A MULTIFACETED SOLUTION TO HOSPITALITY CHALLENGES

The Framework of the Future connects vital employee, customer, and service experiences

The hospitality sector is booming as customers flock back to the destinations and services they missed over the last two years. And those customers are bringing with them increased expectations for digital-first experiences, brand personalization, and integration between tech and in-person interactions.

The large-scale transformation this requires in the hospitality industry is a huge opportunity for those companies which can embrace an overall approach to the three fundamental pillars of business success in this sector: products/services, customers, and employees.

The Framework of the Future

Capgemini created the Framework of the Future to help companies do just that. The Framework is a process that assesses brand requirements and business priorities and then links those to the processes and technologies to get the outcomes companies need.

This will guide companies as they evolve the delivery of products and services using simplified and more stable architectures. These systems will collect the right data and use it to power decision-making and long-term strategies. In turn, these types of experience analytics give companies a better understanding of how customers want to engage and how well employees are equipped to serve them.
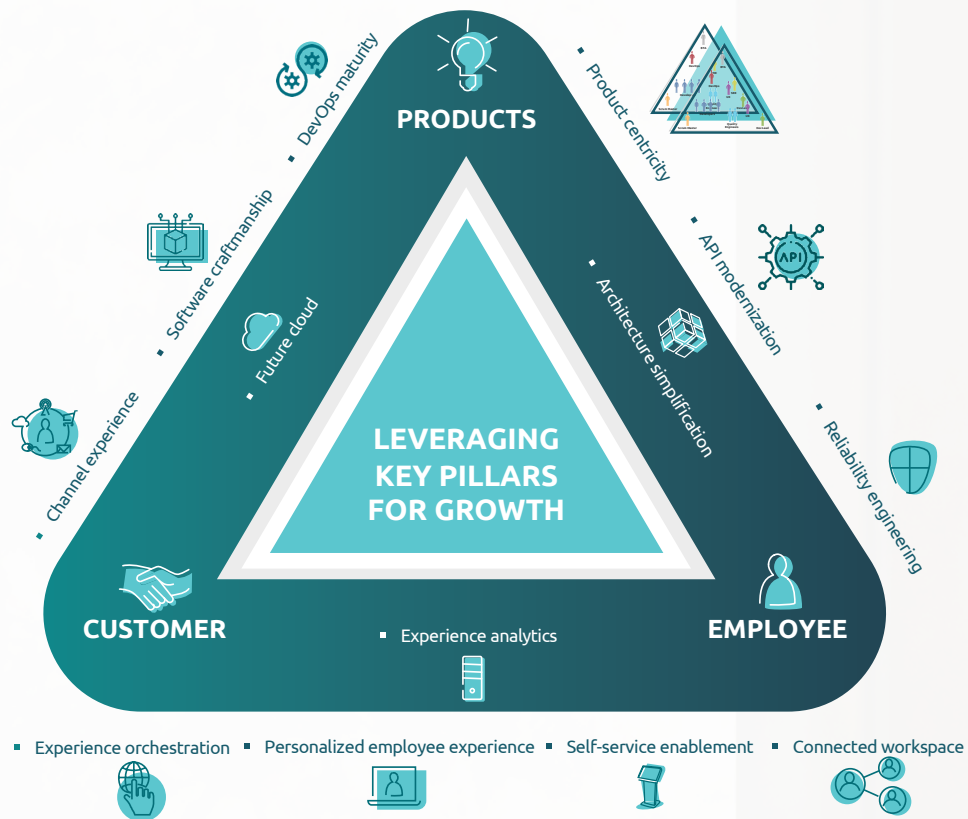
For customers, that can create a journey of digital connectivity that starts with the initial communication, extends to in-person and online exchanges and

post-experience follow-ups and, ultimately, repeated and long-term engagement.

New technology and processes can also boost efficiency and reduce stress for employees, which addresses the all-important goals of morale and retention, and results in happier customers and boosted revenue.

The Framework of the Future helps companies identify the intersection of products, services, customers, and employees, to get the biggest return on their investment and solve the common pain points between those segments.

The hospitality industry faces many challenges, but there are also many solutions available. We can help you navigate those options for the future you want.

DevOps maturity · Product centricity · Software craftmanship · API modernization · Future cloud · Architecture simplification · Channel experience · Reliability engineering · Experience analytics

PRODUCTS

LEVERAGING KEY PILLARS FOR GROWTH

CUSTOMER

EMPLOYEE

- Experience orchestration
- Personalized employee experience
- Self-service enablement
- Connected workspace

01

THE THREE-PILLAR APPROACH THAT IS BOOSTING EMPLOYEE RETENTION AND CUSTOMER ENGAGEMENT IN THE HOSPITALITY SECTOR

The Framework of the Future offers a more connected employee experience, with an operational approach that is seamless, data-driven, and focused on growth

No other industry has faced as much change in the last several years as the hospitality sector. From the layoffs of 2020 and the Great Resignation of 2021 to accelerated digital transformation, the industry has seen waves of evolution driven by societal upheavals that have deeply transformed the workplace and the customer experience.

The US leisure and hospitality sector lost almost half its total jobs in just the first few months of 2020, shrinking from 17 million to nine million positions and hitting an unemployment rate of 39 percent. As economic recovery and rescinded mandates have led to the return of travel and leisure pursuits,

the industry is now poised to welcome people back – both customers and employees.

But their return has brought heightened expectations as well: preferences for seamless digital-first brand experiences, integration of technology within in-person experiences, and the kind of personalization that shows a brand truly understands not only customer segments but also each individual consumer preference.

Transformation on this scale represents a massive opportunity for organizations that recognize success requires a holistic view on three seemingly disparate but interconnected pillars: products/services, customers, and employees.

Remaking the employee experience

A positive employee experience often translates to improved business results: less absenteeism, lower turnover, higher productivity, better sales, and increased profitability. But transformation can't happen in a vacuum. Elevating the employee experience isn't as simple as introducing a new HR solution, a digital menu, or a touchless payment system.

While technology solutions can reduce stresses or increase efficiencies for hospitality workers, other critical aspects – products and services, customer experience, and brand integration across offerings and channels – must simultaneously evolve.

Solving employee experience challenges requires an understanding of how employee and customer experiences intersect. For example, in-store employees with integrated mobile apps could be empowered to better serve customers with data analytics that aggregate and analyze previous purchase patterns online. This could lead to better sales performance, higher employee engagement, and lower turnover, not to mention higher customer satisfaction rates and increased revenue.

Enter the Framework of the Future

The Framework of the Future applies a connected lens to transformative change. It is a process that assesses brand ambition and business priorities and then considers the technology and process updates that will drive those desired outcomes. It breaks down silos between business functions by way of simplified architecture, cross-functional experience analysis, and seamless, integrated experiences. Here's what that looks like.

Simplified architecture. Too many siloed systems cause confusion, unnecessary complexity, and frustration – for employees and for customers. Technological architecture that is unified, not only within a brand experience but even at connection points with third-party brands, offers an element of simplicity that not only removes pain points but also improves outcomes. Imagine a restaurant operating within a hotel that not only integrates reservations and billing with the hotel's central system but also registers customer preferences, pre-orders, and specialized service requirements – all within a single platform. It's a win-win for employees and customers alike.

Experience analysis. Companies are collecting data but many aren't leveraging it to its fullest potential. Stronger and more connected insights could identify what matters to customers and improve the experience of employees, leading to better employee attraction and retention strategies and lower turnover.

Seamless, integrated experiences. The fewer systems employees need to learn and engage with, the more they can focus on strategic tasks. Developing simplified, seamless, and integrated experiences empowers employees to better serve customers in a more unified – and ultimately more meaningful – way. And customers will see and appreciate the new approach, deepening their link to the company.

The Framework of the Future empowers organizations to create a work environment that is purpose-built for engagement, connection, and meaning by way of a technology suite that is simple and efficient, with information that is readily available to improve job performance. By connecting these three pillars, organizations can create an environment that makes an employee's job easier – so they're spending more time thinking strategically instead of jumping from task to task. That improved focus leads directly to better experiences for customers.

Servicing customers with the framework of the future

02

A HOLISTIC BUSINESS APPROACH TO IMPLEMENTING TRANSFORMATIVE TECHNOLOGIES IN THE HOSPITALITY SECTOR

The Framework of the Future envisions simplified technological systems that drive growth through customer and employee engagement

Few sectors have implemented such complex and diverse technologies as rapidly as the hospitality sector. These include ticket and accommodation booking systems, big-data tracking and analysis apps, Internet of Things (IoT) technologies, operations platforms, social and web marketing suites, and integration of loyalty systems. The growth in this digitization over the last several years is redefining how hospitality businesses from airlines to hotels to restaurants, theaters, and casinos interact with customers.

Customer behavior, too, has evolved and brands have been expected to keep up by offering technological solutions designed to enhance convenience, personalization, and connection. A recent global survey of 2,000 CIOs concluded that innovative organizations will grow their 2022 IT budgets by more than four percent, while less-agile competitors will increase investment by only about three percent. The majority of the more innovative firms have invested in or plan to concentrate budgets in the general areas of artificial intelligence and distributed cloud, with 66 percent planning to devote dollars to security, 51 percent to data analytics, and 48 percent to cloud platforms.

Evolving technology implementation

The adoption of multiple technology systems and platforms often results in a piecemeal approach, leading to issues with complexity, fragmentation, lack of integration, and redundancies. It also results in a more complex employee experience, with greater need for training and process redefinition for new systems.

Technology ultimately needs to work for those who will be using it – the employees of hospitality businesses and their customers. Systems that are overcomplicated impose more than just a cognitive burden on these groups; they're also at risk of being used incorrectly, under optimized, or ignored altogether. But there is a better way.

Rather than adopting disparate systems and platforms that address specific business needs and workflows, hospitality businesses can take a more holistic approach to digital transformation, implementing integrated systems that streamline and simplify their operations.

Following the Framework of the Future

The Framework of the Future looks at transformative change through the lens of products/services, customers, and employees – giving brands a broader perspective on their tech buys and ensuring that both employee and customer needs, as well as brand engagement and experience, are all considered. Here's what that entails.

Simplifying architecture. When organizations adopt technology for technology's sake, continuously upgrading to the latest products, they're creating an increasingly complex ecosystem that makes it harder for employees and customers to keep up. The Framework of the Future suggests the opposite approach: simplify the architecture, ensure platform stability, focus on core capabilities, and scale only on a stable and secure foundation.

Delivering experience analytics. Every day, volumes of data are collected on every aspect of business operations. But the key is in collecting the right data, assessing outcomes, translating them into insights, and using those insights to drive customer and employee experiences forward. Delivering stronger insights based on data collection is one of the most important ways to identify what matters to customers and employees, and to ensure technical solutions are driving business results.

Modernizing applications. Customers desire options in the way they engage with brands and employees desire simplification of their work. Using experience analytics enables organizations to better understand how customers want to engage and how well employees are equipped to engage them, leading to better connected systems and better connected interactions. Offering customers and employees a slate of modern applications within a unified framework caters to personal preference and individual aspirations.

The Framework of the Future empowers CIOs to partner with CMOs on smart technology plays tied to unified goals that consider the customer journey and the employee experience with a comprehensive lens on the way technology can more effectively drive growth today – and into the future.

Framework of the future: The competitive advantage

03

DRIVING DIGITAL TRANSFORMATION IN COST-CONSCIOUS HOSPITALITY ORGANIZATIONS

Heavy investment in technology remains critical to sector growth, and the Framework of the Future envisions a cost-effective way to boost customer and employee engagement – and revenue

The last several years have been challenging and have resulted in decreased budgets and spending throughout the hospitality sector, but the industry is starting to bounce back. Still, IT expenditures have only rebounded to 50 per cent of their pre-pandemic levels, and consumer spending in the hospitality sector isn't likely to recover fully until 2024. Nonetheless, experts agree that a commitment to digital transformation is paramount for hospitality organizations.

Many hospitality companies have, of course, invested in digital transformations for years. A 2020 report by Skift and Amazon Web Services showed 49 per cent of organizations in the sector were prioritizing new technology to better serve customers and suppliers. And according to Lightspeed's _Global State of the Hospitality Industry_ report, 87 per cent of restaurant operators say technology adoption has been critical to their survival over the last several years.

Now, digital expectations – and possibilities – have expanded. A recent survey showed 86 per cent of hospitality providers planned to prioritize operations automation in the next three years to deal with a tight labor market and customer-service expectations. Further, seamless omni-channel experiences are expected across physical and digital landscapes – requiring modernization in the new age of hospitality.

Maximizing technology ROI and impact

Keeping abreast of new technology can be challenging and time consuming. It also brings a risk of investing in passing trends or siloed systems that aren't guaranteed to deliver over the long term.

For IT and finance teams, it's critical to understand which technologies offer the biggest ROI –in money saved via increased efficiencies, streamlined workflows, and a reduction in staff churn, as well as in revenue gains via satisfied and productive employees, and customer experiences that foster loyalty and lead to repeat business.

As customers return, technology is playing a crucial role in welcoming them. A recent study by the American Hotel and Lodging Association indicated 85 per cent of hotel guests would be more comfortable staying at hotels that use technology to reduce direct contact, including in-hotel messaging systems and self-checkout.

And it's not just about staying safe. Customers are looking for opportunities to engage with hospitality providers in new ways – through solutions such as AR/VR, apps, and QR codes. A Hotel Internet Services survey showed more than 70 per cent of guests would prefer to use voice control technology for in-room amenities such as thermostats and light controls, and 67 per cent wanted the ability to cast content from their devices to their in-room TVs.

Employee adoption rates are another crucial metric for IT budget decision makers. Often, the more systems employees need to learn and use regularly, the more complicated their jobs become, leading to frustration, inefficiencies, or abandonment.

Rather than adopting numerous systems and platforms that address specific but isolated business needs and workflows, hospitality organizations can look to Capgemini's Framework of the Future for a holistic approach to digital transformation that offers the benefits of streamlined and simplified operations – and budgets.

Understanding the Framework of the Future

In a sector as diverse and widespread as hospitality, where multiple functions, systems, and user bases exist under one roof, escalating costs may seem inevitable. The Framework of the Future suggests that by considering three intersecting pillars – products/services, customers, and employees – it's possible to make technology decisions that reduce costs and complexities and increase efficiencies. Here's how it works.

Strengthen retention. Considering both customer and employee experiences in your organization's tech acquisitions can lead to a simplification of your architecture. Rather than adding multiple new systems and layers of complication, organizations should look to streamlining their platforms, minimizing systems that employees and customers use – ultimately increasing employee retention and customer loyalty, minimizing hiring and customer acquisition costs.

Reduce operating costs. A simpler ecosystem reduces complexity and operating costs. Modernized applications

and integrated systems can reduce maintenance and monitoring costs, while decreasing business impact from system downtime and optimizing performance for the future.

Increase business alignment. Putting technology at the center of the business' goals, instead of adding it on as an afterthought, positions hospitality businesses to capitalize on the true benefits of digital transformation: technology-fueled success.

Acquiring new technologies often comes down to costs, but the Framework of the Future brings a holistic approach to evaluate digital transformation systems and platforms at the intersection of product/services, employees, and customers. This benefits all three with a more connected employee experience, a continuity-focused customer strategy, and an operational approach that is seamless, data-driven, and focused on growth.

▶ **Post-pandemic opportunities in the hospitality industry**

04

A NEW APPROACH TO DELIVERING BEST-IN-CLASS BRAND AND CUSTOMER EXPERIENCES IN THE HOSPITALITY SECTOR

The Framework of the Future provides a holistic lens on brand engagement, reimagining a customer-focused strategy based on digital continuity and employee connectivity

The hospitality industry has always been hyper-focused on the customer experience. And for good reason. Seven out of 10 US consumers say they've spent more money with a business that delivers great service, and a whopping 90 per cent of Americans use customer service as a deciding factor in whether to do business with a brand.

In a sector that lives and breathes on its ability to deliver quality customer service and experiences designed to build brand affinity and loyalty, the mentality around the customer always being right has been a core part of hospitality operations for decades.

But the last several years have had a marked effect on the customer experience – with digital sophistication and continuity

creating an ever-growing list of customer expectations. As technology has redefined nearly everything about the way customers experience brands – including the growth of online discovery, activity planning, fully immersive digital experiences online and on location, and digital follow-up and customer-retention campaigns – brand and marketing touchpoints have increasingly relied upon digital channels. The customer journey has become one of digital connectivity and continuity. At least, when it's working well.

As the industry welcomes customers back en masse, its focus on rapid digital transformation has led many organizations to rethink their approach to marketing and sales, considering a more holistic view on success that includes three essential pillars: products/services, customers, and employees.

Elevating the relationship between employee and customer experiences

The last two years have taken a toll on the US leisure and hospitality sector: it lost almost half its total jobs in the first few months of 2020 alone and the sector accounted for one-third of all job losses across industries. But with a slow but steady return to travel and leisure pursuits, the industry is welcoming back both employees and customers.

As business in the sector resumes, one thing remains certain: the customer experience is more important than ever. But the scope of that experience has expanded to prioritize both technology and employees. According to a Capgemini Research Institute study, 59 percent of organizations believe they have the required digital capabilities in place for customer experience, up from 38 percent pre-pandemic. That increase still leaves significant room for improvement.

From online discovery and research to ticket bookings, traveling to a destination, or being a tourist in their own town, the customer journey doesn't start and end with the activity itself. Building an ongoing relationship with hospitality brands is predicated on strong human and virtual connections. Challenges with communication, in-person exchanges, or post-experience follow-ups can all impact a customer's view of the brand.

Introducing the Framework of the Future

While hospitality organizations typically prioritize engagement with customers as a means to drive growth, Capgemini's Framework of the Future looks at transformative change through the lens of products/services, customers, and employees, giving brands a broader view on how to boost customer engagement through connectivity and continuity, and leveraging technology and employees as key drivers of brand engagement. Here's what that looks like.

Evolved customer touchpoints. Digital transformation has made it critical for companies to understand the customer's experience across individual platforms and create a seamless, omni-channel experience. This requires rethinking what it means to deliver hospitality products and services in a hybrid digital world, and fully understanding how customers want to engage with products and services in real life and online.

Simplified architecture. Creating an emotional connection with customers may require additional layers of technology, but not at the expense of customer experience. Complicated connection points, multiple siloed systems, or an overabundance of data can create unnecessary complexity – both for customers and for employees – preventing organizations from achieving seamless, impactful connections with customers.

Intersecting systems. Employees ultimately drive the customer experience, and they require the right technologies to support their efforts. The Framework of the Future empowers organizations to prioritize the most valuable intersections for addressing employee and customer needs, with technological evolution at its core.

From a marketing lens, The Framework of the Future gives organizations the ability to elevate brand proposition with the support of robust employee and technological pillars that not only acknowledge the intersection of essential components within the marketing and sales mix, but also simplify the environment for employees and customers to deliver seamless experiences. It is time to welcome customers back and deliver the experience they want.

Framework of the future: The digital approach

About
Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 340,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion (about $21 billion USD at 2021 average rate).

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