

Generation Alpha (α) and their impact on the hotel industry

ANNA ENGELBERGER (10569184), Aisling Duhay:

Abstract

The purpose of this study is to identify the main determinants and motivational factors of Generation Alpha (α) (born between 2010 – 2025) and how this influences their choice of hotel choice in regards of technology and personalization. Findings show that Generation Alpha (α), despite their need of technology, demand personalization, when it comes to service and experiences. These findings are important for the hotel industry to understand as this generation will be the largest groups of people and will therefore have a huge purchase.

Introduction

A popular segmentation method for the hotel industry is to specify their guests into generational target groups. 5 main generations are recognized by marketers. Each generation has personal preferences, as shown in the table (Hotelbeds, 2020). The newest generation is Generation Alpha (α). As each generation has different purchasing patterns, it is vital to identify those patterns of Generation Alpha (α) in order to attract them as guests.

Research Question: “In what way in regards of technology, voice control, artificial intelligence and personalization does the hotel industry have to change or apply in order to attract Generation Alpha (α) as future customers?”

Results

Objective 1: Examine generational target groups in the hotel industry
→ mostly older generations, or no generational target group and rather segmentation regarding their hotel expectation

Objective 2: Explore key information of Generation Alpha (α) and their usage of technology
→ Generation Alpha (α) is Digital, Social, Global, Mobile, Visual technology is an essential part of the lives of Generation Alpha (α)

Objective 3: Research personalization in the hotel industry
→ better applicable in upper scale hotels, more hybrid models

Objective 4: Investigate how important personalization is for Generation Alpha (α)
→ Generation Alpha (α) will have higher expectations for personalization as consumers.

Objective 5: Study if the trend in the hotel industry is towards technology or personalization
→ the asked hotel experts agreed that technology is going to be the universal trend in the hotel industry

Objective 6: Identify key factors to attract Generation Alpha (α) as hotel guests
→ smart usage of AI, voice control, technology and personalization

Generation Name	Birthdate	main characteristics
Mature Traditionalists	Pre 1945	<ul style="list-style-type: none"> • Lower spending power • Strong, traditional values • Travel less but, enjoy group travel and cruises
Baby Boomers	1945-1964	<ul style="list-style-type: none"> • Approaching retirement or already retired • Economically influential • Travel more frequently and spend more money
Generation X	1965-1976	<ul style="list-style-type: none"> • Family-oriented with Generation Z children • High spending power • Looking for good work/life balance
Generation Y / Millennials	1977-1995	<ul style="list-style-type: none"> • Very digital, more likely to travel alone • Often combine business and pleasure • Looking for enhanced experiences/tour packages
Generation Z	Post 1996	<ul style="list-style-type: none"> • Hungry for adventure • Hard to please and difficult to attract • Truly digital, always online

Discussion

H1: Generation Alpha's (α) demand for digitalization needs to be addressed by the hotel industry.
→ Generation Alpha (α) will only select a hotel, which meets this generation requirements of digitalization and technology

H2: The demand of personalization from Generation Alpha (α) has an impact on the hotel industry.
→ necessity of implementation of personalization in the hotel industry varies among the hotel experts

H3: Generation Alpha (α) has a positive impact on the hotel industry.
→ not clearly identified, only in regards of technology and personalization

References

- Hotelbeds (2020) Generation X and millennials: targeting the most profitable segments for your hotel
Schawbel, D. (2014) 5 Predictions For Generation Alpha
McCrindle, M. and Fell, A. (2020) Understanding Generation Alpha. Sydney, N.S.W.: McCrindle Research Pty Ltd.
Saunders, M.N.K., Lewis, P. and Thornhill, A. (2020) Research methods for business students. Harlow: Pearson.

Methodology

Participants:	Generational and Hotel Experts
Research Philosophy:	Interpretivism Philosophy
Research Design:	Explanatory
Research Method:	Mono Qualitative Method
Research Approach:	This study is rather deductive than inductive
Research Strategy:	Interviews
Time Horizon:	Cross-sectional study

