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## **The Value of Analytics in a Post-Covid World**

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# About the Author



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## The Value of Analytics in a Post-Covid World



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Demand in the hospitality industry is starting to pick back up after the fallout of the Covid-19 pandemic. During the pandemic, hospitality organizations drastically cut down their workforce to only essential rank and file employees, all while reducing or halting any non-essential expenditures such as agency-related expenses and back-end infrastructure improvements (Benshoff, 2020). In other words, the party came to a halt for an industry that has seen expansive growth for as long as most can remember. As the industry looks to rebound from its darkest days, what does the future hold for one of the hottest topics in recent memory, data analytics?

The Covid pandemic also placed a damper on most hospitality organizations' expansive and sometimes costly analytical buildup plans. As Covid hampered revenues, firms had even less wiggle room than before. As a result, companies were under further duress to ensure their analytical investments paid off. Adding to the fact, even before the Covid pandemic hit, a growing number of firms have struggled with understanding the ROI

from their analytical investments (Camm, Bowers & Davenport, 2020). These two factors will lead to more companies taking a second look at their investments in high-powered analytical ecosystems that are typically required to implement advanced analytical solutions such as machine learning algorithms and automated intelligence (AI).

With hospitality organizations recently jumping on the data analytics bandwagon, a great deal of these organizations skipped the crawling stage and hit the ground running, only to fall flat on their faces. These overly eager firms, whose *modus operandi* were heavily grounded in intuition before diving into the analytical arena, discovered a large gap between the emphasis placed on using data analytics to justify the substantial investments and the actual use of integrating data analytics into their key decisions. As industry operators, many of whom have long been accustomed to relying on intuition for key decisions, organizations often made the mistake of blindly expecting ill-equipped operators to alter their decision-making approach. When faced with data-driven insights without any training or initial adjustment periods, a great deal of industry operators struggled to conceptualize and incorporate the insights into their decision-making process. The struggle to incorporate data driven insights was magnified when operators were presented with insights derived from more complex analytical solutions that can be difficult for any non-analytical minded individuals to fully grasp. This only added more fuel to the fire for organizations questioning the value derived from their analytical investments.

Moving forward, we can expect organizations who are questioning their analytical investments to go back to the drawing board and come out with analytical plans that are more practically grounded. This means starting out with applying analytics to smaller initiatives while getting employees accustomed to basing their decisions off the data-driven insights. These initial initiatives can range from simplistic labor analysis that leverage confidence intervals (i.e. thresholds) based on historical covers to derive recommended staffing levels for frontline managers, to analysis that describes guests' basic characteristics on a univariate level (i.e. singular breakouts) who have recently

become inactive for property DOSMs (Director of Sales and Marketing). The key for hospitality organizations will not be the sophistication of their analytical reporting, but instead the ease of use and the ability for operators to comprehend the reports. As operators become more comfortable with using insights derived from data, they will integrate these insights more into their decision-making process until data becomes a vital part of their organizational culture. Over time, as operators become more reliant on data and organizations see positive returns, these organizations can take the returns and invest them back into their analytical capabilities.

While some hospitality firms may go back to the drawing board, the potential for value-add to a hospitality organization with leveraging analytics becomes even greater in a post-Covid world. Until the industry is fully out of the woods, there will be fewer customers to compete over. This will lead to intensified efforts amongst competing hospitality firms to lean on their already stretched essential employees to provide exemplarily experiences and services. This is on top of Covid protocols that most hospitality organizations still have in place to keep their operations in compliance that have been added to employees' lists of ever-growing responsibilities. With the hospitality sector among the lowest in average wages when compared to other industries (Dogru et al., 2019), hospitality firms can only add so many responsibilities to their employees' already full plates before there are diminishing returns with each incremental responsibility added. This will elicit poorer service levels and higher turnover of employees, all of which will come at a cost to both hospitality firms and their guests.

To counter overburdening employees, hospitality firms will need to be more strategic in which services and responsibilities to prioritize for their employees. This will shift the paradigm in how firms have traditionally operated. Until recently, most hospitality organizations have exclusively relied on intuition to derive strategies and key decisions. While intuition will still play a vital role moving forward on key decisions, with less wiggle room due to lower returns, organizations can ill afford emphasizing the incorrect costly service or initiative moving forward. All of which leads back to organizations looking to

squeeze more value out of their analytical initiatives to help guide their strategies. This will push hospitality organizations to increase their reliance on leveraging analytics practically as we move past the pandemic.

With the increased emphasis on applying analytics practically along with already overstretched employees, organizations will shift their focus in the coming years to look for practical analytical based skills amongst new hires. This will be more apparent with positions that have long been considered experiential or customer-facing, such as Front Office roles. Organizations will be looking for candidates who understand how to slice and ingest operational data while being able to communicate or visualize the data in a manner that can be easily acted upon.

Not only will hospitality organizations look for hard-skills, they will also place greater emphasis on employees' ability to connect their analytical solutions to more than the pressing issue at hand (Webb & Legg, 2021). In other words, in an increasingly complex world, organizations will expect their employees to have a greater understanding of operational intricacies, as well as how far reaching their recommended analytical solutions impact all areas throughout the organization, not just the department or service being analyzed. By doing so, hospitality firms will be better positioned to take advantage of future analytical advances that are expected to come rapidly in the decades to come.

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