Future of the Hospitality Management: The Emergence of Network Hospitality

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Abstract

The future of hospitality management seems to reshape around the concept of network hospitality. After the emergence of particular hospitality platforms such as Airbnb and UBER, the demands of guests have changed and made hotels to adapt themselves to these changes in order to maintain their shares within the accommodation market. Previous studies have shown that the motivation behind the network hospitality in commercial houses, such as small hostels and bed and breakfasts, can be both financial and social. Hence, the living space industry, which focuses on providing guests a home-like environment with the use of universal brands in decoration as well as the possibility of socializing, has gained importance recently. Moreover, parallel to the development of technology, hotels may provide their customers a more personalized service by the use of internet and mobile devices. This paper initiates to reflect the trend of

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future hospitality management on the basis of the living space industry and the development of technology.

Key Words: Network Hospitality, Living Space Industry, Technology, Future

Introduction

In today's world, brands that are able to serve compelling content and integrate with differentiated design, food, beverage and technology, lure customers and keep generating economic value within the economy (Mirza, 2016). However, it is not an easy task for tourism companies that provide large-scale services to quickly adapt to changes in the market expectations. As a result, newly emerging brands which offer customers an opportunity to satisfy their more personalized desires have rapidly affected the economy at a global scale and dominated the market for accommodation. The success of these brands is definitely related to the concept of network hospitality.

By definition, network hospitality is referred to hospitality-exchange services where the social interaction and the exchange of accommodation occur simultaneously (Ikkala & Lampinen, 2015). The hospitality-exchange services include the exchange of lodging spaces for money and the terms of exchange have been negotiated beforehand, hence characterized as networks of negotiated social exchange, combining both economic transactions in a social

relationship and social transactions in an economic relationship (Ikkala & Lampinen, 2014). Network hospitality is also defined by Germann Molz (2011) as the way individuals "connect to one another using online networking systems, as well as to the kinds of relationships they perform when they meet each other offline and face to face (p. 216).

Previous studies on network hospitality reflect that facilitation of pleasant and meaningful social encounters by hospitality exchange is an important source of participation (Bialski, 2012; Germann Molz, 2007, 2011, 2014). Mainly, the host-guest in network hospitality implies a form of sociability which is an association where people involve in order to get the pleasure of the company of others (Bialski, 2012). Although the possibility of earning money has appeared to be an important factor for participation in the new sectors around network hospitality, social aspects have been argued to play the central role in maintaining the motivation of hosts to keep participating (Ikkala & Lampinen, 2015). On the other hand, presence of money within the hospitality exchange result in a structure and formality which makes participation easier for hosts via increasing their sense of control (Ikkala & Lampinen, 2015). Together with monetary rewards which serve the interests of hosts who provide accommodation for a price, the possibility of socializing with guests, listening to new stories or creating network with their guests form the basis of network hospitality. Similarly, guests who are looking for

cheaper options for accommodation combining with a desire of socializing such as getting to know local culture, take part in network hospitality. Deconstructing and reimagining hospitality spaces and considering new possibilities in the sense of meeting the newly emerging socializing desires of guests are especially necessary for hotels to protect their shares within the accommodation market and tourism industry (Lean, 2015).

In this paper, the aim is to capture the new trends in hospitality with respect to the changing demands of customers. First, the trend of creating a living space in accommodation services will be discussed through the example of a well-known service Airbnb, as well as the involvement of universal brands in the new design of accommodation facilities to make it similar to customers' own rooms or houses. Furthermore, the impact of technological progress will be taken into consideration, since use of technology allows customers to prepare easily for a vocation with lesser trouble due to lack of communication. Finally, the paper will present some concluding remarks regarding to the future of hospitality and provide some suggestions for the large-scale accommodation companies, such as hotels, to integrate with the demands in the market.

Rethinking Hospitality as "Living Space"

The increasing trend for personalization leads the evolution of hospitality management into a "living space industry". Parallel to the rise of particular travel distribution networks, such as Airbnb and UBER, the traditional hotel brands have become threatened in terms of their hospitality applications.

Considering the previous studies on Airbnb as part of the networked economy, two main points have been discussed in order to explain the success behind of it. Along with economic benefits for hosts and guests, as summarized by Botsman and Rogers (2010) under the example of "collaborative lifestyle" which combine the benefits of ownership with reduced personal burden, cost and lower environmental effect, the idealistic motives and authenticity of peer-to-peer contact in the accommodation experience have a significant impact on the success of Airbnb (Oskam & Boswijk, 2016). Although economic benefits play an important role in the emergence of such alternative travel sectors (Ikkala & Lampinen, 2015), the presence of social interaction makes it attractive for customers to prefer these commercial travel organizations rather than looking for a better price to stay in a hotel. Therefore, creating a living space will not be independent from the desire for social interaction (Gansky, 2010; Ikkala & Lampinen, 2015). Moreover, the success of Airbnb is also explained by its capability to provide a connection with others in

creative and progressive way (Rothkopf, 2014) and taste of authentic neighborhood life (Tuttle, 2014). In the work of Chen et. al. (2013) personal interaction quality appears as significantly related to satisfaction and customer loyalty. Considering the neighborhood life provided in these types of accommodation options, satisfaction and loyalty of tourists are expected to increase on the basis of socializing with other tourists as well as service providers. In short, the need for socializing seems to be more effective than the need for making money in the new era of hospitality management, although they both play a crucial role in network hospitality.

It has been argued that the requirements of future hospitality seem to make restaurant, media, entertainment and retail brands to reshape themselves according to provide a living space for customers similar to their homes (Mirza, 2016). For instance, the entrance of IKEA into hotels is a new phenomenon. Hotels save started to design their rooms with universally known brands which offer high quality and high comfort as well as a sense of "being at home", since the houses of customers are probably designed with some of those brands.

The argument is not restricted to private households and commercial hospitality businesses working at large scale facilities. As Lynch et al. (2016) argues there is a category of commercial houses in between these two concepts, which include small hotels, bed and breakfasts, and family accommodations. Similar to the previous

argument, accommodating guests provides the hosts of these commercial houses an important source of income as well as allowing both parties (i.e. hosts and guests) to involve in social engagement, for example, hosts may receive gifts from their guests and they also hear interesting stories about guests home countries (Lynch et. al., 2016).

However, the studies regarding to the actual motives of participants in network hospitality argue that idealism seems to have a secondary role as opposed to financial motivation (Oskam & Boswijk, 2016). For instance, Airbnb has appeared to be a low cost option for guests (Liang, 2015; Guttentag, 2015). Furthermore, participants who participated in the previous studies preferred Airbnb hosts with financial motives either in the first place (Stene & Holte, 2014; Hamari et. al., 2015) or to a significant degree (Van de Glind, 2013; Stors & Kagermeier, 2015). Hence, financial motives of network hospitality cannot be underestimated. Although financial motivation does not always contradict the social gains, both service providers and consumers try to reach an equilibrium where they both enjoy the social and financial returns.

Inevitable Impact of Technological Progress

Technology has the characteristics of growing exponentially such that it has acceleration for doubling itself, which phenomenon is known as Moore's Law named after the work of Gordon Moore

(1965) on integrated circuits. Therefore, adaptation of hospitality services to technological changes is a hard task especially for large-scale service providers, since the process of adaption is costly for them and they can never fully adapt, since there will be a new technology for them to adapt as they succeed to adapt to the previous technological changes.

The development of technology influences all aspects in the lives of individuals, starting from the way they communicate, to the way they produce energy and the way they distribute the resources (Oskam & Boswijk, 2016). The physical world has become digitalized with respect to the innovations in particular fields, such as 3D printing, robotics, solar energy, nanotech, biotech and life sciences (Oskam & Boswijk, 2016). Rifkin (2014) argues that the point that humanity stands indicates the third industrial revolution and after the spread of internet, we have become familiar with the internet of communication even more than face-to-face relationship.

The studies have shown that 95% of people think hotels will increasingly look to new technologies to increase their efficiency, reduce their costs, personalize their customer experiences and improve their services (Lean, 2015). Similarly, the future hotels will need to provide more personalized service and enhance the experiences of guests both online and offline, by connecting with their guests and allowing them to connect to their devices (Lean, 2015).

Starting with the connection to mobiles and apps, customers may enjoy the personalized services of the hotels. Grant Thornton's Hotel 2020 report (2015) claims that "46% of millennials agree that being able to check in/out using a mobile device would motivate them to return" (p. 5). Moreover, the report depicts that there is a new trend for hotels to connect with customers on digital platforms and 30% of global hoteliers are currently planning to hire new staff specifically for social media towards 2020 (Grant Thornton Hotel 2020 Report, 2015). These findings represent the fact that hotels require significant efforts to adapt themselves into the changes in the technology.

Pursuing this further, technology will surely continue to enhance guest experiences as guests become more able to control their room features through mobile devices (Lean, 2015). For instance, the potential of augmented reality technology to create an interactive and enjoyable tourism experience has been studied in previous research (Kounavis et. al., 2012; Yovcheva et. al., 2014; tom Dieck and Jung, 2015). Augmented Reality (AR) technology allows travellers to interact with the space around them by using mobile phones or even wearable technology (Lean, 2015). The example of Google Glass, which projects information in front of the users as they walk around will definitely be the reason for future guests to prefer such customized experiences based on their needs. Moreover, explosion of personal display devices, mind control headsets, 4G phones and intelligent interfaces are already widespread by 2015 and in five years,

5G phones, gesture interfaces and heads up displays are expected to become widespread (Amadeus, 2015).

In addition to augmented reality technology, augmented virtuality is a growing trend in the future of hospitality, since Augmented Virtuality (AV) technology allows user-generated options which is compatible with personalized needs of the future guests in hospitality services. In general, augmented virtuality augments an application mostly consisting of virtual elements with real elements (Pouke, 2015). The applications include 3D digitalization of physical objects as well as streaming video from physical space.

In general, technology currently allows guests centralized and personalized control of media, lighting and temperature via 3D TV, multimedia beds, IP telephony, IP TV, smartphone room access and in room concierge and in the next future will be at guests' service with particular improvements such as 4D TV, sensor-based room management and personal robots (Amadeus, 2015). The change in the technology will be particularly in favour of hotels, since they are more capable of investing in this type of technology, as opposed to the accommodation facilities operating at a small-scale, although it will be costlier for them. However, the initial argument that large-scale service providers will fail to adapt into new technology holds for the near future. In the long run, the hotels will have established their

technological facilities and they will be providing their customers a personalized experience through technology.

Having discussed the two major points, creating a living space on the basis of network hospitality and the impact of technology, the next section will provide concluding remarks regarding to the future of hospitality management and some suggestions with respect to the changing demands of future guests.

Concluding Remarks

The motivation of guests has become increasingly fragmented and diverse which makes it harder to categorize them into clearly definable customer groups. In the next future, guests will expect their stay to be personalized around a set of choices which they make before their arrival to the accommodation facility or at the time of booking. Future technology will allow guests to choose the size of their rooms, type of their beds, amenities, audio-visual facilities etc. on booking.

The investment in future hospitality sector will surely widen the choice of guests with respect to their needs as new investment increases competition among service providers within the hospitality market and would decrease the prices and profit margins across the spectrum of hotels and other accommodation facilities. Hotel industry will probably focus on new strategies and innovations in the face of

intense global competition. Adopting approaches such as crowd sourcing and open innovation to generate new ideas will be widespread in future hospitality management. While targeting potential customers in the future, hotels require taking various factors into consideration, such as cost of servicing, level of budget and average length of stay along with increasing efficiency, reducing costs, personalizing customer experience and improving service through new technology.

Parallel to the developments in technology and growing impact of network hospitality, future hotels will be definitely in need of developing strong social media networks in order to understand the needs of their customers, perceptions of their brands, and service quality. Meanwhile, they should be looking for developing service marketing messages and pricing solutions which reflect the needs of these increasingly diverse customers.

Last but not the least, all type of facilities varied from small-scale businesses to hotel chains should take the demands of guests into consideration and try to reshape their facilities or management policies accordingly. Providing the guests an atmosphere similar to environment where they "feel" that they are home, are able to socialize easily with local service providers to hear about their local culture in more detail as well as other tourists to interact with them and share their stories, and also integrated with technology.

Further studies may cover the detailed relationship between economic and social aspects of living space industry and technological impacts on the basis of network hospitality, such as modeling the impact in order to analyze the impact in a quantitative sense. In addition to this, future hospitality management studies may require practical implications of academic inquiry, since there is an inevitable change in the understanding of hospitality management. All in all, future tourism will be shaping around network hospitality where the benefits of technology and ability to socializing will jointly be serving to the more personalized demands and interests of future guests.

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