasingly more important for hotels to begin to take chances and experiment with new technology and innovations, becoming a more active industry, instead of a reactive industry that follows the lead of others. Hotels need to start looking to technology as a way to better serve, personalize the experience, and interact with their guests; installing current technology with an eye for future trends will help hotels achieve this. Hotels must also begin to consider partnering with social media, getting a head start in understanding Gen Y'ers on an individual basis, collecting valuable information that can be used to better directly market themselves, and prepare to offer the increasingly important personalized experience to their future guests.

Future researchers should look at how hotels can better integrate technology into the hotel infrastructure in a cost effective way. Further research is needed to help hotels better understand what services are needed to build better Apps for themselves. Researchers should also look at how to integrate social media into the hotel experience and how hotels can more efficiently research, collect and utilize massive amounts of data. Other potential areas that are important for future research are looking into how to better personalize the hotel experiences and combating the issues of privacy, other uses for mobile devices in the hotel industry, and the needs of Gen Y'ers as they begin to start families. Will Gen Y families have different expectations from their hotel experience than previous generational families? If so, how can

hotels conform to this new family demographic? Also, future researchers should start to look at younger generations and their possible expectations from hotels that might differ from Gen Y.

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