

# Hotel and tourism showing strong contribution to services sector in Thailand

Grant Thornton report shows how technology can also help related SME's be more successful.

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Dear Barry,

Thailand needs to urgently improve the percentage of GDP it derives from the services sector. The manufacturing sector is unlikely to be the powerhouse of GDP growth for Thailand that it has been in the past. There are many challenges in improving the highly protected services industry in Thailand but one bright spot is the hotel and tourism sector. For example "hotel and restaurants" saw more growth than any other service in the service sector in Thailand from Q2/2014 to Q2/2015 (18.7%) and has also been a key driver behind the GDP growth in 2015. This is a quite remarkable recovery given the events of the last 10 years and shows the robust nature of the industry in Thailand and stands testament to the staff and companies that passionately support it.

A total of 24.36 million tourists came to Thailand in the first 10 months of 2015, up 24.75% year-on-year, raising hopes that arrivals this year will be well over the target of 28.8 million. Chinese visitors were providing the biggest boost to Thailand's overall tourism market, with more than eight million now expected here this year, above the target of 7.5-7.8 million. Whilst there was a dip in visitor numbers after the Erawan Shrine bombing, the number has recovered well and looks set to rise as we move towards the traditional "high season" of Christmas and New Year. However the rising numbers of travellers from emerging markets means hotels need to change their services to cater for new needs and preferences.

Tom Sorensen, Partner and hospitality and tourism leader of Grant Thornton in Thailand comments: "In the digital era, the hotel and tourism industry needs to adapt or change in order to have a bright future. Technology and social media now have direct effects on hotels, not only on how they will connect with clients but how they will also connect with a brand, the staff, an operation or even a business model. It's also a great leveller for SME's involved in the Hotel and Tourism industry in Thailand too."

"Our report, *Hotels 2020: Welcoming Tomorrow's Guests*, looks at the changing nature of hotels and their guests. It highlights the increasing spending power of millennials, digital natives looking for local, authentic experiences when travelling. This demographic group is set to outspend baby boomers in hotels by 2017 and expect increasingly tailored services, such as mobile room customisation and special in-app offers."

However, the report cautions against de-humanising the hotel experience, stressing that the most successful companies will be those that master the balance between using technology to respond to customer preferences and keeping the personal touch.

Gillian Saunders, Global Leader for Hospitality and Tourism at Grant Thornton, comments: "Hotels need to work to understand their guests' requirements, making the most of big data to analyse and establish where personalisation through better use of mobiles can really add value. It's all about striking the right balance between apps and technology, as well as human interaction, which is still hugely valued. Get it wrong and you risk alienating your customers. Get it right and you can reap the rewards."

Tom concludes: "Developed carefully, with a real understanding of what the consumer wants, technology can go a long way to build unique customer experiences that meet today's demands. From ensuring the minibar is stocked with a guest's favourite drink to providing details of local restaurants via their smartphone, hotels must retain the personal touch that keeps consumers coming back. Hotels must act now to differentiate themselves. They must make a reality of mass personalisation – whilst keeping the human touch – to surprise and delight guests."

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Tom Sorensen is Partner and hospitality and tourism leader of Grant Thornton in Thailand. He has more than 15 years of experience in tourism and hospitality industry both in Thailand and international organisations. In Grant Thornton, he leads executive search division in Thailand, at the top end of Thailand's executive search business. Tom also writes article for magazines, newspapers and blog.

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