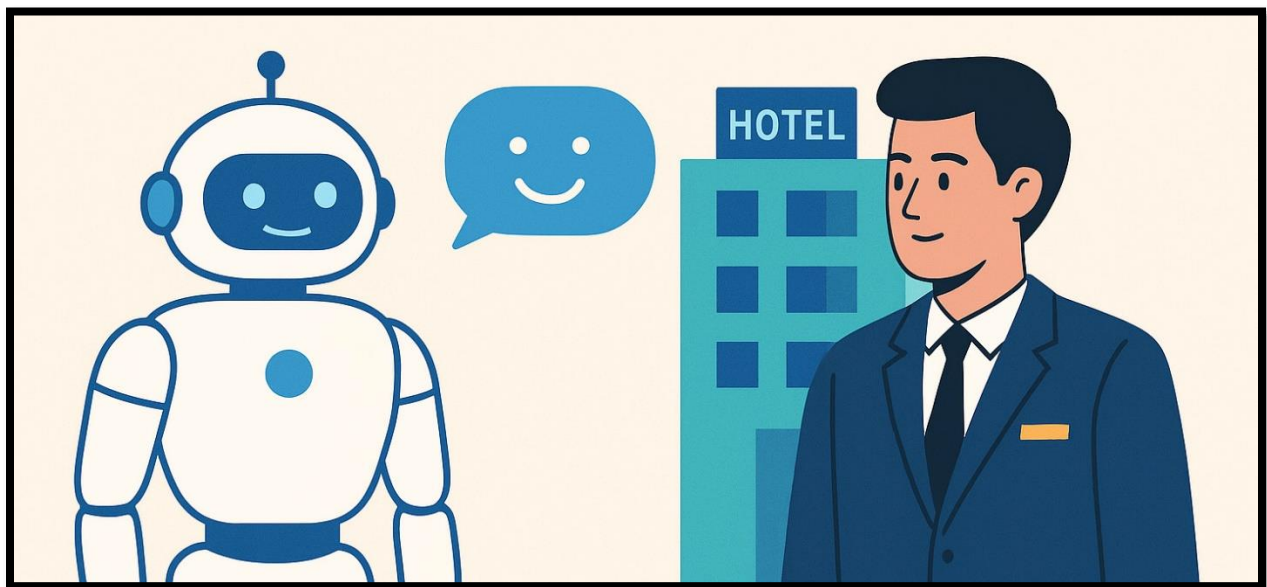


How Hospitality is Balancing Technology (AI) and Talent

Artificial intelligence (AI) is set to redefine the hospitality industry—particularly in customer loyalty and workforce dynamics. The integration of AI agents is creating a new paradigm for how hotels build relationships with guests, while simultaneously introducing a degree of uncertainty into the job market. According to an article by *PolyAI*, many hotels are facing the worst staffing shortage in recent history, exacerbated by rising labour costs and high staff attrition; however, Artificial Intelligence (AI) offers a potential solution by automating routine guest interactions and supporting staff in delivering personalised service at scale.



This shift also raises critical questions about workforce dynamics. While AI can reduce operational strain and improve efficiency, it may also displace certain roles, particularly in front-line services. And as guest expectations evolve, loyalty will increasingly depend on a hotel's ability to deliver seamless technology-enhanced experiences while still preserving authentic human connections. For employees, adapting to this future may mean acquiring new digital competencies and embracing hybrid models of work where AI acts as a partner rather than a threat.

To remain competitive, hospitality businesses *must* adapt their strategies for both guest experience and talent management.

For instance, “AI agents” (autonomous digital assistants that learn user preferences, make recommendations, and act on behalf of consumers) are emerging as key players in the hospitality customer journey, acting as “new gatekeepers of loyalty.” These digital assistants will increasingly mediate the relationship between consumers and brands; to help influence a guest's choice of hotel

before they even begin a manual search. Unlike traditional marketing tools that rely on search engine optimisation (SEO) and first-party data, these AI agents can hold user data privately to streamline decision-making, without necessarily sharing that data back with brands.

This shift means hotels must re-evaluate their marketing and loyalty strategies. It's no longer just about attracting human guests; it's also about designing experiences that appeal to these digital decision-makers. Hotels that can effectively cater to both will be at the forefront of the next wave of personalised and predictive hospitality.

While AI is transforming how loyalty is built, it's crucial to remember that the core of customer loyalty remains the on-property experience. A seamless and exceptional stay is the ultimate foundation for repeat business. This is especially important given that many guests feel traditional loyalty programs are no longer delivering the value they once promised, according to a recent Accenture survey. A strong loyalty program should not only encourage repeat visits but also drive increased spending during a guest's stay.

On-property, AI agents can be integrated with Internet of Things (IoT) technology to enhance personalisation. For example, an AI agent could adjust room settings based on a guest's preferences, ensuring a highly tailored experience from the moment they arrive.

The integration of AI also brings significant changes to the job market, particularly in the hospitality sector. While some areas of the labor market are seeing a "two-speed" economy with robust hiring in certain fields like AI engineering, many traditional occupations are experiencing sluggish hiring and increased competition.

For employers, AI adds an extra layer of uncertainty, as they work to understand what skills workers need in the future will and how job roles will evolve. This caution is reflected in current hiring data, which shows a slowdown in job growth in many Western economies, including the U.S. and Canada. The competition for available roles is also becoming more intense, with a higher number of applicants for each open position.

Additionally, AI-driven recruitment tools are complicating the job search for candidates. These tools, often embedded in resume-finding websites, use algorithms to scan for specific "buzzwords." This can inadvertently push highly qualified candidates to the back of the queue if their resumes don't contain the exact keywords the AI is programmed to find, even if their experience and professional history are a perfect match for the role. This highlights the growing importance of AI literacy for both job seekers and recruiters to effectively navigate the modern hiring landscape.