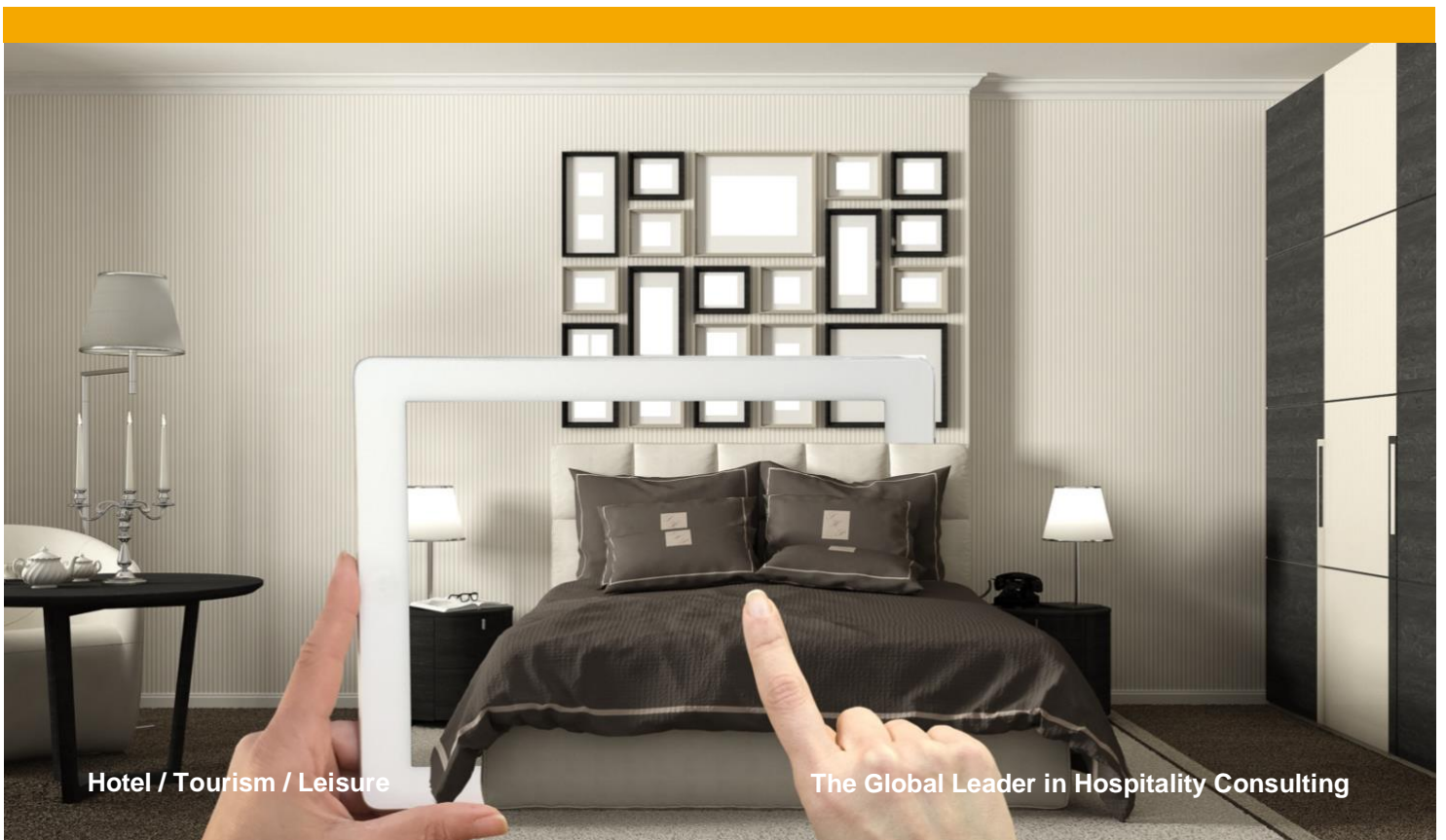# Horwath HTL
Hotel, Tourism and Leisure

Redefining Hospitality:
Pop-Up Hotels as Visionary Concepts for Gen Z Travelers

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In recent years, the hospitality industry has adapted to various influences arising from digitalization and technological advancements. This adaption is driven primarily by Generation Z.

As the first generation that grew up in a completely digital world, Generation Z travelers value digital experiences, individualization, and sustainability. This paradigm shift has encouraged hoteliers to rethink their traditional concepts and develop innovative approaches to appeal to the future target group and remain successful in the market.

Generation Z's Preferences

From a sociological perspective, Generation Z (also known as Gen Z) - those born between 1996 and 2012 - also known as Zoomers or digital natives, describes the generation that was the first to grow up completely in the digital age and, unlike Generation Y, no longer knows a world without smartphones and permanent networking. Gen Z is characterized by a merging of the real and digital worlds, a high pace of communication, permanent accessibility, and a high level of trust in digital recommendations, ratings and rankings. The central medium is the smartphone, which is used both as a communication and work tool. Intelligent solutions, time-saving processes, and intuitive systems are required to make the best use of their time. Personalized experiences are preferred over material possessions.

Studies also show that many representatives of Generation Z are committed to sustainability. According to the 2021 trend study "Jugend in Deutschland," around two-thirds of Generation Z respondents believe it is important to help protect the climate and environment. Specifically, the majority of respondents make an effort to avoid and separate waste whenever possible. Additionally, 29 percent consistently use sustainable transportation methods such as cycling or public transport, and almost 20 percent exclusively buy organic and regional products.

Even if these figures initially suggest that only a fraction of Generation Z consistently acts sustainably, the trend study highlights that sustainability is still a significant concern for many in this generation. They also expect businesses and companies to act sustainably. According to the study "The Medium of the Future" by JCDecaux One World, 71 percent of Generation Z respondents stated that sustainability positively influences their purchasing decisions.

As a result, the hotel industry must meet the requirements of sustainability and digitalization, which often go hand in hand. For this reason, digital room controls, contactless check-in and virtual keys, for example, have already found their way into the industry. The Covid-19 pandemic has given these technical innovations a further accelerator.

For Generation Z, a hotel stay is more than just a place to sleep. The hotel itself is an essential part of their travel experience - a destination in itself. It's not just about traveling and exploring new places, but also about experiencing a hotel as an authentic part of the journey. This change can also be observed among representatives of the older generations. It is therefore crucial for hotels to stand out from the crowd and create unique and memorable experiences for their guests.

So what could such a hotel experience concept that meets the requirements of Generation Z in particular look like? In collaboration with Heilbronn University, students were looking for creative and innovative ideas as part of their Project Hospitality and came across the concept of pop-up hotels.

Project Hospitality is an interdisciplinary project in which students undertake independent hotel projects in small groups. They frequently collaborate with tourism businesses to gain practical experience and address real challenges in the hotel industry.

The concept of Pop-Up Hotels

The idea of offering a sales station at a single location for a limited time originally came from the retail sector, where so-called pop-up stores have been around for a long time. This increasingly popular concept has now been adopted by the tourism industry. In 2017, the first pop-up hotel opened its doors in Munich, transforming an old bank branch into a temporary hotel, operating in this form until 2019. The building will continue to be used as a hotel, but not as a temporary pop-up hotel. Instead, it has been converted into a permanent Rosewood Hotels property.

The pop-up hotel concept is characterized by unconventional locations that create a unique atmosphere in addition to the limited opening time. These temporary accommodations entice guests with authentic experiences and provide the perfect backdrop for storytelling. Prices for a stay in a pop-up hotel vary depending on the location and classification of the hotel, typically starting at 150 euros per night and reaching up to 1000 euros.

Pop-up hotels offer innovative solutions for vacant spaces and promise individual concepts and creative design options for the future. In urban areas in particular, the growing demand for temporary accommodation can be met by using vacant properties. Pop-up hotels are therefore not only an economical solution but also an effective use of existing resources in densely populated cities. If existing properties cannot be used, pop-up hotels offer the opportunity to implement the core concept in different environments thanks to their sustainable design and flexible structure. In this way, the accommodation can be flexibly adapted to the requirements of the market and the spatial conditions.

But what exactly does such a hotel look like in practice? The students at Heilbronn University of Applied Sciences investigated this question by means of a market study and developed the following concept under the theme "Facilitate and enhance through technology".

The budget lifestyle hotels of the "Moxy" brand serve as the stylistic inspiration for the future pop-up hotel. These hotels stand out from the standard and offer an individual concept at an affordable price. The guiding principle of this concept is characterized by an extraordinary design and an extravagant style.

Storytelling as a destination

The pop-up hotel will consist of individual wooden boxes in a container format, which will serve as the flexible core of the rooms. These wooden boxes are not only sustainably produced, but are also easy to install and dismantle. Thanks to the diverse building structures, the core concept of the pop-up hotel can be implemented in different environments without producing a lot of waste and CO_2 emissions. The proposed hotel is designed to exist in one location for around two to three years.

The students at Heilbronn University have selected the highly frequented cities of Berlin, Munich, Cologne, Hamburg, and Frankfurt. The exact location of the pop-up hotel should not only be centrally located but also offer the opportunity for special storytelling in order to create a connection with the guests. In Berlin, for example, Tempelhofer Feld was chosen to reflect the authentic character of the city. In Munich, the northern part of the English Garden offers an ideal location, which impresses with its green, spacious areas and yet is centrally located. In Cologne, on the other hand, the location at Rheinauhafen in the Altstadt-Süd district conveys the city's Rhineland flair.

Digitalization along the customer journey

As in conventional hotels, the reception area is traditionally located in the hotel lobby. This is also equipped with seating and co-working spaces. In contrast to traditional hotels, however, check-in and check-out take place at self-check-in and check-out terminals, which in turn saves on staff costs, creates flexibility for the customer and ultimately results in a lower room rate.

The digitalization of processes along the entire customer journey simplifies procedures, reduces costs, and ultimately provides a personalized experience for the customer. One example is the introduction of digital guest portfolios, which enable customers to check in via their smartphone up to 48 hours before arrival. These digital portfolios also enhance customer loyalty by staying accessible throughout the stay. Essentially, the smartphone becomes a central hub for the guest's entire experience, connecting them with service staff. Whether it's used as a digital room key, for smart home control, as a means of payment, or for food deliveries and reservations, all interactions are managed through the hotel's app. Additionally, customers can contact staff at any time via "Journey Messaging" for further personal support.

In addition to the aforementioned digital elements along the customer journey, the "Smart Mirror" is the unique selling point of the pop-up hotel concept. This "Smart Mirror" – the core element of the hotel room – is designed not only to make everyday life easier for guests but also to simplify

communication with staff. When switched off, the mirror functions like a regular mirror. When switched on, however, guests can display their smartphone on it and access streaming services, social networks, and other apps. Furthermore, water, electricity, and temperature can also be controlled via the mirror.

Additionally, traditional food outlets are being replaced by grab-and-go vending machines that offer hot meals alongside snacks and drinks. Collaborations with nearby restaurants are also proposed, allowing guests to reserve tables or pre-order food directly via the hotel app. This approach pools resources and adds value to the location.

Many people now question where the personal contact, which is the essence of the classic hotel industry, fits in. While technology cannot replace interpersonal contact, the targeted use of digital elements at key touchpoints can make personal service more efficient and better tailored to individual customer needs. For instance, in this concept, guests can receive individual attention from an employee via journey messaging if desired. Ultimately, it is this personalized service that Generation Z seeks during a hotel stay. Therefore, why invest resources in areas that customers are unwilling to pay for?

Sustainable and functional room design

When designing the rooms, the primary focus is on innovation, sustainability, and functionality. The so-called box-in-the-box rooms measure 12 to 14 square meters and feature a small number of multifunctional furnishings. The 1.80 x 2.00 meter bed, which also functions as the room's control center where guests spend most of their time, is complemented by two additional bedside tables. Each room box also includes a small built-in wardrobe. Due to the presence of co-working spaces in the hotel lobby, desks are not needed in the rooms. Minibars are also omitted, as a student market study indicated that Generation Z places little value on them and they incur high electricity costs.

Only sustainable materials such as wood, concrete, and stone in neutral colors are used. Approximately 70 percent of Generation Z respondents in the student survey indicated that sustainable room furnishings are important to them. The room box is further enhanced by a zero-emission jungle-style bathroom, where plants create a cozy atmosphere and improve air quality. To conserve resources, only refillable soap and shampoo dispensers are provided in the bathroom. Additional products like combs and shower caps can be purchased from "grab and go" dispensers as needed. Water-saving shower heads are also installed to significantly reduce water consumption.

In line with Generation Z's preferences, the combination of sustainability and individuality is becoming increasingly important. By creating sustainable and unique hotel experiences through re-staging existing rooms, guests feel that they are minimizing their ecological footprint during their stay.

In summary, the concept of pop-up hotels enables dynamic adjustments to market demand and offers the opportunity for unique storytelling in various environments. This approach aligns with the values of Generation Z, emphasizing sustainability, digitalization, and the creation of meaningful memories through personalized experiences.

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