

Three new hotel trends being driven by the experience economy

By [Sharmila Ragunanan](#)

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One in two South African consumers would choose a memorable experience over their material possessions. This is based on the results of a new study by GfK South Africa, which found, rather than wanting to spend money on expensive goods, consumers are prioritising and value experiences, such as visiting the beach or socialising with friends.



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This tendency is one of the features that has driven the phenomenal growth of the global experience economy, a term first coined in 1998 to define the shift from an economy based on consuming services or owning things, to one that is powered by investment in experiences.

A different study by McKinsey and Company said spending on experience-related services, such as attending spectator events, visiting amusement parks, eating at restaurants, and travelling, had grown more than 1.5 times faster than overall personal-consumption spending. This is four times faster than expenditure on goods.

Both results are especially relevant to the millennials market. In South Africa, GfK's research shows that Generations Y and Z, which account for nearly two-thirds of the population, see value in adventure, freedom, curiosity and authenticity.

Hotels wanting to tap into that growing culture in South Africa must be sure to diversify their product offering to reach this young target audience. They are not only the greatest contributors to the experience economy but are now considered to be in their prime spending years.

Three hotel trends that have been inspired by the experience economy are:

More child-friendly options to attract the millennial parent

Research shows that more than half (53%) of millennials are now parents and that millennial parents want to share their love of experiences with their children.

It is imperative that hotels stand out and offer **family-friendly, unique local experiences** if they want to compete.

Dream Hotels and Resorts recently introduced 'Dream Xplorers', which is a dedicated kids activity programme that encourages the youngest guests to participate in activities such as ziplining, target shooting, hiking and mountain biking.

Combine innovation with purpose

Hotels need to foster a culture of innovation in-house to differentiate and personalise guest experiences, as well as balance social, environmental and economic purpose.

Some good examples can be drawn from the recent water crisis in the Western Cape. Throughout this difficult time, hotels have played a critical role in sharing positive messages that Cape Town - and South Africa - is open for business. They have also encouraged travellers to contribute and #savelikealocal.

The Peninsula All Suite Hotel in Cape Town allows its guests to be a part of that responsible tourism narrative. Most famously, the hotel's rubber-duck-walk-of-shame is an initiative that encourages showering instead of baths, as guests need to exchange a plastic duck for a plug at reception.

A hotel designed with Millennials in mind

Enhanced common spaces are becoming the norm, as Millennial travellers dominate international travel. Bjorn Hanson, a clinical professor at New York University explains that Baby Boomers go to their room and work alone or order room service, while millennials travelling alone have a propensity to be more interested in some kind of public, shared space.

Finfoot Lake Reserve has tapped into this trend with its outdoor 'boma', which is a great spot for a round of socialising, as travellers can share their favourite memories of the day with the other guests next to an open fire.

For the hotel industry, guest experiences have always been important but consumers in the experience economy want more. This means outstanding experiences that exceed guests' expectations, whether it is through responsible tourism initiatives, family activities or unique local activities.

On the domestic front, South Africa is ideally positioned to offer all of this and more. As President Cyril Ramaphosa has said: "We have the most beautiful country in the world and the most hospitable people."

ABOUT THE AUTHOR

Sharmila Ragunanan is the group marketing manager at Dream Hotels and Resorts.

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