



Commercial Insights with Regions Bank

Episode 27: The State of Hospitality

From food and beverage to hotels, the hospitality industry was among the hardest-hit by the pandemic. But the industry remains essential, as long as people need travel, lodging, entertainment and sustenance. How have smart businesses pivoted on everything from digital solutions to staffing models — and how can they capitalize on pent-up demand in consumers? This episode explores the state of the industry in 2022.

Episode Transcript

Scott Wall, Commercial Banking Manager:

There's so much more digital acceleration with these companies, it tells me that the consumer is open and willing.

You could check in in a contactless environment. you might have a wristband with a key fob that you're communicating with staff on your dinner reservations or your room or some in-the-moment experience on the ship or in the theme park. All kinds of ways, very innovative ways that these companies are communicating with guests in the moment to try to just create an incredible experience.

Chris Blose:

That's Scott Wall, Commercial Banking Manager for Regions Bank, describing the state of the hospitality industry. It's an industry Wall knows well, since he's based in the undeniable hospitality hub of Orlando.

Welcome to Commercial Insights with Regions Bank. I'm your host, Chris Blose, and I'm pleased to get some insider perspective from Wall today. Wall not only works with companies in the region but also discusses local business and economics on the Orlando Business podcast.

What he sees is an industry focused on using technology to enhance the customer experience — and in some cases to overcome major obstacles such as a talent shortage that lingers past the worst of the pandemic.



Business leaders may feel a bit of hard-earned sobriety because of the past couple of years, but Wall also sees a healthy amount of optimism — because of people’s pent-up demand for the experiences that only hospitality can provide.

Chris:

Scott, welcome to the podcast, and thank you so much for joining us today.

You're focused on the Orlando market, which, obviously, that's a natural hospitality hotspot. So with that in mind, what trends have you seen working with leaders in that industry in recent years?

Scott:

Well, some quick context on Central Florida, Chris. According to Visit Orlando, pre pandemic, we had 75 million visitors in Central Florida. You can imagine what that looked like once COVID happened in March, April of 2020. I mean, things changed dramatically. 20 to 30 plus percent of our jobs in the Central Florida region are associated indirectly or directly with the hospitality industry. So really changed things on a dime dramatically in this town, this region.

But here we are a couple years later, and from a trend perspective, things look more normal, pre-COVID normal, and we're seeing a lot more investment to the region, to the community in a handful of arenas and domains within hospitality, broadly speaking.

Chris:

So what have the biggest challenges been in coming out of that? And what sort of innovative or effective responses have you seen from companies?

Scott:

I'm thinking when I talk about hospitality, some of the major players, the subsectors would be the cruise industry, the theme park industry, hotels, restaurants, conventions, timeshares. So as you know, and I'm sure the audience could imagine, that is a very in-person experience, all of them. So companies doing a lot more with less, big time focus using technology around the experience and how to both enhance the experience and make it efficient for the guest in a bunch of different ways. It could be you coming to a hotel and not speaking to a front guest manager.

You could check in in a contactless environment. you might have a wristband with a key fob that you're communicating with staff on your dinner reservations or your room or some



in-the-moment experience on the ship or in the theme park. All kinds of ways, very innovative ways that these companies are communicating with guests in the moment to try to just create an incredible experience.

Chris:

And that really ties into something we talk a lot about on this podcast, which is digital acceleration. Because many of those things you mentioned, whether it's the key fob or the special wristband that allows you to communicate, those are digital tools that may have not been as much in play five, six years ago.

So how has that sort of acceleration affected hospitality? And how are consumers reacting to that, too?

Scott:

For the most part, hospitality companies are leaned into that. Both back of the house digital data mining, for instance, on their customers. But front of the house, I think companies are really leaning into giving the guest or the consumer an ability to communicate with them in a way they've never done before.

Again, this is enhancing the experience. I know the cruise ship industry's doing this on these ships, which are very large these days, if you've been on a cruise lately. Communicating with a guest about something that's happening in the moment on a particular level or a ballroom or for their children. Companies are spending a lot of money to invest in these technologies. I'm thinking of another group, Chris, it's a large hotel group. Pre-COVID, they were starting to experiment with texting their guests more.

They actually have an app that they use to text their guests and to communicate with their guests around things like check-in and valet car pickup and checkout, and reservations. It was used some pre-pandemic. Now where we are in the cycle, guests are using this a lot more than they were. And this is a much more normal part of interacting with the hotel. In fact, this particular group starting using this with their associates.

And so think, you've got housekeeping, maintenance, you know, critical parts of any large hotel. Those groups are now communicating with each other via this texting app. And so let's say something happens to a boiler or an air conditioning in the moment. Maintenance and housekeeping and front desk, they're talking about it in the moment. And so just a much more



effective use of communication, particularly with the guests, but for associates also. And it's a normal part of how these companies communicate with all those cohorts.

Chris:

You know, it's interesting, I remember even maybe four or five years ago when I was traveling a lot for work and getting the prompt to download an app from a hotel and check in digitally. And at the time, I just thought, "Oh, I don't need to do that. I'll just check in when I get there." But now it makes a lot more sense. Do you think the consumer mindset around these things has changed as a result of what we've been through the last two or three years?

Scott:

I think so. Road warriors that travel a lot are definitely adopting to this. But I think general tourists, for sure. I'll ask you, Chris, if you, on your travels, have you ever used an app driven key to access a hotel room?

Chris:

I have, yes.

Scott:

That's happening a lot more. Not everywhere, but more and more. It seems like the consumer is open to it, and in many cases would prefer it. There's so much more digital acceleration with these companies that it tells me that the consumer is open and willing.

Chris:

But there's also still the in-person elements that are crucial for the hospitality industry, right? How do you balance those sort of virtual, digital elements with that core, in-person experience that is so crucial to hospitality?

Scott:

The in-person experience is core, for sure, but these companies believe it to be an enhancement of the in-person experience. And so if a theme park or a cruise ship, if they can enhance the guests' experience in the moment with some of these experiences that I'm mentioning, that's positive. And I think that creates an overall better experience for that guest.

There's a cost to it, but companies seem to be investing in that cost. They seem to find a return on investment. Digital marketing's another piece. These companies are trying to control their own destiny more with the consumer.



Chris:

And do some of these tools also just increase efficiency? I mean, I know we're dealing with labor challenges and other issues within the industry. So is some of it also about overcoming those challenges?

Scott:

Very much. They're hand in hand. I mean, one is a better experience for the guest. Another is just how to be more efficient with less folks. And unfortunately that's what we're seeing in many cases — challenges with regards to labor. So you know, back to that texting and that hotel, if they can get to a solution for a problem quicker, that's net positive. I mean, housekeeping, is there an app that allows the housekeepers to communicate about which rooms have been done?

Well, maybe instead of, you used to have 10 housekeepers, maybe you've got seven now, but they're doing the same amount of work because of this technology. And it does seem to be a bit of the new norm for good or for bad. We can debate if that's good or bad. But that seems to be happening just because of where the talent pool is now or where it was pre-pandemic.

Chris:

Let's talk a little bit about the employment side as well. 'Cause I know that has been something that has hit hospitality really hard in terms of the talent shortage, the great resignation, etc. So what are you seeing from businesses on that front? How can they be better at recruiting and keeping top talent?

Scott:

It's for sure a fight for talent. Clearly pay, alongside inflation, has been an important part of that. Companies have had to deal with labor inflation and meet that challenge. And sometimes go above it. I'm thinking of a hotelier that owns 25 hotels in and around Florida, a lot more focus on culture and career development.

They've got a Zoom call once a week. Any employee can call into the Zoom call. And the discussion and the topic is purely around success stories and stories of positivity with guests. Real culture and brand building on behalf of the owner. I'm thinking of another really large hotel group that uses interns to help bridge the gap during summers when staffing is even more off seasonally than it is with COVID.

Chris:



On the flip side too, are there ways to use technology to ease some of those sort of backlogs?

Scott:

Yeah, very much. I mean, back to that cruise industry example. Some of those companies might have used outside travel groups to source cruises. We've seen a little bit taking that more in-house. And so they're using technology to do that. Much more around email communication, but they're trying to control that destiny on their own.

Chris:

So Scott, how are you seeing investment shift in this industry? How are hospitality companies thinking about budgeting their money now?

Scott:

When I think about the investment that we're seeing here locally and beyond, definitely a play for the future, which speaks to optimism. And let me say that most of our clients and folks I'm talking to definitely a sense of, not wariness, but maybe sobriety about some macro economic trends that are impacting our country and beyond around inflation and labor for sure. But alongside that, we are seeing a fair amount of optimism.

Cruise ships are being built at a pace overseas that's approaching pre-pandemic levels. One large, well-known theme park is building a new theme park here in Orlando, and as of February, I'd heard that had a billion-dollar price tag. Several large hotel groups here, I'm thinking of one in particular with two major renovations coming up in the next year or two. These are plays for the future. Our airport is putting a new terminal in.

I mean, these are really big infrastructure moves. So companies of the size and scale that are doing them, they wouldn't do that if they didn't have what I'd call incredible optimism for the short and long-term.

Chris:

Yes, it seems there's a lot of pent-up demand for travel and for going out again. How can companies capitalize on that demand?

Scott:

Well, the marketing's a big piece. And some of that is more perhaps direct marketing, and they're trying to control that outcome themselves.



Just relative to the local environment, when tourism is humming and we've got, let's call it 75 million visitors coming here a year, you can do the math on how big an impact that has regionally. According to Visit Florida, the regional impact of tourism is I think \$75 billion. So you know, dry cleaners and restaurants and gas stations and landscape companies, so many of them, we're seeing some growth there also, that are used to seeing all those guests coming into Central Florida.

I do wanna go back, Chris, if I could. I wanna double back on something I'm seeing when you were asking me about people and labor.

More companies, and this is particularly for back-of-the-house folks, but a lot more remote hires and folks doing jobs not in the office. I mean, groups that have call centers have always been remote. But now we're finding companies that might have had some senior level manager here in town, they could be anywhere, truly. And so, that is impacting the fight for talent in a big way.

Chris:

Well that makes sense. It's always been thought of as an in-person industry. But there are certainly some jobs that can be done remotely.

Now, you're in Orlando, so obviously everything that happens in the industry there is on a large scale. What advice would you have for people who work in hospitality, but not necessarily in such a major hub? What areas should they focus on?

Scott:

I think that the two — and this won't shock you, 'cause these have been two primary topics we've discussed today — but people and technology. Definitely a realization that with people, managing through turnover at any level is difficult, and it's very costly. And I think that COVID has changed the way that companies, at least the ones that are leaning into this and are creative, it's changed the way they're thinking about keeping good talent.

Clearly with pay, but with benefits and PTO and virtual work. It's a big bouillabaisse of how can we keep our employees engaged, you know, have purpose, and be well compensated and happy? That's maybe the biggest. But then again, the technology piece, companies far and wide, in and out of hospitality, it's just so important these days, both communicating with their customers, being more efficient internally, back of the house, that's where I see a lot of thought leadership in a variety of industries. But in particular, around hospitality.



And again, it's all about the customer experience, right? How can we enhance that customer experience and make someone wanna come back and bring their family and spend dollars? 'Cause those dollars have such an incredible leverage factor in all these cities.

Chris:

"It's all about the customer experience" is a phrase that could apply in many B2C industries, but it matters more in hospitality than others. Whether your business provides food and beverage, lodging, entertainment, or travel, you're providing an experience even more so than a product.

So heed Scott Wall's advice and focus on people — from the new needs of your talent pool to changing customer expectations — and the technology that can better serve them.

Thank you to Scott for sharing his insights today, and thank you for listening. Get related resources for your business and listen to future episodes at regions.com/commercialpodcast. And subscribe to this podcast on your favorite podcast service.

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