The Preferences of Generation Z for the Digitalisation of the Hospitality Industry

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Abstract. *This article presents a quantitative questionnaire-based research that aims to identify Generation Z's preferences for the digitisation of the hospitality industry. Firstly, the key characteristics of Generation Z are presented, followed by a description of the research methodology used. The third part reports the results, and the last part presents the conclusions. Generation Z refers to the cohort of young individuals born between the mid-1990s and the early 2010s. The hospitality sector is highly receptive towards technological advancements and offers customers diverse opportunities to engage with robots to facilitate their holidays or business meetings.*

Keywords: Z generation, chat bots, hospitality.

Introduction

Generation Z is the cohort succeeding the millennials and preceding Generation Alpha, encompassing those born from the mid-1990s to the early 2010s. As the first group of 'digital natives,' they are unaccustomed to a world not dominated by the internet. The impact of the COVID-19 pandemic and an abysmal cost-of-living crisis during their developmental years have profoundly affected their characters and principles, rendering them a vital and captivating research cohort (UNWTO, 2016).

Generation Z is ascending globally, surpassing the number of millennials. Comprising of over a third of the global population, this group refers to themselves as Generation Z. In the UK, more than a quarter of the population is composed of Generation Z, forecasted to be the most diverse generation in the country's past by 2020.

As Generation Z readies themselves to enter the global marketplace, their influence will be swift and considerable, reaching into areas such as the workplace, retail practices, technology, politics, and culture. Divergent from earlier generations, this demographic holds a certain perspective towards career paths and determining accomplishments within their personal and professional existences (European Travel Commission, 2020).

Our objective was to examine the pivotal occurrences that influence Generation Z and scrutinize their distinctive conduct, attitudes, and inclinations, while distinguishing factual occurrences from fallacies and generalisations with regards to the features of the hospitality sector.

The hospitality industry has distinct characteristics that require a detailed approach as outlined below. Unprecedented technological advancement has come into the hospitality industry in full force and has become widely used by tourists.

In the hospitality sector, the aim is to make robots more customer-friendly and affordable for industrial use. In particular, they could replace current tourist activities at night and during rush hours.

Literature review

Corbisiero and Ruspini (2018) highlight that the abilities of Generation Z in digital technology, new social media, and online activity differentiate them from Generation Y.

The European Travel Commission (2020) defines Generation Z as those born after 1996. More than that, the broadest definition of Gen Z encompasses those born between 1996 and 2012. This age range includes individuals from 8 to 24 years old. Considering the rapid evolution of young people's preferences, experiences, and spending habits during these years, and given the objective of this study to comprehend Gen Z's travel preferences for the hospitality industry digitalization, we will categorise this group into three subgroups:

• Ages 8-11 (older primary school children)
• Ages 12-17 (teenagers, secondary school age)
• Ages 18-24 (students and young professionals).

Our study concentrates solely on the 18-24-year age group, as this cohort demonstrated the highest level of consumer activity among the three groups and is most capable of making independent decisions regarding travel (Ibid GlobalWebIndex, 2020)

According to Akgiş İlhan et al. (2022) youth travel offers advantages for both destinations and individual travellers. These benefits include the fact that:

• Young travellers are likely to revisit and provide greater value to their chosen destination over time.
• Young travellers are trailblazers, exploring new destinations and paving
• Young travellers are pioneers of new technology usage, gaining cultural benefits from their travels while also making contributions to the places they visit (Ibid GlobalWebIndex, 2019).

The hospitality industry's attributes are crucial to the conducted research. Its primary features encompass inseparability, intangibility, perishability, people-oriented approach, rigidity of supply, variability, heterogeneity, staff-intensive operations, relationship building and cultural diversity.

Regarding the inseparability issue, during a guest's visit to the hospitality industry, service staff often play the role of an actor on a stage. High levels of skill are required to handle equipment and provide tangible services. As a result, service cannot be separated from the service providers. On occasion, guests may also participate in the preparation of products and services.

When it comes to the intangibility, essentially, a service comprises intangible factors that cannot be observed, tasted, perceived by hearing or smell, or measured before they are received. It thus necessitates hospitality industry service personnel to pay special attention to personalising their service etiquette, communication, service equipment quality, environment, and product quality. Consequently, guests can sense and appreciate the quality of services presented by hotel staff at any given moment. Intangibility pertains to the functional aspects of services, which are more significant than the tangible or technical components. Meanwhile, tangible elements refer to the services that we offer, while intangible elements pertain to how we deliver them. If the guests are content with the quality of service provided by the hotel, they are likely to return in the future.

Perishability is a key aspect of the tourism industry. Products and services in the travel industry are provided as they are produced and cannot be stored due to their highly perishable

nature. For instance, an unreserved hotel room tonight cannot be sold tomorrow (Holloway & Hubbard, 2001).

We can assert that the hospitality industry is people- oriented. Fundamentally, the tourism industry is wholly dependent on people. The quality of a product is discerned by the communication between staff and guests. Unlike tangible products, where guests purchase specific features, production quality and durability, the standards of holiday quality result from unique interactions that begin with the information and booking process, continuing through the stay up until the journey home.

As far as it is concerned the rigidity of supply, the hospitality industry depends on the attractiveness of the region and country. So, you cannot move a hotel from its location. More than that, in hotels and other lodging accommodations, there is typically a significant amount of capital locked up in assets (Marin-Pantelescu, 2009).

Regarding the variability, the services exhibit high variability, as the same type of room or food can offer varying levels of pleasure and satisfaction to guests at different times. Therefore, guests may experience differing sensations. Service quality does not solely determine these feelings, as the delivery and reception of the service also play a crucial role (Lee et al, 2024).

The services heterogeneity refers to the fact that in the hotel industry, the variety of services and products available can differ from one establishment to another. This breadth of choice is central to the hospitality sector, offering guests a range of options to consider.

The hospitality industry is a staff-intensive operation, requiring a large number of hotel staff to create a memorable experience for guests. This trait is especially true for establishments targeting high-end clients (Roe, 2012).

Relationship building is necessary to develop brand loyalty, the hotels, lodging, and foodservice sectors should implement various methods, including membership programmes offering incentives and privileges to regular guests (Loureiro et al, 2020).

Last but not least, the cultural diversity in the hospitality industry plays a significant role due to differences in religious beliefs, principles, and values. Therefore, staff members must approach their duties with an open mind and work towards finding solutions to resolve any issues that arise. For example, some guests may abstain from meat due to their religious beliefs or practices, so restaurants should offer vegetarian options to meet their needs.

Gen Zers can be referred to as "digital natives" because they have never experienced life without the internet.

Gen Zers encounter the hospitality industry when travelling for leisure or visiting loved ones and acquaintances.

This has already been demonstrated by different research studies. A study across 45 countries has revealed that approximately 64% of Gen Z individuals claim to be 'constantly online', whereas 57% said that they feel more insecure without their mobile phone than without their wallet. Interestingly, the same study highlights that this generation spends the most extended daily duration on their mobile devices with an average of 4 hours and 15 minutes.

Generation Z tends to socialise more frequently online than in the physical world. Generation Z, one of the most fascinating demographics, is set to have a significant impact on the future of the tourism industry and geography. For this reason, understanding the travel preferences of Generation Z is crucial for appropriately and effectively organising upcoming hospitality services.

Digitalization, decarbonization, and sustainability are now considered the essential principles shaping the vision and key messages of the world's largest hospitality companies.

Maintaining a work-life balance is crucial for the current generation (Robinson & Sch¨anzel, 2019). Moreover, they are concerned about protecting the environment, and want to respect the rules on protecting tourist attractions for future generations.
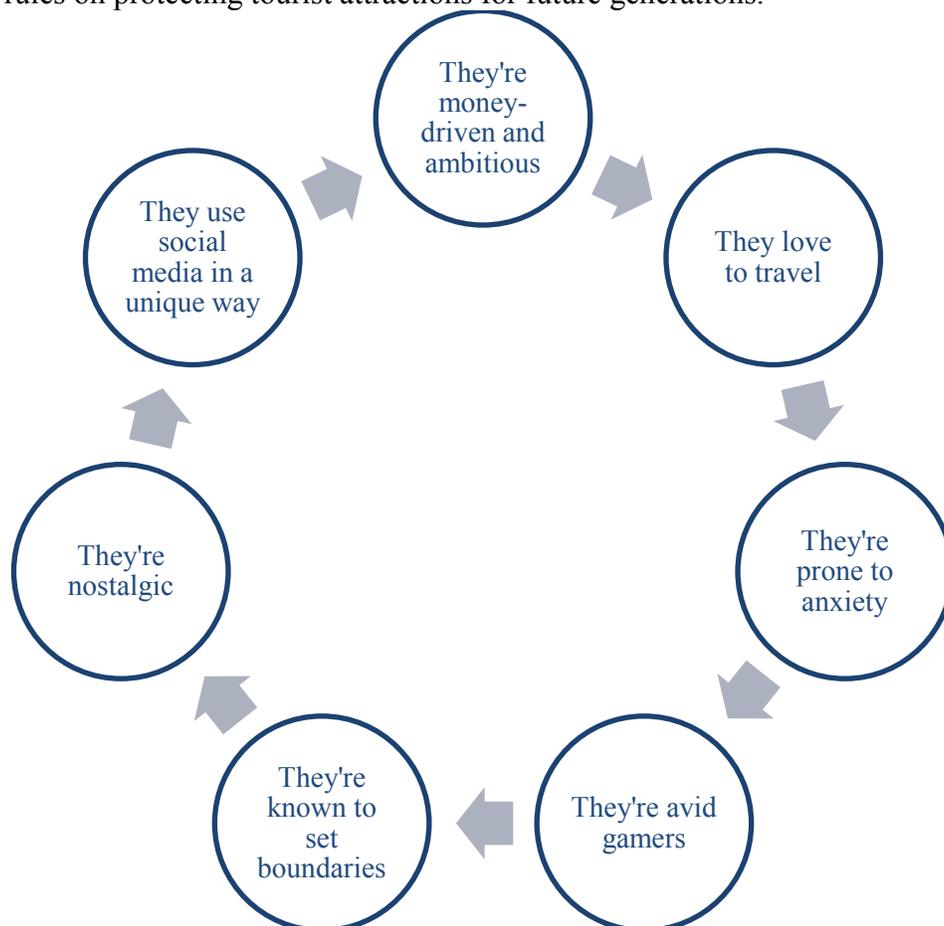
Figure 1. The main features of Z Generation
Source: adapted after https://blog.gwi.com/marketing/generation-z-characteristics.

Social networking is the way Generation Z finds the answers to the questions that bother them, using TikTok before Google for information and advice on everything from travel trends to investment solutions. According to research (Guo & Barnes, 2011), nearly half of young people look to TikTok or Instagram instead of Google for the answers they want.

Generation Z loves tourism and travel. A study shows (Haddouche & Salomone, 2018) that the joy in the lives of the new generation is brought by holidays. Young people have been shown to relish holidays full of adventure and adrenaline. They post everything they do on holiday on social media, are excited to post videos and share their experiences. They are nostalgic because once they return home from their holidays, they relive their memories of everything they did, through the photos they posted, the reviews they wrote, the stories they told on a blog they created.

Our research wanted to see how receptive Generation Z is to change, flexibility and new technologies applied in the hospitality industry.

Methodology

The research aimed to ascertain the predilections of Generation Z regarding the digital makeover of the hospitality sector, while testing three research hypotheses:

H1: Generation Z prefers using robots for check-in and check-out instead of front desk receptionists.

H2: Members of Generation Z prefer to be served by robots in restaurants instead of human waiters.

H3: Generation Z favours using card payments only for all hotel and associated amenities during their vacations.

The study utilized a quantitative approach with a questionnaire-based survey and a simple random sampling technique.

The sample size comprised 384 questionnaires, determined for a coefficient t = 1.96, representing a 95% probability of generating reliable results within a limit of error of 5%.

The sample demographics comprised individuals aged 18 to 24 years residing in urban areas. The gender breakdown was 58% female and 42% male. Participants had higher education and were current full-time undergraduate students in their third year of economic studies. The research was conducted between 26 September 2023 and 29 November 2023. Data were collected and analyzed using SPSS.

Results and discussions

Young individuals of the contemporary Z generation exhibit greater aptitude for adapting to changes and a greater receptiveness to the information disseminated to them. Furthermore, they possess an enhanced awareness with regard to technological advancements and assimilate knowledge pertaining to the use of technology more readily and effectively.

Generation Z interviewed have a better knowledge of technology and are able to learn more easily how to use technology to their advantage.

From the responses received in the questionnaires, it appears more probable that young individuals belonging to Generation Z start their own business. They possess the courage to invest a significant amount of money in order to introduce a new business idea. They possess the courage to invest a significant amount of money in order to introduce a new business idea. Such individuals are willing to undertake risks to generate revenue from their business. It can be concluded that they turn fearless if they succeed in the technical aspect of their business.

Moreover, Generation Z focuses on both education and experience. Thus, many young people of the new generation claimed to have a job since college.

Flexibility is the strength of Generation Z. When it comes to how they prefer to travel, they say they want to feel free with a flexible life and no temporary restrictions.

Would you prefer that check-in and check-out procedures at the hotel to be conducted by robots or by receptionists?

Table 1. Generation Z's preferences for hotel services provision

Would you prefer check-in and check-out procedures at the hotel to be conducted	Percentage
By robots	*87%*
By receptionists	*13%*

Source: Authors' own research.

For the open-ended questions, respondents emphasised the ease of check-in and check-out, speed, and the pleasure of interacting with a robot that anticipates their needs.

Other arguments included: a robot never tires, a robot doesn't require motivation in its behaviour, a robot is fast, a robot doesn't require rest, and a robot accurately calculates the fees. Thus, the first hypothesis is certified.

When it comes to restaurant service, the results show that 42% of respondents prefer robots to waiters and 58% prefer waiters to robots. At first glance, you think a robot will help you, but when the food arrives cold at the table, you are no longer enthusiastic about it, according to more than half of respondents. When you have to choose from a variety of dishes and you want a particular ingredient, you need someone to advise you, to help you, to guide you. They are clearly not yet ready to be served by a robot. Therefore, the rejection of the second hypothesis is in order.

With respect to the third hypothesis, 96% of the participants state that they exclusively favour paying via card whilst vacationing. Refuse to enter cafes, bars, or restaurants that do not offer the option to pay by card. They vehemently reject cash payment during vacations. This means that the third hypothesis can be accepted as generation Z favours using card payments only for all hotel and associated amenities during their vacations.

Conclusion

The digital age has arrived and technology now plays a key role in the hospitality industry, which has been welcomed by the younger generation. Generation Z is motivated to travel due to enticing social media posts, on which they rely to remember their holidays. Although they approve the use of bots for accommodation services, they are hesitant to use them for restaurant service and still prefer to pay for tourist services using cards. Technology is highly valued and IT professionals hold great importance. They rely heavily on the internet and are open to the prospect of automating technical processes in the hospitality sector. Service robots are being used in a variety of front-office roles, from robot waiters in restaurants to robot concierges in hotels, and they are increasingly being used in the hospitality to provide high quality customer services.

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