# WORLDLINE

# Hospitality Payment Trends for 2022 and beyond

## Accelerating into the recovery

White Paper

Digital Payments
for a Trusted World

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# Preparing for recovery

**The pandemic may have temporarily stalled the ambitions of travellers, but there can be little doubt that many are poised to explore the world once again, just as soon as the global pandemic abates.**

**As vaccination rates rise and effective treatments emerge, countries are already tentatively reopening their borders, recognising that travel restrictions are, at best, a blunt tool to manage outbreaks. People are keen to take advantage, with travel returning faster and with greater vigour than anyone might have predicted in the heat of the crisis.**

A recent McKinsey survey shows that **"travelling is the second-most-desired activity post-pandemic"**\* (after dining out). This can already be seen in passenger numbers: in the United States, for example, air travel has hit 2 million passengers a day, close to the pre-pandemic level of around 2.5 million. Hotel reservations and rental-car bookings are also surging, while consumers report real enthusiasm to take to the skies again. This summer gave a brief taste of a stronger future: **occupancy rates climbed by 17.7 points from 2020 to 52.2%, while revenue per available room climbed to 68.0%.**

Importantly, consumers have cash to spend. Lockdowns forced a period of lighter spending and many of those affected have managed to save their stimulus cheques. Most high-income earners have not lost their jobs and **savings rates are notably higher, on average**, than before the pandemic. It seems likely that much of this spare cash will find its way into the hospitality sector.

A recent survey of 4,700 respondents from 11 countries around the world, conducted by the International Air Transport Association (IATA), showed that **86% of respondents expected to travel** within six months of the crisis ending, with 72% wanting to see friends and family. The survey showed people are confident about travelling and the measures put in place to keep people safe. It's likely that we will see a strong resurgence of travel in the coming months – and the hospitality industry needs to be prepared.

*Source: McKinsey Survey\**

## The nature of the recovery

**There are a number of features to the recovery in travel. ABTA recently disclosed that it expects to see holidaymakers "catching up" on the trips they've missed out on by upgrading elements of their next holiday or opting for a bucket list destination. Leisure trips are likely to lead the rebound, with corporate travel trailing, but catching up fast.**

**Leisure Travel**

To date, **domestic travel has led the recovery** and this appears likely to continue, while limited travel restrictions remain in place. Demand for short breaks within individual countries still underpins demand for many hospitality venues. **Group travel** and **event-destination** demand are coming back strongly, particularly family occasions such as weddings and birthdays that have been postponed during the pandemic.

There is also a clear **differentiation between regions**. While the Northern European markets have mostly recovered, Southern Europe has struggled due to on-going restrictions, with flare-ups in the virus often coinciding with peak holiday periods. There have also been important differences between urban and rural hotels. **Urban occupancy rates continue to be relatively weak**, with many hospitality groups waiting for the return of business travellers.

**Business Travel**

Nevertheless, it appears clear that business travel will ultimately return stronger than expected. Early in the pandemic, many suggested that collaboration tools such as Zoom sounded the death knell for business travel, but this prediction proved premature with **business travel forecast to recover by 65%-80% in 2022**. Many businesses still recognise the value of face-to-face meetings.

**It seems likely that a more ambitious traveller may emerge in 2022, with the appetite and resources to see new sights and explore more widely. However, this will bring new challenges for the hospitality sector.**

# The road ahead

Even with demand returning, it is clear that the hospitality industry will not simply return to business as usual. Consumer expectations have changed. Hard-won loyalty has been disrupted, while a staffing crisis has made it increasingly difficult to deliver very high levels of service. At the same time, hospitality venues are finding that bad news travels faster than ever, with negative experiences often shared rapidly on social media.

Against this backdrop, we see **two key trends**. Both are areas that hospitality groups need to get right to rebuild their relationships with customers and ensure they can capitalise on rising demand in a post-pandemic environment.

### Trend #1

## Demand evolution

### Get creative with offerings

Some hotels have expanded their accommodation packages to meet new demands or compete with vacation rentals.

**Example:**

Full immersive package for bookings 30 days or longer.

"Work from ..." package to rent rooms for the day.

### Flexible changes and cancellations

During the height of the pandemic, many hotels and vacations rentals responded to the virus by adapting their cancellation fees and offering flexible rebooking policies.

**Example:**

Hotels can offer full refund or full credits to guests.

Guests can book last minute without any penalties.

### Adapting Loyalty programs

Hotels are adapting their reward point systems by changing up the schemes and rules so that customers feel valued and as a way to encourage spending/keep cash.

**Example:**

Members get discounts on loyalty points to encourage purchase and generate cash for the hotel.

The pandemic has **changed the demand landscape**. People are no longer making decisions based simply on price, location or amenities. Decision-making has become more complex and may include elements such as **cancellation policy, health and hygiene, or online ratings**.

Personal service had previously been a priority for many hospitality venues. The way to a customer's heart was with a warm greeting upon arrival and highly attentive staff throughout the stay. But, for many in a post-pandemic world, a **frictionless check-in/check-out process** and the ability to **book and pay** in a way that suits their wealth and lifestyle will be just as important.

Hospitality groups will need to put measures in place to understand their post-pandemic customer and how their needs have changed. They should then implement effective change, while still sustaining service levels. This will require investment in infrastructure and, potentially, a new way of thinking.

# The road ahead

## Digitalisation & Innovation

Digitisation is likely to become a necessity for many hospitality venues. Consumers are spending more time online and expect hospitality venues to offer **contactless technologies** and **digital solutions**. Around two-thirds of consumers used less cash and moved towards contactless solutions during the pandemic, while over **80% of US travellers have said they would be willing to use a mobile app to check in to a hospitality venue.**

**An app can cover all services** – from check-in and check-out to ordering food and drink, and concierge services. This is not only more convenient, it also **helps manage hygiene concerns** and allows hotels to **maintain service levels** at a time when they are dealing with significant staffing shortages. This approach reduces the workload of staff, allowing hospitality venues to do more with less. It also delivers a better experience for guests, while **improving efficiency** and **reducing costs**.

### Contactless check-in to check-out

Smartphone apps, cloud solutions and chatbots are used to bypass front desk and allow keyless check-ins. Easily request help through an app with zero physical interactions.

**Example:**

On top of concierge and booking services, the app lets guests arrange transport, book spas etc.

### Voice commands

Some hotels are introducing voice-automated solutions like Amazon Alexa or Google Home to eliminate unnecessary touching in the hotel rooms.

**Example:**

Guests control thermostats, drapes, television and lights with Alexa and Echo.

### Rise of robot technology

Use of service robots to keep interaction at a minimum. Robots can deliver amenities or sanitise rooms. Purchases of these robots have doubled since the pandemic began.

**Example:**

Use "Aura" the robot to deliver room amenities.

Digitisation can also help hospitality venues **improve their sustainability**, **reduce waste** and **improve margins**. Carbon emission reduction and sustainability are clear priorities for policymakers and consumers alike, with rising expectations on businesses to clean up their operations. Many hospitality businesses are already working hard to reduce waste and cut emissions but may need to formalise their processes and improve reporting in the year ahead. Digitisation is an important part of making this happen.

# 8 Key Hospitality Payment Trends
## to accelerate your growth
## in 2022 and beyond

The right payment system allows hospitality businesses to lean into the recovery. It helps businesses to manage their staffing crises by allowing them to do more with less. It allows them to rebuild relationships with their customers, to understand those customers better and to provide them with the services they need at the right price points. It also enables them to manage hygiene and sustainability factors and give clear reporting for stakeholders.

## Trend #1

### Frictionless payments

The payment landscape has changed dramatically over the past decade, with the arrival of mobile payments, digital wallets and contactless options. eCommerce is now part of the **integrated omni-channel customer journey**. Frictionless payments must now be integrated to offer customers a **simplified, personalised and seamless experience** and hospitality groups need multiple touch points to allow customers to pay in the way that's best for them.

Hotel check-ins are a good example. Some customers will still want the visibility of a front desk receptionist, but many prefer to use **kiosks** for speed, ease of use, or even for hygiene reasons. Mobile phone options are also emerging, allowing customers to **check-in on route via the hotel's app**. Hoteliers should therefore offer a combination of touchpoints, from **unattended digital check-in kiosks** to **in-app check-in and payment**.

## Trend #2

### Engaging customers through loyalty and gamification

The recovery is a perfect opportunity to rebuild customer and guest relationships. Gamification is a highly engaging way to do this. Mobile digital games integrated into apps and payment services can be used to **identify loyalty, gather data and customer feedback**, and efficiently reward customers for their engagement with your brand. Data suggests a **47% rise in engagement for brands that incorporate gamification.**

## Trend #3

### Alternative payment methods

Payment services need to allow customers to pay in the way they want, at the time they want. For example, **WeChat Pay** and **Alipay** have become necessary options for all hospitality businesses operating in Asia, while local debit transactions are far less frequently used. Hotels increasingly need to **offer a suite of payment options**. PSD2 regulation is making the payment routes safer and more secure.

As part of this, customers increasingly want **dynamic currency conversion** – the ability to pay in their own currency and to understand the cost immediately. This gives them a clear picture of the cost of their stay, rather than having a nasty surprise when they get their credit card statement. This needs to be part of a fully integrated payment solution.

## Trend #4

### Full integration

A fully integrated solution is vitally important. Every hotel should have a fully **integrated property management system (PMS)** that sits at the heart of everything they do. This feeds into the venue's back-office systems, which automatically reconcile all transactions. This information is then reported in a **unified web tool**. Only with a single solution present across the full value chain – from reception to the restaurant, from the minibar to the concierge – can hospitality venues **fully understand their customers** and build appropriate solutions.

## Trend #5

### Value added services to deliver an enriched customer experience in-store

People need to get close to their customers again. They can only do this by **investing in infrastructure to deliver a better experience**. They have a once-in-a-generation opportunity to build a better and more efficient business. For example, there is a new range of **all-in-one Android terminals** that allow groups to order and pay for their food with no need for any other device, splitting the bill as they wish.

## Trend #6

### Artificial intelligence

**Payment systems should also help hospitality venues better understand their customers and their preferences** using artificial intelligence to analyse customer data. Are customers using ancillary services such as the restaurant, spa or gym facilities? If not, why not and what can be done to enhance their experience? Payment systems can now deliver these insights, which are highly valuable for hospitality businesses.

Payment systems should also help to **identify any gaps in the data**. For example, one hotel saw its use of dynamic currency conversion drop off every two months. Through our data insights, we realised that we needed to provide training to match staff rotation schedules.

## Trend #7

### 360° integration of eCommerce

eCommerce has been the industry standard for many years now. Clients now expect it to be **seamlessly integrated into their customer journey**, from researching and booking online, to paying for additionals during their stay. A business's online presence, mobile sites and apps need to link seamlessly to their payment processing system to be truly effective.

## Trend #8

### Omnichannel

Omnichannel solutions give hospitality customers the freedom to **choose the channel that works best for them**. They can make transactions in-person or online, pay with just a tap of their finger, and everything is linked seamlessly in real time. **Tokenisation** is also emerging as a key method to enhance the customer experience. Adoption of tokens means that travellers can book a journey, and then don't need to pay again for additional services. The individual is automatically identified throughout their stay and the experience is seamless.

# Key priorities for the hospitality industry



**Chris Lanckbeen**

**Global Sales Director
Travel & Hospitality
at Worldline**

## Chris Lanckbeen has identified five key priorities that hoteliers will need to future-proof their businesses:

"The hospitality industry had a lot of challenges in 2021, particularly in travel, but it has recovered well in the second half of the year. Most importantly, where it has recovered, it's done far better than expected. In particular, business travel – which many thought would be permanently weakened – has come back quicker and stronger.

Increasingly, travel restrictions are not a barrier. While the pandemic has seen some restrictions reintroduced, they have generally been short-term, and governments have often thought better of their initial restrictions. Against this backdrop, the recovery is likely to continue.

But hospitality groups must be nimble to take advantage and **getting the right payment processing in place** is a vital part of that. It's about centralising every aspect of the payment journey in a **fully integrated way**. This can help hospitality groups **improve their service offering** at a time when staff are hard to find, **gain valuable insights** into their customers when traditional loyalties have been hard to manage, and **build a better and more sustainable business** for the future."

## We see five key priorities:

### Seamless check-in/ check-out, fully integrated with PMS

Some travellers will still want a friendly face to greet them at reception. For others, hygiene fears, convenience and speed will take precedence. Guests increasingly like the flexibility of being able to check in ahead of time.

### Biometric payment

Fingerprint or facial scanning can help reduce fraud and enable contactless transactions. The technology is there to facilitate this trend and people are already using it to make digital payments and gain access to their devices.

### Modular solutions

Small hotels will not need the same suite of services as large hotels. Payment solutions need to be modular, allowing hotels to pick and choose the options that work for them.

### AI and machine learning

Your PMS should give real-time insights on the guest experience. AI and machine learning can help hotels manage complaints or give directions and tips to manage the guest experience. For example, Intelligent Travel Assistants work 24 hours a day, seven days a week, supporting customers around the clock. Harnessing AI helps hospitality venues to deliver personalised services, improve fraud detection and improve conversion rates.

### In-app payments for room service, concierge services and other ancillary services

This can help hotels improve the efficiency of room service and increase spending by guests. Some apps will simply link to an in-house kitchen, while others will facilitate links to external restaurants and take-aways. These apps can also provide valuable analytics on which services people are using.

# WL Hospitality Suite,
# our dedicated offer for the Hospitality Industry

**WL Hospitality Suite** is our dedicated offer for the hospitality industry and managed entirely by Worldline. It is a **full service offering** designed to cover all payment needs, easily **integrated into a hospitality group's infrastructure and hotel management systems (PMS)**. It can drive real efficiency in a business and improve guest satisfaction. Users get one single point of contact for a seamless integration, so they can focus on what matters: serving guests.

WL Hospitality Suite covers all hotel use cases, from **pre-authorisation to top-ups or subsequent billing for no-shows.** From booking to check-out, Worldline processes all payments securely, efficiently and quickly, helping serve travellers and guests from across the globe, by supporting a **wide range of payment brands** and innovative payment methods, including **dynamic currency conversion.**

[ **Discover the solution** ]

## Ready for integration

WL Hospitality Suite can be incorporated into a property management system (PMS) via a **one-time, simple integration.** It has a uniform payment interface across all regions in Europe, without any adjustments to the hotel's infrastructure. It has been designed to provide one solution to connect all sales channels and create an **omnichannel experience** for guests. With tokenisation, it is possible to identify customers on all channels and reward their loyalty, thanks to a single identifier.

# About Worldline

Worldline [Euronext: WLN] is the European leader in the payments and transactional services industry and #4 player worldwide. With its global reach and its commitment to innovation, Worldline is the technology partner of choice for merchants, banks and third-party acquirers as well as public transport operators, government agencies and industrial companies in all sectors. Powered by over 20,000 employees in more than 50 countries, Worldline provides its clients with sustainable, trusted and secure solutions across the payment value chain, fostering their business growth wherever they are. Services offered by Worldline in the areas of Merchant Services; Terminals, Solutions & Services; Financial Services and Mobility & e-Transactional Services include domestic and cross-border commercial acquiring, both in-store and online, highly-secure payment transaction processing, a broad portfolio of payment terminals as well as e-ticketing and digital services in the industrial environment. In 2020 Worldline generated a proforma revenue of 4.8 billion euros.

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