

*#FromChange
ToOpportunity*

Hospitality

TRANSFORMING
HOW WE
WELCOME,
ENGAGE, AND
MANAGE

Ahead

March 2023



Why we are talking about Hospitality Ahead

THE FUTURE BEGINS NOW.

The world is shifting and transforming at a rapid pace, and hospitality is moving right along with it. The way we do business today is much different than it was a decade ago, just as it will be different 10 or 20 years from now. The past few years have also been fraught with challenges and uncertainty, yet as a hospitality industry, overall we have survived, and in many cases, thrived.

In Accor's *Hospitality Ahead* report, we address the shifts we have witnessed and are all experiencing today, impacting nearly every aspect of our industry – from the needs, desires, and loyalty of guests who come to stay at hotels and the evolving ways to connect and engage with them, to the Talent who work with us, to integrating sustainability across our business and hotel management. With leader and expert insights, research data, and examples from hospitality and beyond, we pinpoint and decode some of the most prominent shifts, provide key takeaways on how our industry can adapt and navigate moving forward, offer new perspectives, and share opportunities for hospitality ahead.

Report

Highlights in Brief

The world has been undergoing incredible changes. It has not only transformed the way people travel, but also how the hospitality industry can view and respond to these shifts. We have identified nine key areas of insights, sharing key takeaways as well as new perspectives and potential opportunities for hospitality moving ahead.

Here are the nine key insights outlined in this report.

Meet My Needs An Increasingly Sophisticated Approach to Decision-Making

There has been a significant shift in the guest mindset and guest expectations from hotels, with a more sophisticated consumer viewpoint reflecting a variety of needs, intertwined rational and emotional criteria for decision making, as well as new desires for the types of experiences they want from a hotel.

The Desire to Seek & Savor Discovering Differently and Seeking Enriching Experiences

Across generations and in different ways, travelers are looking for new ways to discover a destination and live new experiences – this is the top ranking criteria in traveler emotional needs and choice.

The Desire for Self- Fulfillment

Looking to Reconnect with Self, Recharge, and Enjoy

Another top growing driver for why people travel, this desire to pause the pace, recharge, and indulge means people are seeking options for well-being and more life-enriching moments.

Cool Community Wanting to Connect in Style and Be Social

The desire to live stylish social experiences, connect, and belong in a trendy way is a solid and growing part of the market which crosses segments and has moved beyond lifestyle brands.

It's All About the Tribe The Growing Movement for Quality Moments Together

As individuals increasingly focus on seeking community and connection, there is a growing travel aspiration and need to experience special moments together with their loved ones — whether friends or extended families across generations.

The Right Digital-Human Balance Seamlessly Optimizing the Client Experience

The human touch and digital interaction, when blended in the right way, empower teams and create opportunities to enhance service and client experience, improve personalization, and ultimately drive client engagement and greater brand love.

Expanding Loyalty's Impact Adding Value Every Day

Loyalty programs are transforming to become simpler, more personalized, more rewarding, and function as lifestyle enhancers – enabling clients to do and experience more, and drive deeper engagement, while ultimately forging stronger client relationships.

The New Talent Mindset Fulfilling the Desire for Purpose and Self-Expression

The evolution of Talent expectations and priorities drives the need to create a more attractive and engaging workplace with greater flexibility, work/life balance, avenues for self-expression and finding purpose, and ensuring teams feel valued.

Thinking Sustainably Local Shifting Focus to People, Resources and Sourcing Closer to Home

Changing perspective and focusing on the local ecosystem is key to building a more sustainable hospitality model, while at the same time reducing risk, managing more purposefully and efficiently, and offering a more authentic guest experience.



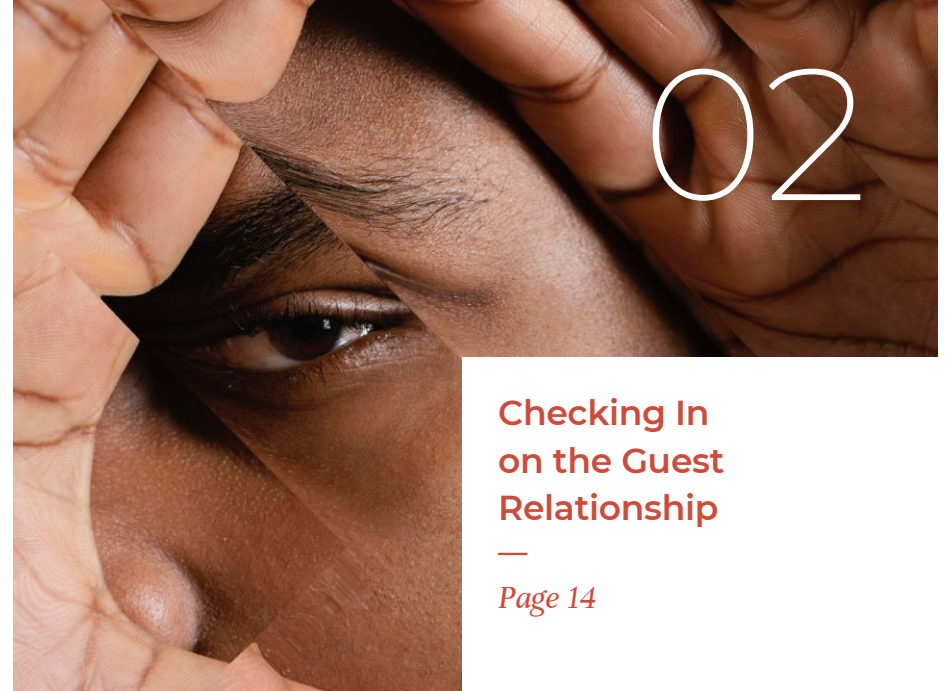
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The momentous societal and consumer evolution over the past few years has significantly impacted traveler behavior. The inherent needs and desires which determine how and why a guest selects a hotel have altered considerably. Accor's *Hospitality Ahead* identifies and interprets these shifts via exclusive research, and offers key takeaways to orient hospitality professionals and provide a greater understanding of what motivates travelers today. By pinpointing potential business opportunities and growing market trends, our goal is to provide guidance to successfully leverage this new travel transformation.

Unpacking

Travelers' Evolving Expectations



Unpacking Travelers' Evolving Expectations

What Travelers Want: Understanding Their Needs and Welcoming in New Ways

These are exciting times for the hospitality industry. In 2022, Accor conducted comprehensive research among 15,000 travelers in seven countries¹. Our goal was to identify exclusive insights into travelers' needs and desires. How are they traveling currently? Have the ways in which they use hotels changed? Do they have different needs for hotels based upon their travel occasion? And what are their decision-making criteria when organizing their travels and hotel stays? These findings have enabled us to take a deep dive into changing guest expectations and anticipate opportunities to both better connect with them and increase revenue, designing our hospitality offerings to meet these evolved needs.

Key takeaways

- Rational and emotional criteria for decision making are intertwined, with guests often changing what it is they want to experience depending upon the occasion, resulting in an increasingly sophisticated consumer viewpoint. As a result, the proliferation of hospitality brands is actually right on target. Accor's research confirms this cosmopolitan approach toward segmented branding with strong and well-positioned identities is exactly what today's travelers want.
- The desire to seek and savor exclusive, authentic, or local experiences; an interest in pursuing self-fulfillment; and also finding ways to reconnect to one's self are growing behavioral drivers for why people travel.
- Sustainability now emerges as one of the top eight criteria of travelers' needs, in line with research across the board, which has shown that sustainability is growing in overall importance for travelers and in society at large.
- The focus on seeking community and connection in travel – being part of a “cool community” or enjoying moments with one's “tribe” – is now more than an emerging trend, it demonstrates significant occasions for growth and solid business opportunities for hotels across a variety of market segments, based upon the desire for specific experiences and not necessarily on price.

Accor's global study — which encompassed seven countries — resulted in very clear and consistent findings. Even with the reality of evident social and cultural differences around the world, travelers' current needs and desires and criteria for choosing hotels were amazingly quite consistent.

¹Source: Publicis Sapient exclusive qualitative and quantitative research study for Accor in 2022: 15,000+ travelers in seven countries

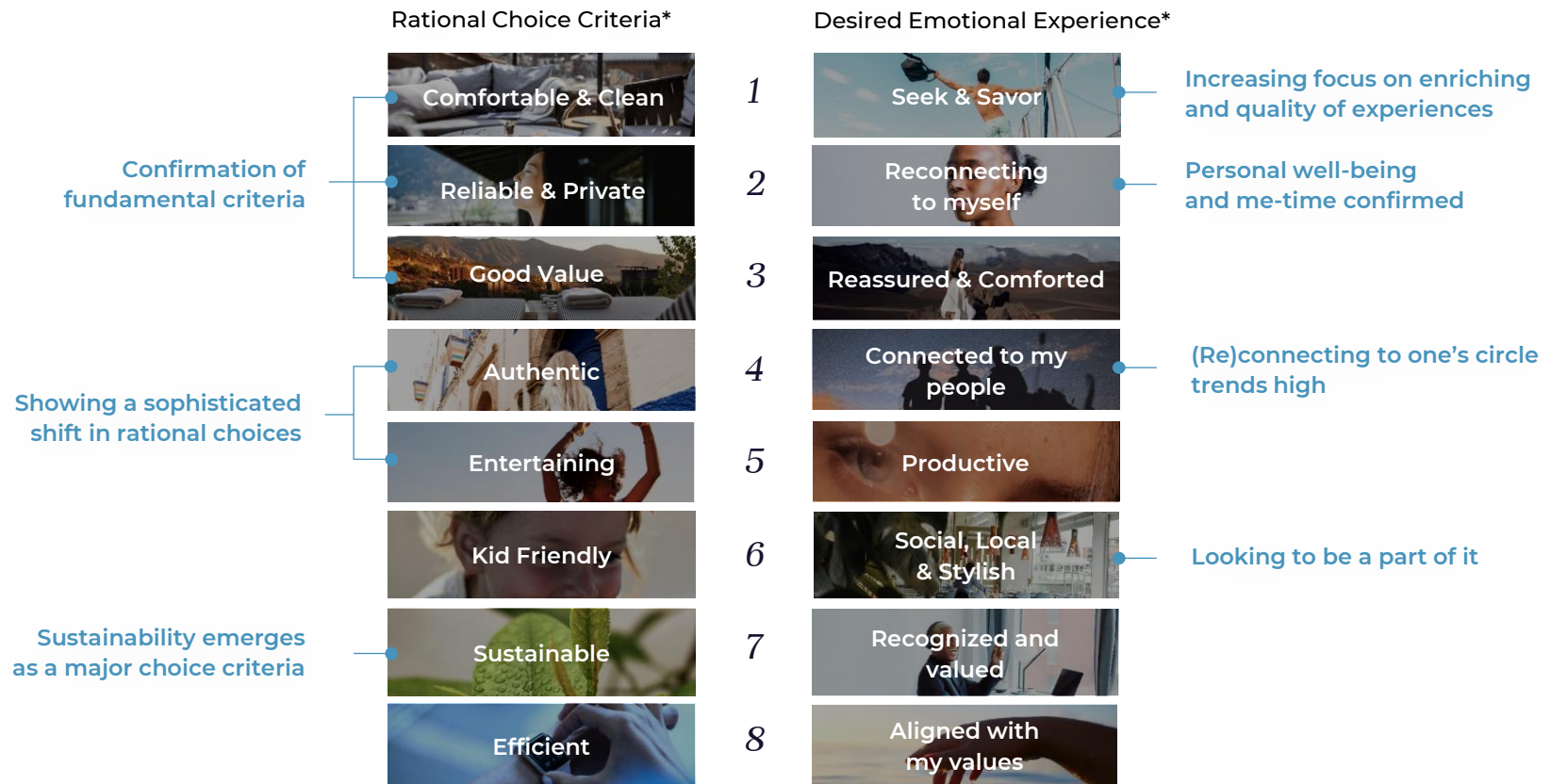


Meet My Needs

An Increasingly Sophisticated Approach to Decision-Making

One of the key findings of our research — which deserves significant focus — is the sophistication of today’s travelers. They are savvier than ever before, are more cerebral in their decision making, and also have a greater and more sophisticated variety of needs. Based upon the response data, we created a scale ranking key rational and emotional needs influencing travel and hotel choices, which demonstrates a highly refined approach to decision making. These findings become even more compelling when we consider that travelers today require different services and amenities depending upon their occasion for travel, using hotels in different ways at different times, such as blending work and leisure travel. As a result, the importance and relevance of a diversified brand portfolio and compelling offers cannot be overlooked to satisfy travelers’ varying needs.

The Scale of Traveler Needs & Desires



*by decreasing order of importance

“At Accor, we recognize the ‘one size fits all’ approach to hospitality doesn’t really work.

To be able to truly satisfy today’s guests, we must appeal to their needs, wants, desires, and interests, and clearly communicate specific positioning with a well-defined and differentiated brand.

Accor’s diversified brand portfolio enables us to bring the value, services, and experiences which are relevant and fulfill the needs of today’s guest expectations.”

ALEX SCHELLENBERGER

Chief Marketing Officer, Premium, Midscale & Economy Brands, Accor



The Desire to Seek & Savor

Discovering Differently and Seeking Enriching Experiences

Travelers want to see the world, but they don't all want to experience it in an identical way. In today's society, those who embody what we term *The Desire to Seek and Savor* – the top criteria for choice in sought-after emotional experiences – are looking for new ways to discover a destination, live new experiences, expand their horizons, and, in some cases, show off all of the cool things they are enjoying to their social media followers.

To provide deeper insight into what *The Desire to Seek and Savor* can mean for hospitality, as an illustration, we have created three different personalities — each reflective of *Seek and Savor* — which vary in different ways based on their age, interests, lifestyle, habits and so on.

HOSPITALITY OPPORTUNITIES

Key opportunities for the hospitality industry to address this growing desire include offering curated experiences to expand travelers' horizons with meaningful moments — both at the hotel and in the local destination; providing opportunities for blended business and leisure travel; and incorporating innovative ways to connect to the local community. In tune to this desire, Accor's new Handwritten Collection offers hotels with unique personalities that reflect the passion of their owners, fostering connection and experiences.

Kevin, The Social Traveler

35 YEARS OLD

HIS FOCUS

- Likes to accumulate travel experiences
- Very attentive to style, especially in hotels
- Seeks advice for authentic and impressive experiences
- Wants to share his experiences almost immediately with his social network

"There is no point to a good time if it can't be shared on social media afterwards."



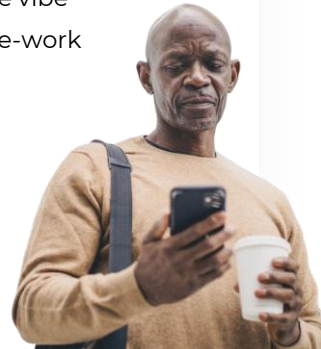
George, The Cultural Explorer

50 YEARS OLD

HIS FOCUS

- Culture and beauty oriented
- Takes pleasure in planning and anticipation of the trip
- Wants to meet people
- Likes places with a lifestyle vibe
- Adopter of blended leisure-work travel
- Prefers extended trips

"I am always up for trying new things."



Claudia, The Open-Minded Adventurer

65 YEARS OLD

HER FOCUS

- Seeks the unexpected and inspired
- Very flexible for last-minute opportunities
- One timer in each place, but accumulates many travel experiences
- Loves local nature and culture
- Uses hotels as a basecamp

"I have a keen sense of adventure."



The Desire for Self-Fulfillment

Looking to Reconnect with Self, Recharge, and Enjoy

The desire for self-fulfillment is another top ranking criteria in traveler needs, reflecting the growing desire of these travelers who want to reconnect with themselves, recharge, indulge, and rejuvenate mind or body, and pause the pace of their schedule to enjoy more life-enriching moments. Quite often those seeking self-fulfillment want to escape their own stressful lives or harried schedules and go someplace new, different, or unexpected in order to take a break from the world, learn new ways to experience life, do different things, try varied activities, and just get off the hamster wheel they have been living on.

This travel style crosses all generations, but shows up in different ways. As an illustration, we have created two personalities to depict how this desire may present itself.

HOSPITALITY OPPORTUNITIES

The hospitality industry can respond to this growing criteria in traveler choice by integrating well-being throughout the guest journey, beyond traditional spa treatments, with offerings and an environment to enable guests to refresh, relax, enrich their souls, feel healthier in mind and body, and become more in tune with themselves - from food and beverage to design, from outdoor spaces to activities, all supported by impeccable service at the guests' rhythm.

Alia, The Self-Indulgent Traveler

30 YEARS OLD

HER FOCUS

- Quest for alone time and opportunities for self enrichment
- Wants to be pampered in a refined way
- Likes to be surrounded by beauty
- Open to new cultures to expand her horizons
- Both urban and resort properties appeal to her

"I like to be in the moment rather than taking pictures to share."



Sacha, The Disconnecting Traveler

60 YEARS OLD

HIS FOCUS

- Seeks rest and tranquility
- Prefers to do what he wants, when he wants
- Looks to minimize both human and digital interaction
- Likes to return to familiar and satisfying places
- Very demanding in terms of comfort and facilities

"When traveling, I prefer not to have to make any decisions."



Fostering Community & Connection

From Emerging Trend to Business Reality

Accor's comprehensive and exclusive research has identified the connection between travel occasions and customer desires to pinpoint the most promising and dynamic opportunities for hospitality to focus on looking ahead. These decision-making factors are focused on the guests' aspirations, occasions for travel, and desire to pair similar sought-after experiences versus being determined solely by price.

This analysis reveals there has never been a stronger desire to create human connection and community than right now. Being alone and removed from friends and family during the past few years has propelled a movement to gather and bond as never before. From family reunions and celebrating momentous occasions (weddings, retirements, birthdays, etc.) to gathering for no specific reason than to see one another, opportunities to foster community and human connection are incredibly popular.

While this may have been seen as an emerging trend a few years ago, our research demonstrates this is now a dynamic and real business reality and opportunity across numerous market segments. Two of the most dynamic themes — which are already important yet still growing — reflect the trend for community and connection.

Cool Community

Occasions and opportunities to live stylish social experiences and meet new people to enjoy trendy moments together.

It's All About the Tribe

Moments and occasions for friends, families across generations, and loved ones to enjoy quality time and experiences together.

“How and why travelers use hotels has continued to shift over the years and it actually offers new opportunities to rethink spaces. We are experiencing an incredible opportunity for innovation in the hospitality industry with unlimited possibilities as to what we can offer these guests so they can fully experience their desire for community and connection.”

ALEX SCHELLENBERGER
Chief Marketing Officer, Premium,
Midscale & Economy Brands, Accor



Cool Community

Wanting to Connect in Style and Be Social

While this trend has been strongly associated with Lifestyle brands, Cool Community has become a solid part of the market across segments and is forecasted to continue to grow over the coming years. People want to socialize and connect and feel like they belong, and the desire to participate in what is seen as “hot” and “trendy” is very appealing to many. Fulfilling the Cool Community aspiration provides a number of opportunities going forward for hospitality.



Cool
Community

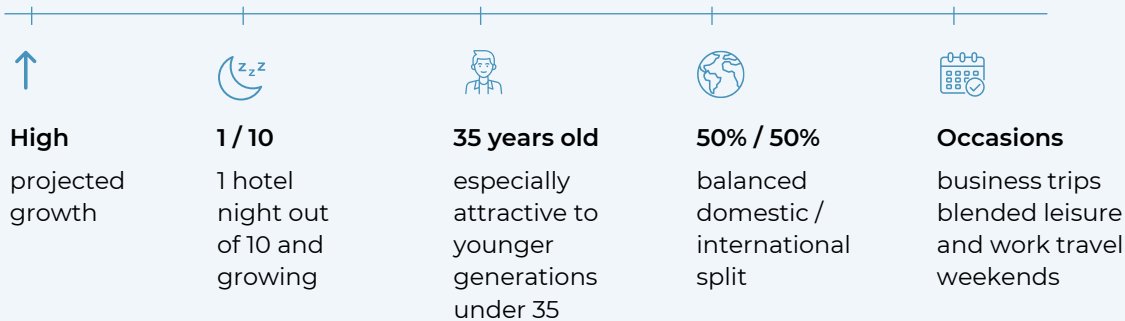
What this is about

Occasions and opportunities to live stylish social experiences and meet new people to enjoy trendy moments together.

In tune to key trends

- Digital nomads
- Alternative ways of working: remote, hybrid
- Conviviality and connecting to communities
- Enjoying authentic local experiences

Main characteristics



HOSPITALITY OPPORTUNITIES

- Cater to a variety of guest needs during one single stay, satisfying the desire to work and also live trendy experiences during the same trip.
- Create and foster access to unique or exclusive experiential activities in tune to social aspirations and what's trending.
- Incorporate stylish design and socializing spaces and amenities (entertainment, F&B and so on).
- Offer personalized services and amenities to cater to trending special interests, from pet-friendly to dietary needs.

IN ACTION

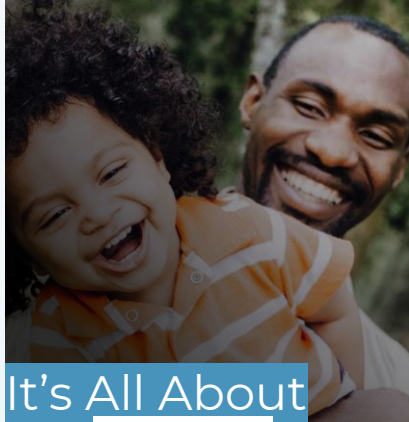
At Accor, brands across segments answer to this Cool Community guest profile, with the common denominator being the desire to connect in a stylish environment. For example, economy brand ibis Styles is noted for its strong design and social hubs, while the premium Pullman brand offers social-minded and playful experiences and spaces such as The Junction geared to the desire to gather and connect.



It's All About The Tribe

The Growing Movement for Quality Moments Together

This segment has always existed, but is now more dynamic and growing. Individuals are increasingly focusing on human values and connection – especially with their loved ones and the people most important to their life and well-being – and often refer to their group as their “tribe”. Whether it be a family across generations, groups of friends, or just individuals who share a common interest which has bonded them, experiencing special moments together as a tribe is a growing travel need and occasion, offering opportunities for hospitality and hotel brands to cater to these groups.



It's All About
the Tribe

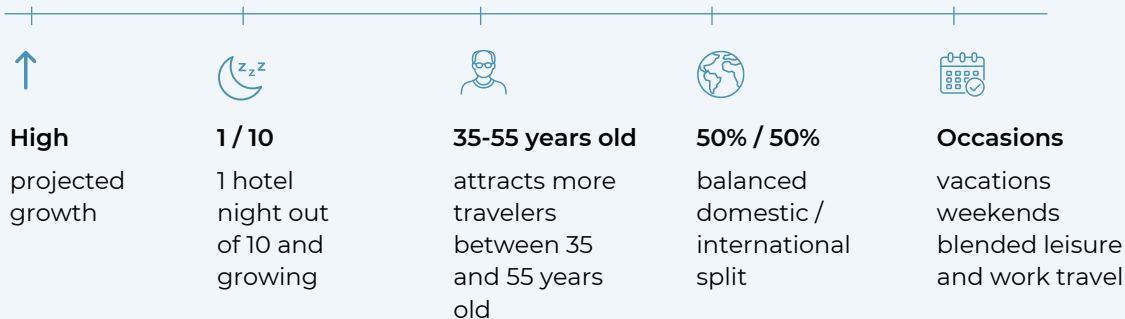
What this is about

Moments and occasions for friends, families across generations, and loved ones to enjoy quality time and experiences together.

In tune to key trends

- Sharing meaningful experiences
- Family reunions & multi-generational travel
- Creating community
- Revenge travel

Main characteristics



HOSPITALITY OPPORTUNITIES

- Offer flexible spaces to accommodate varying group sizes and configurations in a single stay.
- Make families and multi-generational travelers feel welcome with kid friendly spaces and activities.
- Shift the overall ambiance and services to be less corporate and more social and fun, from pool and sports to F&B.
- Provide access to special activities (sports, cultural, special experiences, local discovery) for the entire tribe and fulfill expectations of novelty and entertainment to foster togetherness.

IN ACTION

Across Accor's portfolio, brands offer a variety of services and amenities which fulfill the need to share moments with loved ones. For example, Novotel's family-friendly approach makes it easy for families to be together with accommodation and breakfast free for two children under 16, while Mövenpick's resorts feature kids clubs as well as a range of dining options and leisure activities which can appeal to extended family and multi-generational travel.



02



The manner in which we interact with guests is continuing to undergo significant transformation. This shift covers every aspect of the guest interaction: how we relate, engage with them, reward them, and personalize our service to them. We have identified key shifts and opportunities looking ahead to enrich the guest interaction and relationship in digital and loyalty. We take a closer look at finding the right balance for the seamless integration of human plus digital to improve customer service, and also focus on opportunities for loyalty programs to transform themselves to deepen client engagement.

Checking In on the

Guest Relationship





The Right Digital-Human Balance

Seamlessly Optimizing the Client Experience

The move to predominantly digitally-driven service in place of humans has reached a hard stop. While many predicted AI, chatbots, and other digital tools would take over in the hospitality industry, it did not happen.

The reality is that the human touch simply cannot be suppressed. In its place we are seeing a cutting-edge consolidation and balance of the best of both worlds: personalized human service enhanced by innovative digital tools. As we track this growing movement, brands and companies are exploring a variety of implementations to achieve the perfect balance. The goal is to enable teams to be more efficient and concentrate on the added value of their human touch, digitally streamlining routine tasks while offering key guest insights from a comprehensive database at their fingertips. This creates a path to delivering personalized service in a truly seamless manner and ensuring a consistent experience across touchpoints. The opportunities are immeasurable including better guest engagement, a deeper customer relationship, and superior brand affinity.

Empowering Teams with Digital Tools to Drive a Better Client Experience

Guest expectations are at an all-time high, so how do we work smarter, faster, and better to provide even more seamless and personalized service? We give our human Talent the right digital tools to maximize their effectiveness and let them focus on where they can bring their added value and personal touch. Digitizing administrative jobs removes the mundane tasks from Talent and frees them up to interact with guests on a deeper level. And we improve how they enhance every guest touchpoint by providing Talent with valuable guest behavior data so they can personalize the experience in immeasurable ways, from welcoming the guest to remembering the guest's preferred cocktail and providing more curated recommendations for the guest experience.

48% OF CONSUMERS

a study by Adobe shows that half of consumers (48%) place equal importance on digital and in-person experiences when it comes to earning their trust.¹





83%

of customers expect to solve complex problems by speaking to one person rather than to connect through digital tools.¹

This type of interaction where Talent enriches each moment is incredibly attractive and memorable to guests.

Alix Boulnois, Chief Digital Officer at Accor, notes, *“If the technology is sufficient, hotel staff spend barely any time doing admin work. Instead, they have time to focus on welcoming and interacting with the guest and getting to know them so they can provide even better service. As an example, Accor has automated the majority of uploading tasks in hotels to allow the teams to have more time to interact with guests.”*

Talent is then more available as needed to provide greater personalized service and assistance on special requests. Clients want to know there is someone they can speak to who will handle their problem immediately. For example, consumers love the convenience and flexibility of booking their hotel room through an app — as they love shopping online whenever they feel like it — but there are still times when they need or want personal assistance.

An ideal service solution combines the best features of each so a human can step in exactly at the point when the customer needs more specific help or has questions (for example, how a hotel’s offers can be tailored to their specific needs).

A recent Salesforce study indicates that 83% of customers expect to solve complex problems by speaking to one person rather than to connect through digital tools.¹ And 96% confirm that excellent customer service builds trust, meaning empowering teams is an opportunity to cherish and drive client relationships.

And looking outside of the hospitality industry, Nike offers a digital app, Nike App, which combines the best of human service with digital technology. Nike App enables customers to choose products (including size and color), check available inventory, and request a try-on in some stores. They can then connect with a Nike Talent to prepare their order and bring it to them directly in store or to a fitting room to try on. This makes the Talent role richer and more empowered when they can focus their time on listening, adapting, and advising versus simply responding to digital requests.

Ultimately, finding the right blend between digital and human, relying on the individual strengths of each, create opportunities to empower teams to deliver better service and do what humans do best: engage, surprise, personalize, serve, and satisfy.

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“Some people see technology as the opposite of hospitality, because technology can be perceived as cold and off-putting. In fact, I think technology and hospitality are very complementary. Technology is a powerful tool that facilitates our connection with clients and that is an enabler to enhance the client experience overall.”

ALIX BOULNOIS
Chief Digital Officer, Accor



“Some people see technology as the opposite of hospitality, because technology can be perceived as cold and off-putting. In fact, I think technology and hospitality are very complementary.

Technology is a powerful tool that facilitates our connection with clients and that is an enabler to enhance the client experience overall.”

ALIX BOULNOIS

Chief Digital Officer, Accor





Providing a Seamless Experience Across Touchpoints to Forge Greater Engagement

With the right combination of digital tools and human service, companies can offer clients a seamless omnichannel experience and consistency across all touchpoints which meet their needs.

Engagement is as omnichannel as ever, with customers turning to an average of nine different channels to communicate with companies.¹ Ultimately, they are better able to reap the benefits to achieve trust, loyalty, and brand love. In fact, 83% of customers say that they're more loyal to companies that provide consistency across departments¹.

Once the guest has experienced consistent service on an entirely new level, loyalty is all but guaranteed. Take a look at Apple — for the ninth year in a row, Apple has placed at the top of global brand consultancy Interbrand's annual list of The World's Most Valuable Brands. Why? Apple continues to stay close to customers through an absolute 360° omnichannel strategy and it continues to find strong online retail solutions, thereby providing the consumer a simple, seamless experience.²

Companies which are able to determine and implement the perfect mix of human and digital to deliver enhanced, seamless service on a consistent basis are best positioning themselves to capture opportunities to maximize customer engagement and drive brand affinity, ultimately forging stronger client relationships.

A SEAMLESS 360° PERSONALIZED EXPERIENCE

Accor is working in collaboration with Adobe, Salesforce, and Accenture to roll out a seamless 360° personalized omnichannel digital experience which is much more than a simple CRM. It elevates the client experience by continuously enriching its knowledge of clients, in respect of their privacy, to enable personalized service and offers and more effectively engage with them. The result is a seamless digital journey that powers more personalized interactions and touchpoints and an enriched experience.

HOSPITALITY OPPORTUNITIES

- **Achieve the perfect balance.** Determine where to best deploy human and digital service elements (they each bring something great to the table) and recognize they are most powerful when used simultaneously. And seamlessly connecting the physical human world with digital will offer new opportunities and experiences.
- **Automate mundane tasks.** Some things can be done digitally. Room service ordering, booking water sports or spa appointments, and other routine tasks can be handled digitally to free up the Talent to focus on handling customer service issues or improving the guest interaction and taking it to an entirely new level.
- **Empower humans to be more interactive and make the guest experience richer.** Digital should function as a tool to enable teams to fluidly tap into data and capabilities, to focus on improving personalization and guest interactions, and make the guest feel welcome, satisfied, and special – something a digital tool simply can never do on its own.

¹Source: Salesforce State of the Connected Customer - 5th edition (2022)

²Source: [Apple Insider article](#)





Interview With Tom Goodwin

Combining High Tech and High Touch



Tom Goodwin, innovation leader and digital and business transformation consultant, has shared some insights on how digital tools combined with human service in the right way, can reinforce service and client engagement.

Q: Digital tools and technology play an increasingly central role across all activities. What is the right role for them to play in the service industry?

A: I believe technology should never BE the idea, but that great ideas, solutions and experiences are often (but not always) rooted in what technology makes possible. This may sound like a subtle shift, but it's a different way to think. The hospitality industry is one where customer service and touchpoints are of incredible value, both in creating customer delight but also increasing revenue. They are also all complex businesses and where operationalizing processes is hard. It always needs to be less about technology per se, and rooted entirely around our customers, our partners, and our staff.

Q: What can technology achieve in guest service?

A: Technology should seek to add information to allow people to serve others better and should also simplify processes to make it less transactional and more about relationships, personalization, and emotion. Technology should free up time for humans to do what humans do best, and to remove the tyranny of the mundane. A good example is airlines. I don't want to be served by a chatbot, and I want to do most transactions myself online. On occasions when I do call, they are often using background technology to serve me brilliantly.



"I believe technology should never BE the idea, but that great ideas, solutions and experiences are often - but not always - rooted in what technology makes possible."

Something fascinating about the hotel and hospitality business is the sheer variety of customers and customer interactions. As a result, if we are to truly serve people, we must offer a choice. Guests act in very context dependent ways. Most people prefer ordering food in a restaurant with a human, but would probably happily order room service with an app. The real potential of the digital age is that technology can allow us to be even more human. We are in the early stages but the potential for technology is to allow us to design even more personalized experiences.

Q: What are upcoming digital innovations which will contribute to service and impact hospitality?

A: One thing to keep in mind is that in many ways this era will be about better and deeper integration of technology more than using the newest and most sophisticated. It's more about operationalization and changing workflows than what is most outlandish and magical. But I would be remiss not to mention AI. We need to unleash Generative AI on tasks previously assumed to be time consuming and expensive, and start to allow ourselves to serve people in even more rich ways.

The first stage of any tech is to apply it to what we've done before: what do we currently do that we can now do better. The next stage is to rethink the world around what it makes possible: what do we not do, but we now can?

Q: A final word?

A: The future of customer service in hospitality is really about the idea of high tech and high touch. The debate isn't about choosing one, but combining them.





Expanding Loyalty's Impact

Adding Value Every Day

“Earn and burn” has had its day. Loyalty has moved beyond the points-driven model, with programs getting smarter to stay relevant. The next generation of loyalty programs has been designed to connect with the traveler on a deeper, emotional basis by becoming more interactive and useful to drive customer engagement more frequently.

The recently released Skift x Accor report on loyalty demonstrates how programs need to transform to become simpler, more rewarding, and more personalized. The concept of loyalty needs to continue to be reenvisioned as a means for members to improve their travel and daily lives. Loyalty programs need to become lifestyle enhancers, enabling members to do more and experience more — whether they want to access new ways to pursue their hobbies and interests, travel and live more sustainably, or facilitate their daily needs. Finding innovative ways to interact with guests creates new opportunities to better engage and drive greater brand loyalty, and ultimately forge stronger client relationships.

How are loyalty programs transforming to better serve and engage clients?

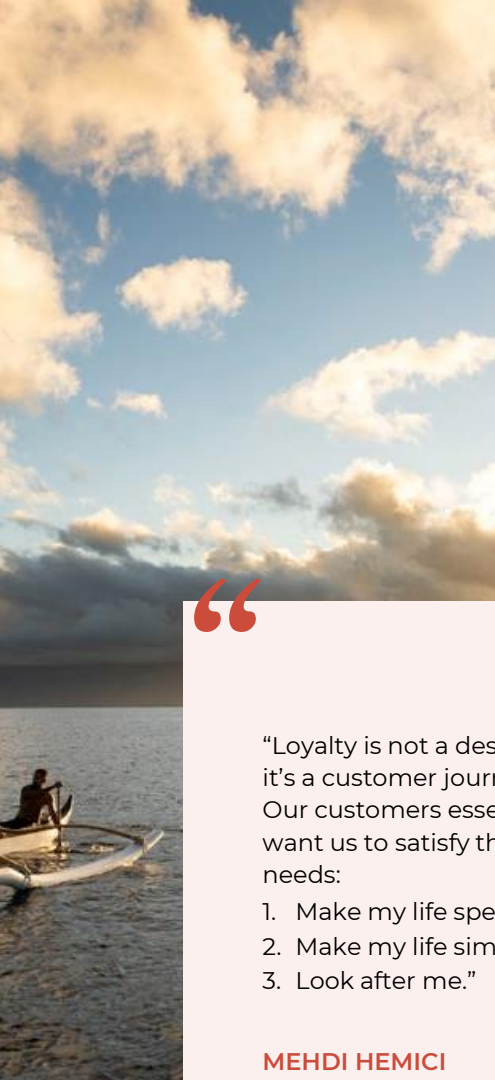
Curating Loyalty Programs To Create Emotional Connections

Loyalty cannot be once-size-fits-all. Programs need to cater to each individual, making them feel special and valued. We are seeing loyalty move beyond the usual world of shopping and travel rewards to offer options which are more far reaching and personalized for individual interests, bringing a much greater impact beyond traditional points and miles redemption. Programs are evolving to enhance daily life as well as provide personalized solutions to a range of consumer needs. For example, Diners Club International gives members the option to claim rewards in tune to daily concerns and personal projects, beyond what is available in its catalogue, with gifts ranging from orthodontic services to a down-payment on a new car.¹

Innovative shifts in loyalty programs are giving members access to new experiences through the creation of special-interest communities, fulfilling today's consumer desire for connection and experiences. Reinvented loyalty will provide members with access to exclusive opportunities related to their passions and even help them meet others who share their love of Peloton, jogging, pickleball, Hot Yoga, etc. This type of engagement elicits solid brand loyalty and reinforces client relationships.

¹Source: [Club Rewards article](#), Diners Club – (for members with 50,000+ Club Reward Points)





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“Loyalty is not a destination, it’s a customer journey. Our customers essentially want us to satisfy three needs:

- 1. Make my life special.
- 2. Make my life simple.
- 3. Look after me.”

MEHDI HEMICI
Chief Loyalty & E-Commerce
Officer, Accor

As an example, ALL, Accor’s loyalty program, caters to its loyalty members by allowing them to pursue their passions in sports, entertainment, and food with exclusive experiences they could not access themselves (for example, court-side seats not available for public sale, exclusive jazz concerts, and culinary masterclasses), as well as a wide range of activities and experiences to enhance daily life in their local cities thanks to its partnership with Fever, the global live-entertainment platform. Looking beyond hospitality, Lululemon’s loyalty program proposes an annual subscription giving members access to limited events and private workout classes throughout the year. Enabling people to be part of a community around a shared passion adds value to membership, and it has formed a highly engaged following across the Lululemon brand.

Making Rewarding Simple and Personalized

Cutting through the complexity of points, easing access to redeem, and making program information more transparent is prevalent in members’ requests. Simplifying redemption through seamless solutions; a user-friendly digital experience; and personalizing contacts, services, and offers are all key to changing people’s perception of loyalty programs. In fact, 57% of people are willing to pay more for simpler experiences, while 76% of customers are more likely to recommend a brand because it provides simpler experiences.¹

76%

of customers are more likely to recommend a brand because it provides simpler experiences.¹

Outside of the hospitality sector, Lancôme has translated it into their US loyalty program with only three actions needed by the customer for completely transparent rewards: spend, connect with the brand, or share data and you earn respectively 10, 50, or 100 points. It’s incredibly simple, connected, and popular.

Looking within hospitality, Accor has also designed its loyalty program interface – the ALL app and digital platform – with simplification and personalization top of mind. As Alix Boulnois, Accor’s Chief Digital Officer, says: *“Our goal is to express the richness of our loyalty program’s ecosystem while making it as simple as possible to use and navigate. And one of the key features we are pushing is personalization. We don’t need to show everything to everyone; we need to show the right thing to the right person at the right moment.”* Accor has the capability to personalize communication with the guest on a 360° basis, not only connecting through the app, but also providing a personalized welcome and creating other ways to look after them and make their stay special thanks to the direct contact during their stay.

¹Source: [World’s Simplest Brands Ninth Edition](#), by Siegel+Gale, 2021



Supporting Clients to Make Sustainable Choices

Sustainability has never been more top of mind than it is today. Consumers are increasingly willing to change their habits and lifestyle in order to make more responsible choices, and recent research finds 65% of consumers would like to opt for environmentally friendly transportation or lodging on their next trip.¹

Providing guidance and tools to support members on their sustainable travel journey is a great way to earn loyalty and brand love. That might look different depending on where you are in the world. In some Accor properties, guests who opt out of housekeeping services to reduce the carbon footprint of their stay receive ALL Reward points per day. As another example, UK coffee chain Costa also rewards members for sustainable behaviors: they earn free coffee twice as quickly if they bring a reusable cup.

Loyalty programs can also enable members to support charitable causes with their rewards – to “burn for good”. As an example, the Body Shop’s Love Your Body Club gives customers the option to donate their points to charities of their choice. Put simply, consumers are more inclined to spend their dollars with companies who share their value systems — particularly as it relates to corporate social responsibility.



SHOPPER EXPECTATIONS

Shopper expectations around loyalty programs are evolving. While points-based programs are the most popular type today, data suggests younger generations are craving experiential programs which instill a genuine and authentic connection. Millennials and Gen Zers value exclusive access to limited products and experiences nearly two times more than Silents/Baby Boomers.²

HOSPITALITY OPPORTUNITIES

- **Continue to engage.** We know that loyalty programs are a great opportunity to gather data and information on guests. By using this data to personalize the experience with them through ongoing communication, bespoke rewards, tools, exclusive access, and more, we are able to establish a deeper, more enduring, one-on-one connection.
- **Bring in relevance.** We must show the guest we can personalize their rewards to better fit their lifestyle and values. Understanding their interest in sustainability is a must.
- **Keep it simple.** From how they earn to how they can redeem, guests want loyalty to be simple to understand and easy to use.
- **Make guests' lives richer.** Loyalty should function as a tool to make their lives easier and provide benefits beyond the hotel stay which are incorporated into their everyday lives, and with tools which are curated to their particular interests, and add intrinsic and unique value.
- **Enable more rewarding experiences and services.** Provide access to enriching experiences on property or in the local community and create connection to others who share their passions through the curation of distinctive partnerships and truly outstanding propositions.

To learn more, discover Accor x Skift's recent report [Beyond the Hotel Stay, Bringing Loyalty to Everyday Life](#)

¹Source: [Expedia Sustainable Travel Study, April 2022](#)

²Source: [Salesforce Connected Shoppers Report, Fourth Edition, 2021](#)



03



Shifting Perspectives

on Hotel Management

If we have learned anything over the past few years, it is that change and uncertainty are now the norm, and these fluctuations have had significant impact on all aspects of hospitality including hotel management. We take a closer look at two key areas where we are at a crossroads – Talent and sustainability – providing insights into what drives Talent today as well as the importance of interacting more sustainably with the local ecosystem. Ultimately, we consider how shifting mindsets and perspectives on these areas can help us be better equipped for the future and drive new opportunities in hospitality.





The New Talent Mindset

Fulfilling the Desire for Purpose and Self-Expression

One of the primary challenges in hospitality over the past few years has been attracting and retaining Talent. This is a global challenge which has impacted our industry on a scale not seen in many years — if ever. What will it take to attract, engage, and retain Talent in our industry and is this even possible anymore?

A fascinating McKinsey article entitled “‘Great Attrition’ or ‘Great Attraction’? The Choice Is Yours,” notes that more than 19 million US workers — and counting — have quit their jobs between April 2021 and September 2021, a record pace disrupting businesses everywhere. “Companies are struggling to address the problem, and many will continue to struggle for one simple reason: they don’t really understand why their employees are leaving in the first place”¹, and that employers are actually overlooking the most important needs identified by employees: wanting to feel valued at work, having a sense of belonging, and enjoying a work/life balance.

This represents an inherent mindset shift in the workforce and we must recognize Talent expectations have evolved. Employee vitality is taking center stage. Indeed, there is a significant desire for greater work/life balance, and Talent requirements now extend to a deeper level. They also want to find purpose in their work and have occasions for greater self-expression as it relates to who they are and what they believe in. As managers and employers, we need to recognize and understand their new priorities in order to be able to attract and retain Talent and manage them more effectively, as well as recognize where we, as an industry, need to make a shift as to how we approach this situation.

This is not a threat to our ability to positively manage or retain Talent. Instead, we should view it as an incredible opportunity. In fulfilling these needs, we can successfully evolve the Talent relationship to create more deeply engaged team members who are not only committed to their jobs, but who want to grow and expand their roles within the organization and the sector for the long term.



¹Source: article “‘Great Attrition’ or ‘Great Attraction’? The choice is yours”, McKinsey, September 8, 2021





Interview With Steven Daines

Chief Talent & Culture Officer, Accor

Steven Daines, Chief Talent & Culture Officer at Accor, shares some insights on the situation and how talent priorities and management styles can shift to create a more engaging and attractive workplace for Talent and reflect this new normal.

Q: Hospitality is facing a labor shortage. What type of approach is needed today and how do we go about attracting, engaging, and retaining Talent?

A: The labor situation is, without doubt, one of the most serious impediments to hotel operations currently. We are facing this challenge in many regions around the world, and at levels which are unprecedented. But the key here is to recognize this is not a situation we can't overcome. It is something which can indeed be addressed by listening to and understanding what drives Talent to get up and come to work every day and to fulfill these expectations as best we can.

I have seen two main indicators regarding the mindset shift in Talent as they move forward in their hospitality careers. First, there is an inherent desire for more work/life balance. And secondly, Talent is increasingly seeking purpose and self-expression. What does this mean exactly? People want to recognize and fulfill their innate need to find purpose in what they do on a daily basis. Just as important, they want the opportunity to express their true self and in ways which support their personal convictions and beliefs.

91%

of team members recently surveyed reported they agree with the statement, "I see how my work contributes to positive outcomes for customers or people I provide a service to."

What is key here is for us to view this evolution of Talent's expectations as an opportunity and not a threat. Working differently does not mean being less engaged, but actually quite the contrary. This presents an incredible opportunity to engage with Talent on a deeper level than ever before.

This requires from us, as employers, a certain level of flexibility in how we craft our job conditions such as offering shorter shifts. This means that we, as employers, have to accept that jobseekers may only be seeking a job experience for a fixed duration of time, rather than an entire career. Additionally, we need to look at compensation. At Accor, we have reviewed salary packages in most countries where our hotels operate to ensure we remain attractive within the marketplace.

Q: Why is there a focus now on the importance of purpose for people?

A: There are a variety of influences on the workforce today, whether it be the shift in perspective as a result of COVID, changing expectations by people, younger generations who see the world differently than their parents, a growing desire for individuals to live their beliefs and work for companies who share their convictions and provide opportunities to engage in socially and environmentally responsible initiatives.

“

“The success of our Group relies on our people delivering the best welcoming experience to our guests. At Accor, we recruit from a richly diverse Talent pool, whether they are hotel management graduates eager to start their careers, or more senior Talent looking for a new career orientation with no prior sector experience.

We mentor and train each one, yet what all our Heartists® have in common is a positive attitude, a willingness to learn, and a desire to welcome from the heart. We seek out people with initiative, deep emotional intelligence, and an understanding of relationships.”

STEVEN DAINES
Chief Talent & Culture Officer, Accor





PEOPLE LIVING THEIR TRUE LIVES

“People are questioning who they are and what matters to them and, in many cases, they’re finding new confidence to show up as themselves and live their true lives. [...] This rise of a ‘me over we’ mentality has profound implications for organizations in how they lead their employees, and how they nurture relationships with their consumer-creators.”¹

The hospitality industry, in fact, enables myriad opportunities for people to fulfill their purpose whether it be to feed people, make them feel welcome and comfortable, provide moments of joy, make a difference by giving back to communities, etc.

Accor’s recent 2022 Engagement Hotel Survey conducted in hotels and with over 140,000 Heartists® around the world found that a full 91% of team members surveyed reported they agree with the statement, “*I see how my work contributes to positive outcomes for customers or people I provide a service to,*” and this is indeed reflective of Talent needing to recognize the inherent purpose in their jobs.

Q: What is the importance of Talent expressing themselves?

A: Addressing this point is vital, and actually the first reason in hospitality for quitting one’s job – right after compensation and benefits – is the desire for self-expression and identity.² At Accor, we give our team members the freedom to establish a personal rapport and be genuine. For example, we’ll hire mixologists not only because they’re talented at making cocktails, but because of their social skills and the warmth they exude. This creates an authentic engagement with the guest and they become invested in the interaction and, ultimately, a stakeholder in the guest’s satisfaction. Much of this is encompassed in our Heartist® approach.

And in leadership, self-expression is a key skill for creating high performance within a team. Teams where members are given the space to express themselves reinforce the sense of belonging within those teams.

Q: Should we look at different ways of sourcing and recruiting Talent in our current marketplace?

A: Most definitely. Much has changed in the Talent-Employer relationship and that includes hiring as well. As an example, Accor embraces the chance for people to express their personality and point of view, and at our recruitment and job fairs, the hiring process has evolved. Recently in Europe, a number of people were hired on the spot simply based upon their personality, and similar initiatives also exist in other regions. We focus on the notion of recruiting based on personality and individual self expression rather than only hard skills.

Additionally, I cannot stress enough the overall importance of approaching this situation with flexibility and openness supporting personalized needs. For example, in Singapore, we are extending opportunities to the mature workforce who want to stay active and do part-time or flexible hours, because they bring incredible experience to our properties. And elsewhere in the Group, we offer “zigzag” career paths to enable Talent to move more easily between functions and provide a personalized work/life balance.

¹Source: Fjord Trends 2022 – Accenture Interactive

²Source: article [Overcoming the Talent Shortage in the US Hotel Industry](#), BCG



Q: A final word?

A: Ultimately, people are what make the biggest difference in hospitality. It is of vital importance to us that our people feel valued. We do this through recognition of Talent, encouragement, and the creation of positive opportunities to access professional development. We embrace and celebrate heritage and diversity — be it ethnic, cultural, or social — and the personality of every single individual. This diversity enriches our culture and promotes wellbeing, creativity, and freedom of self expression.

Fundamentally, there isn't one unique path for dealing with Talent. If we approach this with a new attitude, I believe we will, in turn, realize great rewards thanks to our dedicated Talent who bring much more to the table than we could have ever anticipated as they flourish within an organization and industry in new and unexpected ways.

LOOKING BEYOND HOSPITALITY: HOW OTHER BRANDS EMBRACE TALENT SELF-EXPRESSION

- **STARBUCKS:** Starbucks encourages self-expression through testimonials on social networks as well as corporate branding on social media featuring employees and their specific paths to employment or experiences working at the company.¹
- **TRADER JOES:** The company hires friendly employees and instructs them to make conversation with customers. Employees specifically stock shelves during store hours in order to create more interaction with shoppers in the aisles. Employees will even open packages so customers can try an item before they decide to purchase it.²
- **VIRGIN ATLANTIC:** Virgin Atlantic's updated gender identity policy is part of the airline's ongoing drive to champion self-expression of its Talent and passengers. Cabin crew, pilots, and the ground team can choose which of the iconic Vivienne Westwood-designed uniforms best represents them, regardless of their gender identity.³



HOSPITALITY OPPORTUNITIES

- **Change perspective.** View these new Talent expectations as valuable insights into how they want to be managed and a great opportunity to create a deeper sense of engagement.
- **Provide opportunities for self-expression.** Celebrate the individuality of team members and encourage them to be who they are on the job. Enabling them to adapt the dress code or put their own spin on a service experience will ultimately lead to more satisfied Talent and a more authentic and positive customer interaction.
- **Offer flexible career paths.** From career paths to schedules, flexibility to align with individual needs and aspirations is key and also meets one of the Talent's top priorities for a more equitable work/life balance.
- **Help Talent find purpose.** The hospitality industry is attractive to many people because it sparks deep emotions in welcoming people from all around the world – giving them purpose and meaning each and every day. Quite often, it is as simple as recognizing Talent are making a difference in someone's life, and reframing the way they view their jobs – this is an important element to engaging and retaining them.
- **Involve Talent in sustainability and social responsibility.** Involving Talent in the company's environmental or social initiatives or inviting them to pursue a project which reflects the company's commitment is a great way to help them find purpose, live their beliefs, and feel included.

¹Source: [Instagram Starbucks Jobs](#), [Instagram Starbucks Partners](#) (employees) for "Stories and photos about what it means #ToBeAPartner" / ²Source: [Article This Is the Real Reason Everyone at Trader Joe's Is So Friendly, The Kitchen](#) / ³Source: [Virgin Atlantic updates its gender identity policy, 28 September 2022](#)



“As one of the most diverse organizations in the world, we are better suited to serve our diverse clientele with greater empathy. At Accor, we believe that being an open, diverse and inclusive company is a great strength that fosters self-expression, innovation, and a better understanding of the world and the people we care for every day in our hotels.”

STEVEN DAINES

Chief Talent & Culture Officer, Accor





Thinking Sustainably Local

Shifting Focus to People, Resources and Sourcing Closer to Home

For quite some time now we have celebrated doing business in a global economy. We could essentially buy, hire, source, and import pretty much anything from anywhere. The past few years, however, have demonstrated the risks and uncertainties of this outlook and uncovered the harsh realities of ignoring our local ecosystem.

There is a need to prepare for the new normal: build capabilities, tools, and processes to manage future uncertainty. Awareness also continues to grow regarding the necessity to address climate change and environmental impacts overall — with scientific findings such as the IPCC for example, identifying and highlighting the impacts, potential risks and options to help tackle climate change. It's time to shift our focus to our own backyard. Companies are increasingly recognizing the need to build a more sustainable hospitality model for the long-term, while at the same time, realizing the numerous benefits by managing more purposefully, locally, and efficiently as it relates to people and communities, resources, and sourcing. Local is where it's at.

Through examples and expert insights, we look into how doing business in your own backyard reduces risk, scarcity, and operational uncertainty. Investing in the local community and ecosystem helps us to be more sustainable, leads to a stronger, more innovative local economy, and ultimately creates a better and more engaging guest experience.

Becoming Sustainably Local

There's no denying it, doing business in these uncertain times means hotel management faces a potentially wide array of challenges including scarcity and variation of resources, rising energy and transportation costs, and so on. At the same time, hotel guests are increasingly asking for more sustainable travel options and responsible experiences which make a positive impact. 58% of travelers think it's important that their trip be beneficial to the local community at their destination.¹ Focusing on the hotel's local ecosystem lets properties meet increasing guest expectations for brands who do the right thing, provide authentic local experiences, and work toward becoming more environmentally responsible in their daily operations. The question then becomes, how is a sustainable focus on doing business locally good for clients AND good for hospitality operations as well?



¹Source: [Booking Travel Predictions 2022](#)





“Shifting hospitality’s business model is the only way we can ensure a positive contribution, solving more problems than we create.

We need to inspire new narratives around travel and promote what we call a more “Conscious Exploration”: getting that “sense of place”, discovering the richness of the local environment and communities, moving away from standardized experiences, exploring destinations closer to home and new ways of traveling, while also promoting soft mobility to our guests.

We strongly encourage our hotels to go further in connecting with their local ecosystems across the board – working with their community, protecting local nature and its resources, favoring local, responsible sourcing including local food producers; and thereby connecting guests more authentically to each destination.”

BRUNE POIRSON
Chief Sustainability Officer, Accor

Connecting the Hotel to the Local Community

Adopting a local community mindset represents a growing shift for businesses — both inside and outside of the hospitality industry — and for good reason. Favoring the local community for employment opportunities is a key way to remedy today’s recruitment challenges, welcome a vibrant talent pool, and support social inclusion for local residents. Identifying local business partners to create authentic experiences for guests adds a deeper element of connection to the local culture and destination and enhances the overall experience while driving momentum in the local economy.

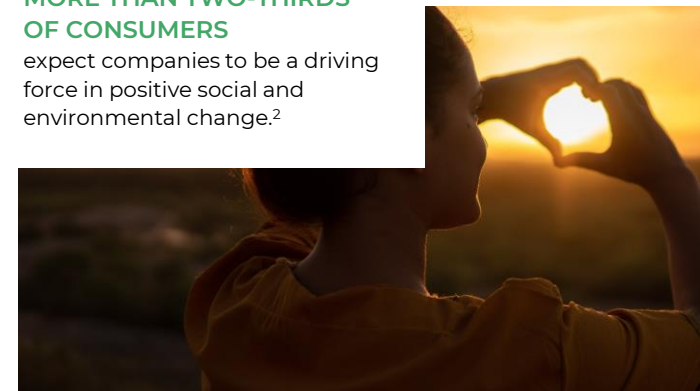
Innovative initiatives are being undertaken by companies in a range of sectors to harness this potential. For example, Accor was a precursor with its Indigenous Careers Program launched in Australia, and in 2022 the Group launched Accor Kenya Youth Empowerment Program (AKYEP), a six-month mentorship program with interns and young adults from local communities. *“At Accor, we develop dedicated programs by hiring, training, teaching new skills, and mentoring people from diverse backgrounds. Reality is that many of our newcomers come from under-privileged backgrounds and often do not even have any diploma. We want to offer them true opportunities to thrive in this industry, and act as a ‘social elevator’”,* notes Brune Poirson, Accor’s Chief Sustainability Officer.

“We encourage our properties to be thought leaders and partner with local organizations, municipalities and communities. That is how we can change our business model to operate within the planetary boundaries. We have to become a multi-local company.”

And outside of the hospitality industry, Sodexo, the global food and facilities management company also exemplifies this philosophy in action, creating SodexoMagic to empower communities by hiring locally and purchasing goods and services from minority-owned and women-owned businesses. SodexoMagic brought this full circle as one of the managers of the newly renovated Terminal 8 at New York’s JFK airport, awarding \$150 million in operations contracts to 115 unique minority-owned and women-owned businesses.¹

MORE THAN TWO-THIRDS OF CONSUMERS

expect companies to be a driving force in positive social and environmental change.²



¹Source: article “American Airlines and British Airways Select Sodexo Live! as Hospitality Partner for New Co-Operated Airport Lounge at JFK Airport’s Terminal 8”, Sodexo

²Source: Global EY Chief Procurement Officer Survey 2022



“We encourage our properties to be thought leaders and partner with local organizations, municipalities and communities. That is how we can change our business model to operate within the planetary boundaries. We have to become a multi-local company.”

BRUNE POIRSON

Chief Sustainability Officer, Accor



Considering the Local Alternative for Resources Management

Acquiring resources from the neighboring community is increasingly becoming a critical focus of a sustainable approach to operations: making decisions today which will not compromise the ability of future generations to meet their own needs. In fact, a recent study by McKinsey notes sustainable business practices can reduce operational costs by up to 60%. Expenses such as water, carbon, and raw materials are likely to become less of a burden on the business, enabling a thrifty and efficient use of material resources which can even become a profit source.¹

Companies and teams in a range of sectors have explored this idea of increasingly becoming more locally oriented when managing resources. A notable take on this is the growing number of companies in California's San Francisco Bay area to harvest the energy of the sun to power their building ventilation up to 100% of their needs.²

Within Accor, Fairmont Maldives Sirru Fen Fushi has connected with the local community to innovate and address the ongoing problem of plastic. Teams at the hotel created the first of its kind Sustainability Lab in the archipelago, which takes plastic waste from the oceans, local beaches, and communities and turns it into equipment and furniture for schools as well as souvenirs for hotel guests. The lab also hosts awareness workshops with guests.



INSIGHTS FROM THE FIELD:

How Accor's regions are a driving force in this change

- **IN SOUTHEAST ASIA:** "Our success in Southeast Asia can largely be attributed to the strong relationships we have built with our local communities. We have always been committed to giving back to our communities, and with such a diverse array of countries within our region, we have the opportunity to work on a number of different initiatives. One initiative that we're particularly proud of is 'A Trust for a Child' which was founded by Accor in Indonesia in 2001. Through two dedicated centers, the program is designed to help underprivileged children get access to support after-school learning, sport, and social facilities, encouraging them to thrive, finish school, and ultimately find employment including in Hospitality." - *John Timson, VP Sustainability & Safety, Accor Southeast Asia, Japan & South Korea*
- **IN EUROPE:** "Sustainability impacts everything today, and setting up concrete and measurable objectives is the way to make it a reality in the field. For example, Accor's commitment to eradicate all single-use plastic products for guests involved all departments, our partners-hotel owners, and it also meant that all hotel team members have worked on finding new ways to change our operational processes while still offering the best possible experience to our guests. This has been a process of deep transformation to embark the greatest number of people on an incredible and positive adventure for people and the planet." - *Cristina Ramos, SVP Sustainability, Accor Europe & North Africa, Premium, Midscale & Economy Brands.*



84% of Accor hotels globally have eliminated single-use plastic items in the guest experience, as part of Accor's commitment to remove them progressively.

¹Source: article "How the E in ESG creates business value", McKinsey, June 29, 2020

²Source: articles <https://www.arup.com/projects/san-francisco-federal-building>, <https://www.7x7.com/the-4-most-eco-friendly-buildings-in-the-bay-area-1787329314.html/>



A Sourcing Solution: Procurement in Your Backyard

One of the key trends driving sustainability today involves sourcing locally instead of globally, with procurement at the forefront of the sustainability transformation in hospitality. From finding the most impactful way to minimize risk and address supply chain challenges to achieving a more sustainable hotel operations model, local procurement also creates an authentic guest experience of the destination. It is essentially the simplest and most sensible solution to many of the issues hospitality - and other sectors - are facing today.

Many businesses today are turning to local because it seems like the right thing to do for them. Experts stress there will be an acceleration of more local, automated supply chains to create more socially, environmentally friendly options locally¹. Considering that two-thirds of the average company's environmental, social, and governance footprint lies with suppliers;² the shift to local procurement becomes a truly transformative option. Many companies have already started along this path. A study by the Chartered Institute of Procurement & Supply (CIPS) shows 40% of organizations in the UK have switched at least one international supplier to a domestic alternative in the last year³, illustrating how businesses are shifting to local.

Procurement teams have evolved the way they approach local sourcing and the solutions they achieve for businesses.

“

“In today's operational context, the needs of the hospitality industry are evolving. At Accor, we recognize the vital role of Procurement to address these shifts, identifying and sourcing forward-thinking products and services to support the sustainability transformation, and fulfill evolving guest expectations. Leveraging the scale and expertise of our global procurement organization and our strong local networks, we are accelerating local sourcing solutions by building up networks of local products and suppliers.”

CAROLINE TISSOT

Chief Procurement Officer, Accor

Accor's procurement organization has implemented a significant effort to increase its network of local suppliers and products in France, including local Food & Beverage. Among areas of action: building a network of local suppliers region by region which are recommended by hotel teams on the ground; showcasing and facilitating access to local products on the Group's online purchasing platform Astoreshop, and negotiating with large distributors to develop their local product catalogue. Today, more than three quarters of Accor's suppliers in France are small or very small structures, and this number is growing.

Looking outside of hospitality, Plenty is a vertical farming start-up bringing an innovative local solution by providing a vertically-stacked fresh produce farm on location in California for their clients including Walmart and Driscoll. *“Companies like these want to lessen their reliance on long, complex supply chains and imports,”* says Arama Kukutai, Chief Executive of Plenty. *“Basically, you want to build where customers are.”*⁴



HOSPITALITY OPPORTUNITIES

- **Hire local Talent.** Work with local schools and re-entry institutions and create partnerships that will open doors and develop discovery paths. This strategy identifies new ways to recruit and train, provides greater diversity, and helps solve current labor challenges.
- **Leverage the natural ecosystem.** By taking advantage of natural resources in hotels' own backyard (sun, wind, water, etc.) hotels are able to reduce their reliance on gas, oil, and other high-cost energy.
- **Work with local businesses.** Celebrate and honor local by identifying the businesses and communities which can contribute to the hotel's vital daily operations including farmers, artisans, dry cleaners, crafters, roasters, etc. This creates a virtuous circle where local businesses flourish, where local food suppliers can help preserve local nature and a sustainable food model, while giving guests an authentic destination experience.

¹Source: article [“Four Trends For Procurement In 2022 And Beyond”](#), in Future of Sourcing, from Guy Strafford, Executive Vice President at Proxima / ²Source: article [“The Role of eProcurement in Sustainable Practices for the Hotel and Casino Industry”](#), by Gareth Fraser, VP of Sales & Marketing Enablement, Birchstreet, October 2022, in Hospitality Net / ³Source: article [“Is reshoring the solution for supply chain disruptions?”](#), by Charlie Steer-Stephenson, in Procurement mag, August 2022 / ⁴Source: Financial Times article [“How war is changing business”](#), March 21, 2022





Interview With Pierre Victoria

How Local Innovation Drives Performance

Pierre Victoria is president of the ESG division of the French national platform contributing to guide public action through analysis and strategic proposals, reporting to the French Prime Minister. He shares insights on the importance of connecting to local, on how it can be source of unexpected innovation and even strengthen companies' business models.

Q: Why is there such a strong move today toward connecting to the local community and local environment?

A: This is an interesting question because when you think about it, the reality is there has never been a complete disconnection between companies and territories, at least in France, although we must recognize that globalization did, in fact, destroy some of the solidarity links between the two. Today's younger generations are looking for greater consistency between people's ideals and values, and actual consumer behavior, wanting to revisit the logic of short circuits and local systems, and asking for more solidarity, favoring companies which make greater efforts in local recruitment, who focus on working with local suppliers and small businesses, and pay their taxes in their area. This approach significantly challenges companies to be more accountable regarding their local responsibility and local performance they seek. There is also a very clear and evident expectation from players in the social economy to join forces with companies and work together to achieve this result. This is now the perfect time — as the popular interest in the common good is more widely understood — to accept outstretched hands and actually work together.

“Through alliances and cooperation at the local level that enable new and innovative things, businesses can even reinforce their own model. There is a vital need to build a strong dialogue with all stakeholders in a region where a company does business.”

Q: You make a distinction between local responsibility and local performance. Can you clarify this?

A: Yes, of course. When you take a look at the successive crises which shook the French economy for example, there were a number of companies which felt partly responsible for the situation and, in fact, were able to see the link between social responsibility and social impact. They questioned what could they do for the people and regions which were facing economic difficulties. Businesses were being asked to help more and more. And they did. This is the definition of local responsibility.

Now when I refer to local performance, I am speaking about the fact that many companies, in order to develop and broaden their field of action or even enhance their business model, must rely on the “driving forces” which exist within their specific region. A company should not arrive in a given location with a rigid vision, framework, and business model established. If they come to the location with a more open approach, they will, in fact, actually be able to discover quite a few things which are favorable to them and will have a positive impact on their operations.

Local performance means having a completely new and fresh look at the actual landscape. Quite often, a local area is an established living region where relationships, projects, and ambitions are formed. I am not referring to political organizations, but rather areas where we need to start building coalitions and alliances based on local intelligence and skills, which then enable us to go much further by working together.



Q: How do you build connections with the region where you are doing business? What is involved?

A: First and foremost, companies are expected, of course, to redistribute a part of their wealth in the region where they operate. So the question then becomes, do they transfer elsewhere the money they earn in the region, or is it actually used and reinjected locally, and how is it distributed between the local community, local suppliers, or even local social structures? Additionally, how many direct, indirect, and third-party jobs - meaning jobs linked in particular to the local life and employees' consumption- are created? What kind of relationships have they created and with which suppliers?

This is really a question of shifting mindsets and looking at how companies can favor local or national small businesses over international ones.

And finally, but just as important, there is the question of training. In all regions there are gigantic training needs, and companies must be really pro-active in this effort to train local teams.

Q: How can companies act to be part of a local region and embed their activities locally?

A: This is a great question. The first and most important step is to do a local diagnosis to understand the region. Is it fragile and in what way? Who are the important players in the region? What are the area's strengths and weaknesses? How can the company help reduce the region's weaknesses and enhance its strengths overall, as well as for the company's own business interests to develop?



A second very important step is to measure the impact of a company. This is the only way to be able to truly understand and demonstrate the reality of how a company contributes to the local region, and with what results and impact. There are very simple systems for measurement which include direct jobs, indirect jobs, third-party jobs, and so on, as well as the creation of wealth, the money spent in the region, and the value multiplier effect on the whole area at large.

Q: And why would companies do this?

A: What is the name of the game? It's really about questioning a companies' model without necessarily changing it. Through alliances and cooperation at the local level that enable them to do new and innovative things, businesses can even reinforce their own model. There is a vital need to build a strong dialogue with all of the stakeholders in the region where a company does business.

Moving forward, we must root ourselves in the idea of innovation as a remedy for the vulnerability of a local region. It is not purely a technical innovation. It is relational. It is societal. It is contractual. You have to be able to shake things up to build new business models. It is really a pact with the local region we should be after.





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