



HOSPITALITY INDUSTRY

Top-10 global challenges

Members of the International Society of Hospitality Consultants, Alexandria, Virginia, participated in a series of roundtable discussions at the society's recent annual meeting and identified the top-10 global issues and challenges facing the hospitality industry in 2006. Consider how they may affect your association, members, suppliers, and other constituents.

1. Changing labor conditions. Key factors include the shrinking of the labor force because of demographic shifts, increased union activity, and ever-higher benefit costs.

2. Escalating operating costs. Energy, labor, and insurance costs are all rising. Brand standards are being upgraded in an attempt to maintain a competitive edge.

3. Rising energy costs affecting consumer travel and hotel demand. Consumer travel may decline as energy costs take a bigger bite out of consumers' paychecks. More facilities may "go green" to conserve energy.

4. Escalating renovation and construction costs. Many facilities will experience escalating capital reinvestment exposure.

5. Havoc from recent natural disasters. The implications for tourism are widespread and profound, and the

potential threat of avian flu could have a broader impact than SARS.

6. Growing global uncertainty about safety and security. Concerns are widespread, ranging from airplane ventilation to terrorism.

7. Increasing sophistication of customer expectations. As amenities once considered "high end" become increasingly commonplace, the hospitality industry has to meet heightened customer expectations.

8. Rapid growth of condo-hotels. The management of condominium hotels presents such challenges as compliance with "owner-use" policies and maintenance.

9. Accelerating change and merging of technologies. The investment required to upgrade to Internet-based technologies is significant but necessary to realize full benefits.

10. Increasing consolidation of hotel brands/companies. Consolidations result in the proliferation of "niche" brands—some of which may confuse rather than attract consumers—as well as a host of other challenges, such as perceived territorial encroachment.

For the complete discussion of each of these points, visit www.ishc.com/library/pubs/top102006.doc.