The Development of Five-Star Hotels in China Under the Influence of "High-Tech, High-Touch"

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Introduction

As is widely acknowledged, China's tourism and hospitality industries have grown exponentially since economic reform began in 1978. In 1978, China's international tourism industry started, and only 203 hotels with 32,000 rooms could receive international tourists. Then, in the mid-1980s, many Sino-foreign cooperative hotels and five-star hotels were built in China, leading to rapid development. By the end of 2000, the country's tourism-related foreign hotels had 10,481 and 948,200 rooms. Regarding hotel development, a watershed moment was the establishment a star rating system in 1988, allowing China to compare and benchmark hotels across the country for the first time. At the same time, the development of China's lodging sector has mirrored China's economic transition and ascension in the global economy, with China becoming the world's second-largest economy in terms of total GDP. With the subsequent rise of domestic tourism in China, the demand drivers for the hotel industry have shifted from standard service to high-demand experience. The number of five-star hotels was around 1.03 million rooms until January 2022. From 2013 to 2022, the average room rate for five-star hotels in China was RMB 605, and the lowest was RMB 504 in 2022. The average room occupancy rate is 53.4 percent, and the lowest is 38.7 percent in 2022. Regarding RevPAR, the average value from 2013 to 2022 is RMB 327, and the lowest is likewise RMB 195 in 2022. One of the reasons for these declines is that pandemic prevention and control gradually normalized following COVID-19. In this circumstance, the hotel industry focuses on

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accelerating recovery and realizing that technology and artificial intelligence adoption in the hotel operation process can result in cost savings, more flexibility, increased access, and time savings.

High-Tech refers to the practical application of sophisticated scientific knowledge and competence and the creation of new technical equipment, including self-service and artificial intelligence but does not require human interaction. To some extent, High-Tech is based on cognitive computing and machine learning. This revolutionary technology for service innovation can make independent decisions and actions and provide better contact and interaction with guests. Moreover, the possibilities for improving this aspect with high technology are nearly limitless, ranging from increased personalization to tailored recommendations. From the perspective of the hospitality industry, under the influence of the fourth industrial revolution, High-Tech has quickly spread across various service areas and can learn, connect, and adapt. The hospitality and tourism industries use High-Tech to give their guests unique experiences. It can be considered smart enough to completely substitute human activities while improving the speed and accuracy of transactions.

There are diverse service robots in the hospitality industry that automate social presence on the frontline and communicate with guests in a scaled and reliable manner. About the application areas of High-Tech in five-star hotels in China, according to the report released by WIPO in 2019, 49 percent involve image and facial recognition, followed by natural language processing and voice processing, accounting for 14 percent and 13 percent, respectively. In the same year, IFR reported that 70 percent of high technology inventions combined two artificial intelligence technologies, applications or fields, and delivery service robots in hotels are one of the representative applications of this combination. Following the timeline, in 2001, the St. Regis Hotel in Shanghai used high technology to replace manual operations and realizes intelligent management in various departments. Since 2009, a few five-star hotels in China have started researching the path of low-carbon environmental protection and intelligent information, for instance, the intelligent bathroom, sensor curtains, iPad one-touch control of lighting, and other functions that make guests feel fresh and novelty. In the five-star hotel industry, since 2014, JW Marriott Hotel, InterContinental Hotels Group PLC, and Starwood Hotels & Resorts Worldwide, Inc. have focused on the hotel's intellectualization and developing the Chinese market. In 2010, Guangzhou Huanglong Hotel cooperated with IBM and spent one billion yuan on building the first "smart hotel" in China, which pursues high-quality services in all aspects of High-Tech services. In 2014, China Hotel Alliance was established in Fuzhou, marking a new stage of development in applying High-Tech services in the hotel industry. For example, Intercontinental cooperated with Baidu and launched AI smart rooms, and Marriott cooperated with Alibaba to introduce facial recognition technology. AT-LAB of Atour Hotel Group cooperated with Tencent Cloud to create smart experience rooms to explore the temperature and personality that technology should have in the AI era. Furthermore, in 2018 some five-star hotels in China adopted High-Tech services from check-in and check-out at the front desk to services such as carrying luggage to the room. Face recognition technology has replaced the standard electronic key, allowing residents to check in independently without interacting with anyone. The five-star hotels in the future will almost certainly be completely personalized, thanks to guest preference data and advanced customization technology. Besides, hotel technology is often applied at different operational and managerial levels and in-room guest service. It means hotel staff can use intelligent technology such as reservation systems before guests arrive, relies more on automated operations during personnel systems and report management, and add elements of personalized service with artificial intelligence during guest stays.

The operation of 21st-century five-star hotels has to rely on more and more information technology to enhance the value of personalized services. From the hotel industry's perspective, the market size of China's hotel robots reached 599 million yuan in 2021, a year-on-year increase of 16.3 percent. From 123 million yuan in 2017 to 931 million yuan in 2022, it shows a rapid growth rate of nearly eight times within five years, and the market growth space is enormous. The increasing trend of hotel digitalization, the demand for contactless services due to the pandemic, and the difficulty of recruiting workers for some positions are three factors that promote the growth of the High-Tech hotel market in China. According to the National Tourism Administration of China, in 2023, the intelligent transformation market of hotel rooms in urban areas in China has exceeded 100 billion yuan, and the annual number of hotels still maintains a growth rate of about 20 percent. The High-Tech has

enabled the hotel to save more human recourse and training costs. At the same time, reducing complaints about manual errors by the staff can increase the likelihood of repeat stays and generate more revenue for the hotel.

On the other hand, although hotel personnel may utilize technology to meet guests' requirements, it's still important to connect with clients politely and pleasantly. The hotel industry deals with people, the core of which is guest service, especially five-star hotels, with more emphasis on high-quality personalized service. With this in mind, High-Touch is the cornerstone of the hospitality industry. It typically includes some frontline interaction or interpersonal exchange that creates the human touch. The roots of High-Touch services in the hotel industry lie in the unique emotional bond of warmth and trust between hosts and guests, suggesting that value-creation in hospitality requires a deeply human touch. It may forge a close bond with guests, regularly solicit their feedback, and modify the guest experience as appropriate. Following that, hotel management may increase guest satisfaction by customizing the guest experience and encouraging users to return to or recommend their facility to others. For instance, hotel staff can offer specific service options based on individual preference, such as room service meals catered to dietary restrictions or personal hobbies.

The Guangzhou White Swan Hotel was opened in 1983, the first five-star hotel with Sino-foreign cooperation in China. Subsequently, more internationally branded five-star hotels came to China and brought their unique service concepts, such as Shangri-La's core values are respect, humility, courtesy, helpfulness, and sincerity. The Marriot concept is to love and be lovely by every guest entering the hotel. All these make guests feel a High-Touch of service beyond the standard service. Forbes Travel Guide has announced the winners of the 2023 Star Awards. The final rating is comprised of 70 percent High-Touch service and another 30 percent on the hotel design and condition of its facilities. Of the total number of hotels on the list, 128 are in China, five more than last year. A total of 47 hotels received a five-star recommendation due to their exceptional and personalized service.

All tourism-related industries will undergo significant technological changes in the future, including the hotel industry. At the same time, globalization has increased the competitive pressure on automatic elements, necessitating greater productivity and efficiency in providing new conceptual services. Thus, five-star hotels in China can combine High-Tech and High-Touch services to improve service quality, design long-term enterprise development, increase efficiency and efficiency, integrate departments, and specialize in human resource management. Owing to the innovative nature of these disruptive technologies, services in tourism and hospitality have new important features such as real-time, co-creation, data-driven, consumer-centric, and experience enhancement.

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