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Ladies and Gentlemen,

INTRODUCTION

I'm Stephen Renard, the President and Founder of Renard International Hospitality Search Consultants. We've been in the business for an incredible 54 years, making us the oldest operating search firm in the hospitality industry... Can you believe it? We've been at this for 54 years – Yes, that's right, we've been around longer than some countries have been in existence

Today, we're diving into topics that might seem like an odd couple – Staff retention and the influence of artificial intelligence on the hospitality employment industry globally. It's a bit like trying to mix oil and water, but bear with me, because they do collide!

By the way, at the end of this presentation

Now, let's talk about the big challenges ahead. We've got:

1. Recruitment
2. Retention
3. Retrenchment
4. Retraining on the horizon.

It's a bit like the global four seasons, but for the employees and Human Resource Directors in the hospitality industry.

Starting with recruitment, this has been around since the days when togas were in fashion. Recruitment is a very old ideology that started as a profession in the late 1800s and early 1900s during the industrial revolution, and has been evolving ever since. I've even dug up an article from the Renard Report Archives that traces the history of recruitment all the way from Roman times to today's digital platforms. It's a real journey, and you'll find it here: "The Legacy of Hospitality Recruitment". This will give you a firm knowledge of the recruitment policies and the procedures going forward. The link will be included in my handout.

<https://renardnewsletter.com/articles/Nov2021/HistoryOfHospitalityRecruitment.pdf>

1. Why is recruitment an issue, because in 2023, data from almost 20 countries showed that hiring slowed around the world from 20% in Switzerland to 30% in the USA, and almost 40% in Singapore, as a result of lack of talent to hire.
2. Retention, oh retention! The pitfalls of not keeping your staff happy are numerous. We'll delve into the 12 reasons why post-COVID, hospitality has seen turnover rates that rival a revolving door at a busy hotel entrance!
3. As for retrenchment, the rise of AI, we're bound to see some roles shuffle, shift and disappear t's a bit like a game of musical chairs, but with job descriptions. And people's careers and lives.

With the onset artificial intelligence, many of the roles in hospitality will be eliminated and replaced by others. A study by McKinsey Global Institute projected that up to 1 billion jobs will be displaced by automation by 2033, which is about the population of Indonesia and 100 times population of Singapore. Although they also stated that new jobs will be created by AI. This will be the discussion when AI and Employment collide, what roles will disappear?

4. And finally, retraining. Now, this is the real head-scratcher. Imagine trying to teach a seasoned Hotel Director of Food & Beverage or Human Resources Director (that is if high ranking positions known today will even exist in the future) new tricks after years of doing things the old way. It's a bit like asking someone who's used to driving a stick shift car to fly a spaceship, just like the Jetsons did on TV, 25 years ago!

Hopefully, we'll (If we're talking about us) we will be able to grasp how to adapt, function, and thrive in this entirely different environment.

So, buckle up, folks! We're about to embark on a journey through the past, present, and future of hospitality, with a touch of humor and a dash of reality. Let's get started!

Industrialization, globalization of business, modernization of the society, the growth of middle class has increased the importance of tourism more than the early society. In this regard, hotel industry plays an important role in strengthening the tourism business. The business performance of this industry is identified with performance of the employees. So, hotels and other supplementary accommodations need to maintain its employee size to extend best business or service to the customers.

The building of new hospitality units and priority of government for growth of tourism and hotels demand skilled and talented employees. However, migration of such skilled and professionals to other industries has become a matter of concern for the growth and sustainability of hotel industry. The success of any industry depends largely upon the quality of human resource and tourism is not an exception either. The accommodation sector is highly personalized. Guest attraction and retention is the pre-requisite for a smooth and successful operation. "Employees today are different. They have good opportunities because of the wide market. As soon as they feel dissatisfied with the current employer or the job they switch over to the next job". Therefore, the employer should take the responsibility of retaining their best employees.

Hospitality is Global and one can find its customers in all countries. The hospitality sector is recognized as one of the major contributors of economy in many countries. Furthermore, hotel business has emerged as one of the sections of this industry that provides not only business, but jobs also. Hotel employees face various challenges and some of these are common across all service industries.

This speech focuses on investigation of reasons behind high employee turnover in hotel industry. The various studies shows that employees' turnover is not a unique problem of one region, but hospitality industry is experiencing it worldwide. Employees' turnover is the biggest obstacle in the growth of the hotel industry. High employees' turnover impacts the business, demoralizes other employees and loses its appeal to attract talented employees. High employees' turnover not only impact the employees' attitude, but also lowers the productivity due to the gap that is created by an employee who left that organization. Thus, we can say that employees' turnover is a critical matter for a human resource department.

Factors responsible for employee turnover:

1. Career Growth
2. Work life balance
3. Relationship with supervisor
4. Organizational culture
5. Salary and Compensation
6. Career development
7. Job engagement

8. Relationship with managers
9. Work environment
10. Rewards and recognition
11. Society security and benefits
12. Physical working condition

To reduce employees' turnover, management should come forward to develop suitable retention strategy, but before we need to understand the reason of the employees to leave an organization. The employee turnover causes may be different from one organization to another. Some of the common reason for high employee turnover in hospitality industry are; low salary, compensation, harsh working environment, long working hours, poor working relationship with supervisors, low job engagement, less chances of promotion, etc.

Attracting and retaining talented employees in a talent management system is the job of every member of the organization, especially managers who are building a team. With any talent management approach, it is critical to be aligned with the organizational strategy and organizations should fully integrate it within all of the employee-related processes. To further achieve organizational goals, a strategic talent management plan must be created to help build top talent.

After finding the causes, management should develop effective human resource practices which include recruitment of candidate with career goals, value and plans which matches the goal of that organization. Employees should be given compensation and salary which can also be linked to their performance to recognize their work. Management should draft a policy for the employees to get timely bonus and promotions. Employees should be given challenging work to keep them engaged and sometimes organize events, sports, shows, etc. These retention strategies would help the hospitality organization to reduce employee retention.

Nature of the Study

We used the qualitative method for this presentation. The qualitative methods gain greater insight and understanding into this subject. The quantitative method is information and collection that generates nonnumerical results, which depends on the interaction between our data collection and our data analysis. The quantitative method was appropriate because the purpose of this study was to examine variables' characteristics or relationships.

Definition of terms

The following definitions of terms were used in our study:

1. Employee motivation: Employee motivation refers to the feeling, energy, effort, and driving force used to achieve individual and organizational goals.

2. Employee Retention: Employee retention refers to an organization's ability to retain its employees for a maximum period.

Hospitality Industry: The hospitality industry is a service sector made up of establishments whose primary activities are the provision of accommodations, the selling of food, the sale of beverages for consumption on the premises, and the provision of entertainment with a continuous staff presence.

3. Job satisfaction: Job satisfaction is the positive feeling an individual has about their job that arises from an evaluation of the role.

Motivation: Motivation is a concern that rejuvenates, orients, and selects the behavior of an individual in the workplace, such as personal growth, salary and working conditions.

4. Work environment: Work environment is a flexible atmosphere where working experience is enjoyable and resources are adequately provided to improve productivity.

OUR STUDY HIGHLIGHTS

Employment surveys mark the volatility of the employee experience and hide the reason why individual employees leave. You must also talk to employees to understand the moments that matter and engage managers to understand turnover triggers.

Situation

Many organizations are facing an increase in voluntary turnover as low unemployment, a lack of skilled labor, and a rise in the number of vacant roles have given employees more employment choices.

Mistakes

1. Regrettable turnover is impacting organizational productivity and leading to significant costs associated with employee departures and the recruitment required to replace them.

2. Many hotel companies tackle retention from an engagement perspective. Increase hiring to improve retention. This approach does not solve the problem.

The Solution

1. Build a plan for creating retention by leveraging employee data and feedback to identify the key reasons for turnover that need to be addressed.
2. Target employee segments and work with management to develop solutions to retain your top talent.

What Do Frontline Workers Want?

As a company that is dedicated to empowering frontline workers, Beekeeper published the 2022 Frontline Survey, a reflection of the state of the frontline workforce to find out how they're feeling and why they're leaving.

We asked frontline workers what they want. Here's what they said:

- To get their job done and get good feedback from manager, colleagues and customers.
- To gain new skills and have professional growth opportunities
- Compensation that keeps up with inflation and cost of living.
- Digital tools that help them at work.
- To have enough staffing on their team.
- Clear understanding of their goals and objectives, and their company's mission.

82% of employees say it's important for their organization to see them as a person, not just an employee, only 45% believe their organization actually sees them this way.

What are Frontline problems?

Frontline problems are the divide between the deskless workforce and their companies and leaders.

It often stems from:

- Frontline workers not having a voice in the company
- Leadership not providing the right communication and technology to frontline teams
- Lack of support and information
- Companies take a top-down approach still communication with i.e., bulletin boards and word of mouth

The widening gap between what frontline workers want and need, and leaders think they want is creating an actively disengaged workforce, driving the high quit rate, and fueling the labor shortage.

The true cost of Inaction

How are companies going astray? By not recognizing the contribution that low-wage workers make to executing their strategies. By not measuring all the hidden costs of constant churn. By not implementing management practices that could improve the productivity of low-wage workers and encourage them to stay and prosper at the company.

Companies have a nearly 10% higher retention rate at with employees who have learned skills on the job.

How candidates rank their priorities after Covid?

1. Compensation pre Covid it was number 3, now overwhelming #1
2. Work-life balance
3. Flexibility
4. Upskilling
5. Advancement

The hotel industry has gone through an extensive digitization process leading to loads of data just piling up. But Artificial intelligence (AI) and machine learning (ML) are changing all that. AI is today integrating with the technology used by the hospitality industry to help hotel owners assess their data, deliver positive results and impact guest relationships.

What is Artificial Intelligence?

It seems as if a week doesn't go by without artificial intelligence making headlines. One week it is to put policies in place regarding open AI chat GPT, which can generate a paper on any topic as fast as toucan feel it prompts, and the next it can race the dominant AI power chat game. In 2023, artificial intelligence is a hot topic in just about every sector of the economy and the travel and hospitality industry is certainly no exception.

Robots in the hospitality industry are not replacing humans. Robots are allowing employees to do their work better, more efficiently, more quickly and that's where robotics are coming into play.

Artificial Intelligence describes any computer program which performs tasks that usually require human intelligence. The level of the systems' intelligence depends on the maturity of the programming. Today's

AI tools can recognize speech, translate languages, identify objects, learn specific behaviors, answer questions and make decisions.

According to research, by 2025, Our houses will have at least 400 AI-driven devices in it. And as more people become familiar with using AI in homes, the demand for AI during their visits to hotels or resorts is likely to grow.

As a result, for hotels and resorts, AI will be powering an entire set of opportunities, both for guests and hotel owners.

AI and the Hotel Industry

Thanks to the movies, we often like to equate AI with robots. And while AI is certainly being used in hotels to offer advanced robotic capabilities, this is only a narrow spectrum of its applications.

Every day, a hotel generates huge amounts of data. Everything from guest information to orders and billing to RevPAR values has data points. This is why AI algorithms are becoming so efficient in helping hotels save money, enhance service, and improve operations.

AI analyses data from prominent sources and assimilates them into patterns. By bringing together data from images, voice, video, and texts, AI can help hoteliers uncover meaningful and actionable decision-making insights.

Here's an example: in 2014, US hotel chain 'Red Roof Inn' used weather and flight data to analyze flight cancellations. They applied AI analytics to create a marketing campaign, which got the attention of guests affected by flight cancellations. The hotel saw a 266% rise in non-branded mobile bookings as guests chose to stay overnight.

Where Can You find AI in Hotels?

Today, hotels use AI to improve guest experiences, automate repetitive tasks, offer personalized marketing messages, predict surges in utility demands and boost revenues.

Let's look at some of the specific AI-powered solutions that you may come across in a hotel today.

Digital Concierges

AI is beginning to eliminate the need to interact with an actual human when it comes to answering simple questions.

By understanding the context of the conversation (and not just the keywords), digital concierges can handle almost 60% of guest interactions today. And for hotels who have limited staff or want to offer a contactless experience to guests, it can be a godsend.

Chatbots

Chatbots have been around for a while now. We've seen them on websites, social media and even apps. Chatbots are programmed to offer responses to standard questions, making guest interactions easier. Guests can find information quickly, and hotel managers can reduce time spent answering repetitive questions. Ivy Webchat is a multifaceted chatbot hoteliers need to collect visitor information and field questions simultaneously.

Wynn Las Vegas

In the age of Alexas and Siris, the voice-activated device needs no introduction. Voice activation relies on AI-driven Natural Language Processing (NLP) to recognize speech and respond accordingly. This application of artificial intelligence is helping hoteliers personalize their guest interactions. By bringing together AI and IoTs (devices that are connected to the internet), hotel managers are creating a unique luxury experience that guests want to come back to.

Imagine being able to adjust the room temperature or open and close the blinds with voice commands. How about ordering room service without having to leave the bed?

To capitalize on this unique experience for guests, the Wynn Las Vegas has installed almost 5000 of its hotel rooms with Amazon's Echo. Guests at Wynn can control many of the room's features, thanks to AI-powered voice recognition devices.

Caesars Entertainment, Las Vegas

Another way in which AI has impacted the hospitality industry is with the power of data analytics. Hospitality data is being analyzed by AI and machine learning algorithms to deliver measurable business impact insights. By analyzing patterns and trends, machine learning-based algorithms can help hospitality decision-makers to make optimal choices.

Advanced data analytics in hospitality can help hotel owners with relevant offers and create personalized experiences tailored to individual hotel guests. A great example is Caesars Entertainment which uses AI-driven data analytics to enhance guest personalization and satisfaction.

Caesars Total Rewards Loyalty Program has, in fact, made them an industry leader in incorporating AI-driven data analytics in their marketing and customer service strategies.

Predictive Insights/Revenue Management

Another way AI is being utilized within the hotel industry, away from pure customer service, is in predictive forecasting. AI helps businesses sort through large chunks of data to draw important conclusions about guests or potential operational issues.

Consider how easy it would be to plan for a surge in utility usage if you had two days' advance notice. Predictive analytics enables hotels to predict and plan for guests' behavior and carry out operational tasks with ease.

NH Hotels

Email automation is not new, but its impact on hotels has been significant. One hotel to use this to its advantage is the NH Hotel Group. NH Hotels uses AI to manage the massive volume of email requests it receives every day. Thanks to Natural Language Understanding algorithms, the hotel can instantly identify and process reservation requests without manually sifting through thousands of emails.

BENEFITS OF AI IN HOTEL TECHNOLOGY

AI can help automate and add a personalized touch to the guest experience, at scale. Rather than replacing human personnel, AI solutions are designed to support hotel employees. Additionally, they take away the “grunt work” leaving humans to do what humans do best. Connect with your guests.

Let’s look at some of the specific benefits of AI-powered hotel technology.

- 1. Improved In-Room Experience**
- 2. Faster Speed of Response**
- 3. Reduced Workloads**
- 4. Personalized Offers**
- 5. Dynamic Pricing**
- 6. Additional Revenue Channels**
- 7. Guest Satisfaction and Reviews**
- 8. Improved Fulfillment**

AI can both improve guest fulfillment while reducing the time taken to problem-solve. According to a study, the time can be reduced by an average of one-third. This is likely to improve even further as AI evolves to tackle more complex guest experiences.

9. Reduced Operating Costs

By efficiently automating several processes, AI can reduce workloads while speeding up responses. This, in turn, helps improve operational efficiency. In fact, 89% of hoteliers agree that AI significantly reduces operating costs, primarily when used in guest supporting roles. This technology enables hoteliers to discover guest preferences and behaviors to deliver timely recommendations, increasing profitability and satisfaction per guest. Satisfaction most certainly is guaranteed with Revinate Hotel CRM as it drives direct bookings through targeted guest communication. Given active streamlining of hotel operations and increased knowledge of guest databases.

The Future of AI in Hospitality – Amazon Astro

The future will see AI and machine learning enhance aspects of hospitality, improving guest loyalty, making recommendations, and maximizing the experience. Additionally, advanced analytics and recommendation engines will help hotels uncover insights and capitalize on them effectively.

But most importantly, we may also finally see robots. With the arrival of the Amazon Astro (think Alexa on wheels), robots may open up the world of personal butlers, offering luxury support with personalized treatment. Consider the advantages of a robot managing manual work such as luggage collection, transportation of material, and delivery tasks.

Robots in hotels are getting started on tasks like bartending, cleaning, logistics. Additional benefits will depend on how the technology evolves. If you are looking for an AI-powered solution to improve guest experience without the big technology investment, contact us for a demo of our digital concierge, Ivy.

These are signs that 2024 will be better than 2023. The bad news is that this can change quickly due to a recession. So, your clients’ attitudes toward travel are still uncertain. That’s why it is crucial to retain staff. While seamless AT changes is the hottest hospitality trend right now, that kind of automation does not

mean lack of staff in the short term, but it requires highly-trained and experienced staff to handle both the technological and the human sides of the jobs in the future. If staff isn't there, your customer experience plummets and people go elsewhere. Having knowledgeable, experienced employees matters and that is why employee retention is crucial to the future of individual businesses and the industry as a whole. Powerful technology can help streamline operations, but human connection remains a crucial component of the customers' experience in the hotel industry. That's why it's a good idea to give potential guests some degree of choice when it comes to how high tech, they would like their experience with your brand to be. Some might very well appreciate the convenience of they being able to check in and out without ever having to deal with another human, but some guests still greeted by smiling face at the front desk.

examples are like the **Cosmopolitan Hotel in Las Vegas** has an AI-powered digital concierge named "Rose". This is a voice activated assistant, similar to Apple Siri, but specifically tailored to meet the needs of Cosmopolitan's guests. On checking in the guests receive a calling card with Rose's number. They can then text to this number with their request or use app to interact with roles. Rose can handle typical guests' requirements, fresh towels, toiletries, can tell guests about local entertainment, etc.

Henn Na Hotel is in Japan. It's claimed to fame is the first ever robot staffed hotel. Nearly every role in the hotel is fulfilled by an AI powered robot. Humanoid robot greet guests at the front desk will friendly robotic dinosaurs help with onboarding. The porters who carry guests' cases to their rooms are also robots. Toucan pink robot assistant is on hand to serve in every room ready to help with everything from local weather forecast, to dimming the lights. Toucan uses artificial intelligence to understand the guests and can retrieve information they need from the internet.

If you're going for a swim at the **Leonardo's Hotel in Cyprus**, you might notice a discrete camera in the corner of the pool; "meet Milo", the hotels new virtual lifeguard system run by Coral Smart Pool, the artificial intelligence driven system, analyzes video above and below the pool surface. Pressure sensors identify when a person's entering the pool and can begin calculating risks and high risks underwater camera can detect a sinking person and send series of alarms to take action. Milo is just one example of an increasing innovative ways the hotel and hospitality industry is embracing AI.

AI is not a substitute for human interaction. As beneficial as artificial intelligence can be, it's important for hotel owners to remember ... "It can't do everything". It will never take over every function of all running of the hotel, nor with the majority of guests wanted it to.

Powerful technology can help streamline operations, but human connection remains a crucial component of the customers' experience in the hotel industry. That's why it's a good idea to give potential guests some degree of choice when it comes to how high tech, they would like their experience with your brand to be. Some might very well appreciate the convenience of they being able to check in and out without ever having to deal with another human, but some guests still greeted by smiling face at the front desk.

The hospitality industry without a doubt has a lot to gain from AI. It can allow you to get to know the clients better in order to offer a better and more personalized service, so you can go beyond your guest expectations. From multi-lingual chat box that helps you to cater to wide audience to chatbots that can

handle concierge duties to voice activated services and other data analysts. AI is revolutionizing the hotel industry. With the ability to carry out human functions more efficiently, hotels can use this technology to optimize operations and streamlining the guests' experience in order to boost it.

FINAL THOUGHTS, NONE OF THIS WILL HAPPEN TOMORROW.