

BrandBook *Feature*

Future*Hotel*

Genuine sustainability and authentic guest experience

What will characterise the hotel experience of the future? What demands do we meet from Generation Z as travellers and employees?

Sharing his insights with us is:

Michael Telling

Partner at Telling & Nesager, experienced in hotel operations and management

FutureHotel



Michael Telling
Partner at Telling & Nesager

Michael Telling - background

Michael Telling has enjoyed a long and active career in the hotel industry, building up experience in operation and management both in Denmark and abroad. He has previously run some of the most renowned hotels in Denmark, including Hotel d'Angleterre, Hotel Skt. Petri and Kokkedal Slot Copenhagen. Michael Telling sits on several boards of directors and is, among others, involved in the new Steigenberger Alsik Hotel & Spa project in Sønderborg, located in the border region between Denmark and Germany.

Michael Telling is one of the most highly respected hotel consultants in Scandinavia and runs the Telling & Nesager agency together with his partner, Preben Nesager. Quality, service, and attention to detail have secured Michael Telling international recognition for his capacity to develop unique concepts and use them to launch – or relaunch – hotels to immediate success.

Finally, Michael Telling is keen to participate actively in the international debate on aspects such as the quality of the guest experience and guests' expectations on the hotel of tomorrow.

Genuine sustainability and authentic guest experience

“We are moving away from symbolic politics and towards a generation that simply will not accept suppliers who cannot ‘walk the talk’. Those players who cannot deliver genuine sustainability are in for a tough time when Generation Z becomes consumers.”

As Michael Telling sees it, the guest experience of the future is based on genuine sustainability and a higher life quality that is independent of financial status. He believes that the COVID-19 situation will make a positive contribution to this development, even though the direct consequences have paralysed the industry.

Michael shares his thoughts on the future hotel experience, viewed from a Scandinavian perspective.

Direct consequences of COVID-19

The COVID-19 pandemic and the politicians' handling of same have paralysed the hotel industry. It is uncharted territory, and this is generating a level of uncertainty and hesitancy among the population that is exacerbating the negative effects.

While it is only to be expected that a lot of hotels will fold, those with a capital contingency plan will be well placed to take over, in Michael's opinion. At the same time, the situation is opening the field to new investors. It is an extreme situation for the industry, so it is vital that the hotels learn from the prevailing conditions. Fundamentally, it is essential to be better prepared, he says. The industry needs to be prepared for the fact that it is almost certainly not the last time the World will experience something like this.

Michael Telling expects the industry to have returned to 2019 levels towards the second half of 2023. The consequences of Covid-19 hit both the *leisure* and *corporate* segments hard. That said, Michael is convinced that the *leisure* segment will find its feet again as quickly as the situation allows.

In Denmark, we are not witnessing a significant tendency to convert hotel properties. Some operators may have had such plans ready and waiting, and are exploiting the situation to make their move, but no-one is taking *such* a negative view of the industry that they are rushing to convert hotels into apartments. The reason for this is that the urge to travel is a part of our DNA:

“It is in our DNA that we need diversion and intellectual stimulation, and travelling is fundamental in this context. I cannot see this changing. What will change, however, is the way we travel,” explains Michael Telling.

In contrast, he expects that the change we have witnessed in relation to holding meetings during the

COVID-19 pandemic will result in the total volume of meetings being cut by half.

The meeting culture is set to change

The fact that we have all become highly focused on the health-related perspectives of physical meetings will inevitably have an impact on trade fairs, conferences and congresses going forward. Michael explains:

“How healthy is it actually to have 5,000 people flying in from all parts of the world to attend a congress? This is something we have become increasingly aware of, and it will take a long time before this segment of the market is restored – if it ever comes back in the same shape and form.”

A significant reduction is likewise expected in the market for small meetings held at more-or-less regular intervals. We have progressively hit upon new, digital ways to hold these meetings, and we have discovered that this approach is more efficient.

In contrast, the market for business travel, the *corporate individual* market, will recover as quickly as society allows. The emphasis at present is on compensating for conventional interaction with digital meetings, but these are clearly only substitutes until we can return to the physical meetings.

Larger market for team-building and reward travel

Michael Telling highlights a new trend that is sure to have a positive impact on the meetings market:

“We are currently witnessing a rise in reward travel and team-building events because workforces are becoming more fragmented in their physical presence. This translates into an increased need to bring employees together regularly in different settings for the purpose of creative or purely social interaction.”

Even though the hotel sector is in a tough and serious situation – or perhaps precisely because of this – it is essential to look at the opportunities the future is anticipated to hold. So, we asked Michael what he expects of the hotel experience of the future.

The guest experience of the future

When Michael Telling turns his attention to expectations for the future of the hotel industry, the key concepts he identifies are genuine sustainability, personal responsibility, life quality and authentic guest experience. These are all concepts that are interlinked, and which embrace the new Generation Z.

We are moving towards genuine sustainability

According to Michael, the conventional view of sustainability has been sacrificed on the altar of COVID-19:

“It is a matter of survival, and in that situation, we tend to forget about sustainability – even though the two may well go hand in hand. But that is an entirely human reaction. When we are afraid of losing something, our first instinct is to protect rather than start thinking about the environment.”

There are few hotels in the world today that are genuinely sustainable. While it is true that many are making an effort, the input is generally too sporadic for it to come across as an actual strategy.

The hotel industry's jumping off point for thinking in terms of sustainability has been the desire to signal sustainable credentials while saving money. But that does not alter the fact that if there is any industry that understands sustainability and its significance, it is hotel industry:

"I am noting that the industry is moving towards a different approach to a more sustainable mindset. We are shifting from a sales-based attitude towards becoming more genuine in our approach. We are becoming more confident with what sustainability is and entails. We know we are not all that far from a generation that will make this an absolute demand if they are to stay at our hotel and eat in our restaurant."

Michael expects the hotel industry to be far advanced in terms of sustainability over the coming 2–3 years. What is unique today will become the norm.

It is pleasing to note the hotels taking these steps, but Michael would still like to see authentic demand from the market.

We all have a responsibility

Up until now, sustainability has been something the large companies and public institutions have taken care to include as a requirement in their tender material. However, this commitment has not triggered the desired response in the hotel guests themselves. The general attitude has been that it is the hotel's responsibility.

This is an area where COVID-19 may help to generate greater social responsibility as a natural development, Michael reflects:

"I sense that we have developed a stronger feeling of society. At least, I hope so. Right now, there is no willingness to accept the consequences – and I think we need this."

Michael Telling states that he is more confident now about how to encourage people to take personal responsibility, not only for the environment, but also their own well-being. COVID-19 has made a positive contribution in this regard.

Increased focus on life quality

The Corona lockdown has helped underpin an increasing awareness of human life quality. More and more people are prioritising different aspects of their lives. They are placing greater emphasis on leisure time than on work, which is a sign that people are seeking improved life quality instead of purely financial gain:

"Human life quality is the big winner from the Corona situation. There are so many people who have found themselves stuck at home and said, 'we need to do something else'. We are no longer interested in shovelling the kids off to school in the morning, going to work, coming home late, making dinner, and going to bed. And then getting up and doing it all over again,

just to make money. There simply must be more to life than that. People are prioritising their lives differently, seeking out quality that has nothing to do with financial standing."

This mindset will likely also prove significant to the hotel industry, with focus on what is important when on holiday. It is sure to be a different market in the long term, where we will make different choices. The requirements from the next generation will be completely different to ours.

This means that new hotel offerings will emerge; hotels that provide something else, something new.

Tree Top and pop-up hotels

With increased focus on life quality, emphasis will inevitably be placed on authentic experiences as well. Examples of this in Denmark include overnight stays in tents in a park or "Tree Top" accommodation. For instance the Løvtag hotel, which is more-or-less fully booked until the end of 2021. The hotel does not have many units, but prices are high in relation to ordinary hotel rooms. This proves that there is a target group.

Telling & Nesager is working with an idea for a pop-up hotel that is so flexible and efficient to move that it can be placed wherever we want it. In summer, for example, it can be set up next to a river in Sweden, while in winter it can be moved to a mountainside in Norway so we can go skiing.

Focus on life quality, togetherness and nature are aspects that hotels need to consider, as Michael explains:

"In this context, hotels need to find out how they can adapt. It is not a matter of hopelessly continuing to bombard guests with this unceasing wave of impressions for them to relate to. Because this is what they experience daily. I think we will see hotels starting to achieve success by creating a true break from everyday life."

At the same time, Michael thinks it has a lot to do with involvement.

Authentic guest experiences

When Michael Telling mentions involvement, he is quick to explain that this is based on what he himself would do if he were to build a hotel:

"If I were to build a hotel today, I would build some cabins in my field. There would not be a restaurant, but there would be a kitchen. This would be a place where people could meet up, rustle up the ingredients and then prepare the meal together. The whole idea is to build the experience into the sustainable aspect and for the guests themselves to become a part of the experience."

Michael is convinced that this will become a highly popular form of overnight accommodation in the future. A few of the large chain restaurants in Copenhagen are already buying their own farms. Guests are invited out to visit them and become involved in the process, both as individuals and in groups. Everything is produced locally, and everything is organic.

Those hotels that are best equipped for the future are the ones that succeed in encompassing these more authentic guest experiences. And this is an opportunity that will typically be open to the hotels located outside the towns and cities. There will always be a market in the large towns and cities, of course, but Michael Telling predicts that it will not be the city hotels that enjoy the strongest growth.

This is an extremely exciting development, and one that allows room for entrepreneurship and grass roots initiatives in the industry.

These trends also strengthen the expectation of seeing new destinations. This is a necessity that is arising from the growing opposition to tourism that popular destinations are experiencing.

New destinations

"We are witnessing growing opposition to tourism. I can well understand why Paris, Barcelona and Venice are reacting this way. And we need to find a solution to the issue. That said, I do not think the solution is to limit tourism per se. Rather, we need to encourage tourists to start seeing other destinations as interesting. This is a completely natural development that we need to consider", says Michael Telling.

This is a development where the COVID-19 situation may prove useful, given that many destinations have found themselves off limits to tourists on account of the pandemic.

Stay-at-home holidays are still viewed as "compensation holidays", but that perception is set to change, Michael predicts. This will apply irrespective of the Corona situation, until air traffic becomes more sustainable. At some point, it is eminently possible to imagine that we will not travel any further than our electric car can carry us.

New structures – "one size fits all" is dead

The development will also entail a change to the traditional hotel structures. More, smaller hotels will arise, as well as extremely specialised offerings. This trend has been building up over the past ten years, and it is sure to become even stronger.

One example is Zoku, which works with an intensely targeted product. The hotel supplies rooms that can be converted into meeting rooms, as the target group is business travellers who hold numerous meetings. As such, Zoku is selling accommodation and meeting space in one and the same product. It is an authentic niche approach – and one that is proving highly successful, according to Michael:

"We are sure to see extremely refined target group definitions at new, much smaller hotels. And if they prove successful, the hotel is guaranteed elevated loyalty. If you crack the code to a combination of guest experience, sustainability, and pricing, you are in a really strong position."

In the same way, the market is witnessing the big brands promoting new sub-brands intended for specific target groups. This is not enough, however. The young generation wants personality and something local.

The traditional hotel room that always looks the same, no matter whether you are in Copenhagen or Dubai is on its way out:

"One size fits all" is dead, and it is not coming back. People want a bespoke guest experience," explains Michael Telling.

The trend of individuality is a perfect fit for the members of both Generation Y and the emerging Generation Z. They are individualists.

This also applies to the young people who are starting to make their way onto the labour market. The hotel industry consequently needs to adapt to the requirements of the new generations; both in terms of guest experience, and in terms of demands for future workplaces.

Employees are the core service

The coming adult generations have grown up believing that they are unique and that, to a large extent, the world around them will adapt to their needs. This is something we need to consider when recruiting. When they are looking to attract new staff, hotels have no choice but to involve this generation in a completely different way:

"We need to capture their attention where they think 'this is a really cool brand', and 'this is somewhere I like to work'. But there is no mileage in trying to force them inside using an obsolete recruiting procedure. We have a lot to learn about how to get hold of the best staff – and then hang onto them."

And this is important because the staff constitute the core service in the guest experience. In Michael's experience, more than a few hotels can get away with a relatively ordinary product – but they sweep the table because they have the right staff.

Pay attention to Generation Z

Based on the trends and tendencies outlined above, Michael Telling encourages the hotel industry to pay a lot of attention to Generation Z. Both as employees and future guests.

There can be no doubt that in-depth understanding of the target group – both now and in the future – is the alpha and omega.

"We have to try to see how we can adapt our product to this segment. We are moving away from symbolic politics and towards a generation that simply will not accept suppliers who cannot 'walk the talk'. Those players who cannot deliver genuine sustainability are in for a tough time when Generation Z becomes consumers. We have a lot of work to do, and we need to embrace the fact that when it comes to the environment, we have a major impact in the areas of energy, food waste, furnishing, etc. We simply cannot keep on defending our position here. We have to 'Walk the talk'."

More *Inspiration*

We welcome you inside our exciting world of carpet creation!

In our brand book you will find information about and inspiration for carpets for the hospitality industry.

Moreover, you can read about interior design in the context of the megatrend sustainability and how this can be linked to creating a great guest experience.

Get our Brand Book

danskwilton.com/about/brand-book