



HOSPITALITY GIG ECONOMY STUDY 2019

WHEN THE GIG IS GOOD

MAY 2019

SSP STRATEGIC
SOLUTION
PARTNERS



 **SearchWide Global**

THE CONTRACTOR WORKFORCE ECONOMY IS HERE TO STAY



BELIEVE THE HYPE:

The gig economy is booming, and that's good news for hotels. In less than a decade, the contractor workforce is expected to become the workforce majority. While the contractor workforce may not be a fit for all business models, hoteliers are undoubtedly benefiting. Timely solutions for staffing needs, seamless integration and measurable results are what hoteliers need and want.

With national employment rates at record highs, and an increasing number of new hospitality positions coming to market, hoteliers are challenged to find the right talent. In response, Strategic Solution Partners (SSP), a leading hospitality solutions provider, and SearchWide Global, a full-service executive search firm are helping to redefine how the hotel industry addresses the issue of identifying and securing qualified talent for senior management positions.

Today's contractor workforce represents diverse professional backgrounds and experiences allowing for that seamless integration that every hotel leader is seeking. In short, the role of a contractor has moved far beyond the long perceived "seat warmer" mindset. Unfilled positions result in lost revenue. Hotels have goals, and ownership expects those goals to be met – no excuses.

Up until now, there has been a void in data to assess the need and impact of the contractor workforce at the senior management level. SSP and SearchWide Global surveyed hoteliers and contractors in an effort to better understand what hoteliers need to succeed and how the contractor workforce helps them deliver on these results.



INTRODUCTION:

WHAT DOES THE GIG ECONOMY MEAN FOR HOTELS?

FEEDBACK FROM THIS UNPRECEDENTED STUDY INDICATE THE CONTRACTOR WORKFORCE IS INDEED THRIVING IN TODAY'S HOTEL INDUSTRY:



MILLENNIALS ARE NOT THE MAJORITY



88%

OF RESPONDING CONTRACTORS HAVE 10+ YEARS OF EXPERIENCE IN THE HOSPITALITY INDUSTRY

64%

OF RESPONDING HOTELIERS AGREE CONTRACTORS OFFER SENIOR EXPERTISE



BASICS OF THE HOSPITALITY GIG ECONOMY

WHO:

Freelancers/contractors represent 35% of the total U.S. working population and could represent more than half of the country's workforce by 2027. In terms of growth, the U.S. freelancer/contractor workforce is accelerating and has outpaced overall U.S. workforce growth three times over since 2014.

Lifestyle is key. Both freelancers/contractors and full-time professionals prioritize achieving the lifestyle that they want; however, freelancers/contractors are more likely to get it. More than half of all freelancers/contractors say no amount of money would convince them to take a traditional job⁴.

Nearly 30% of contractor respondents cited work-life balance as the main driver for contractor work.

SSP works to deliver the contractor workforce to a diverse base of hotel clients, including: independent/boutique to mid-sized ownership, asset management, franchisee, branded and management company business partners.

Of the responding hoteliers, more than 38% represent properties of 351+ rooms and nearly 29% represent properties of both 101-200 rooms and 201-350 rooms.

One of the key factors driving the rise in the gig economy are changing demographics and work attitudes, particularly among older workers. According to Morgan Stanley Research, the number of workers ages 55-64 rose to 13% in 2015 from a steady 10% in previous years⁵.

Contrary to what many may believe about this growing workforce in the hotel industry, millennials are NOT the majority.

Of the 200 responses from contractors, less than 20% are ages 22-37 (millennials). More than 45% are between the ages of 55 to 65, more than 26% are ages 45-54 and 10% are 65+. The freelancer/contractor workforce is not unemployed people looking for work⁶. Research shows the desire to work independently increases with age, allowing for more flexibility and ultimately an improved work-life balance. It also offers the opportunity to continue working past "retirement age", providing both social and economic advantages.

Our study reveals that more than 52% of contractors are very satisfied with contractor work and more than 47% plan to retire after the age of 68.



BASICS OF THE HOSPITALITY GIG ECONOMY

HOW:

While the freelancer/contractor workforce may not be a fit for all business models, hoteliers are undoubtedly benefiting. Maintaining revenues and efficiencies is critical. Hoteliers who opt to engage contractor taskforce companies such as SSP benefit from a timely solution, thereby allowing the property's talent management team to focus on identifying qualified, full-time senior management talent.



As Forbes notes,

By 2027, freelancers/contractors are expected to become the workforce majority based on the current growth rate, due to factors such as automation, freedom, flexibility and the ability to earn extra money.”⁷



Nearly 47% of hoteliers plan to hire the same amount of contractors as the previous year.

More than 43% of responding hoteliers shared that what they value most from the contractor workforce is the ability to quickly join the team.

74% of hoteliers want to bring in a contractor fast, and 56% can find them in less than two weeks.

Nearly 72% of hoteliers utilize a taskforce company to identify and hire contractors and more than 32% of contractors state they find work through taskforce companies.

Business leader Jia Wertz cites in Forbes.com the need for well-defined projects led by seasoned practitioners. “By embracing the gig economy today, companies of all sizes will be better positioned for the ebbs and flows of business tomorrow.”⁸

Nearly 88% of responding contractors have 10+ years’ experience in the hospitality industry, and more than 64% agree that contractors offer varied experience and unique perspective required for taskforce.

More than 44% have worked for different hotel brands.



METHODOLOGY: MAKING OF THE HOSPITALITY GIG ECONOMY STUDY

SSP and SearchWide Global conducted a study of the U.S. hospitality contractor environment between December 2018 and February 2019. The summary of the research findings is included within this report and is extracted from:



ONLINE SURVEYS:

Sent to over 1,000 contractors and hoteliers from proprietary and partner networks. Over 350 surveys with up to 19 questions each were completed, including 100 from hoteliers and 200 from contractors.

IN-DEPTH INTERVIEWS:

With senior leaders from small to large-sized hotels, as well as contractors with five to 25+ years' experience in the hotel industry.



WHO'S ENGAGING IN THE CONTRACTOR WORKFORCE ECONOMY?

CONTRACTORS



51%

FEMALE



47.4%

MALE

45%

55-65
YEARS OF AGE

26%

45-54
YEARS OF AGE

88% > 10+

OF CONTRACTORS HAVE 10+ YEARS OF EXPERIENCE



44%

HAVE WORKED FOR
MORE THAN 10 HOTELS



47%
ARE LOOKING TO
RETIRE AFTER THE
AGE OF 68



WHO'S ENGAGING IN THE CONTRACTOR WORKFORCE ECONOMY?

HOTELIERS

TYPES OF GIGS



HAVE 100-350 ROOMS



RECRUIT CONTRACTOR POSITIONS

REQUIRING YEARS OF EXPERIENCE



WHAT'S WORKING FOR THE CONTRACTORS AND HOTELIERS?

CONTRACTORS



FEEL APPRECIATED FOR

- 64% For their senior expertise
- 25% how fast they can join the team

VALUE MOST ABOUT THEIR OPPORTUNITIES

- 35% The base remuneration
- 30% The work/life balance

HOTELIERS



VALUE MOST

- 74% How fast they can join the team
- 12% The contractor's senior expertise

APPRECIATE

- 38% How they can hire in under 2 weeks' time
- 18% How they can hire in less than one week

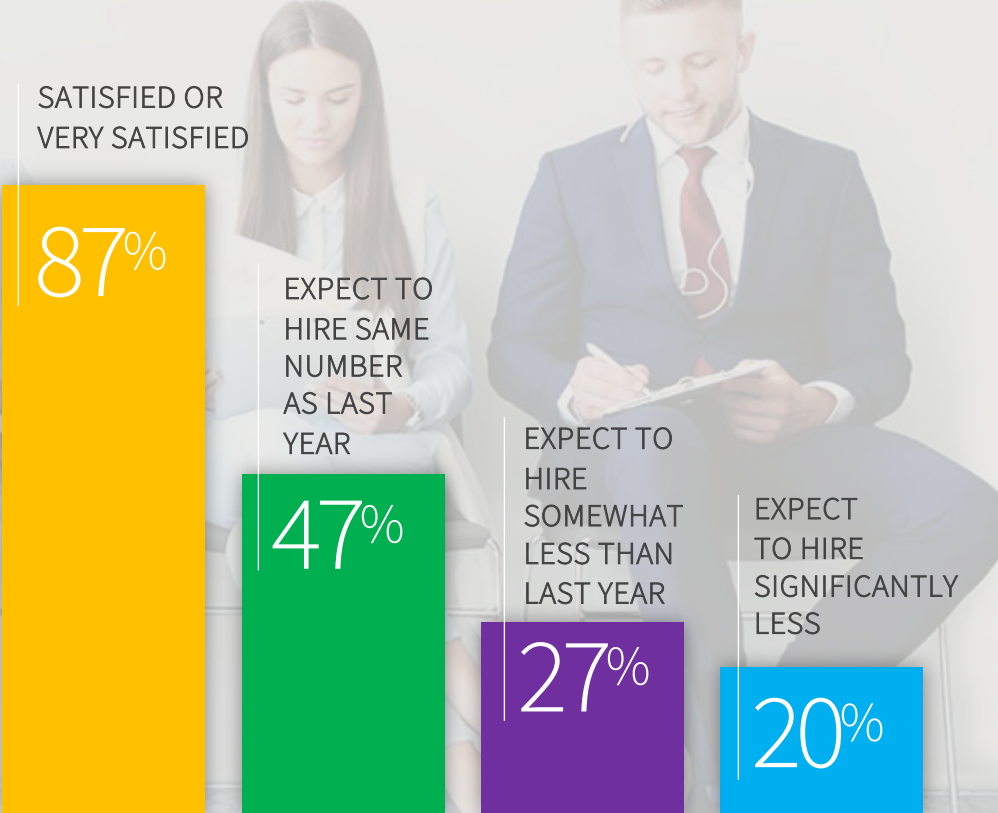


IS THE CONTRACTOR WORKFORCE ECONOMY WORKING?

CONTRACTORS



HOTELIERS



THE GIG ECONOMY IS BOOMING, AND THAT'S GOOD NEWS FOR HOTELS

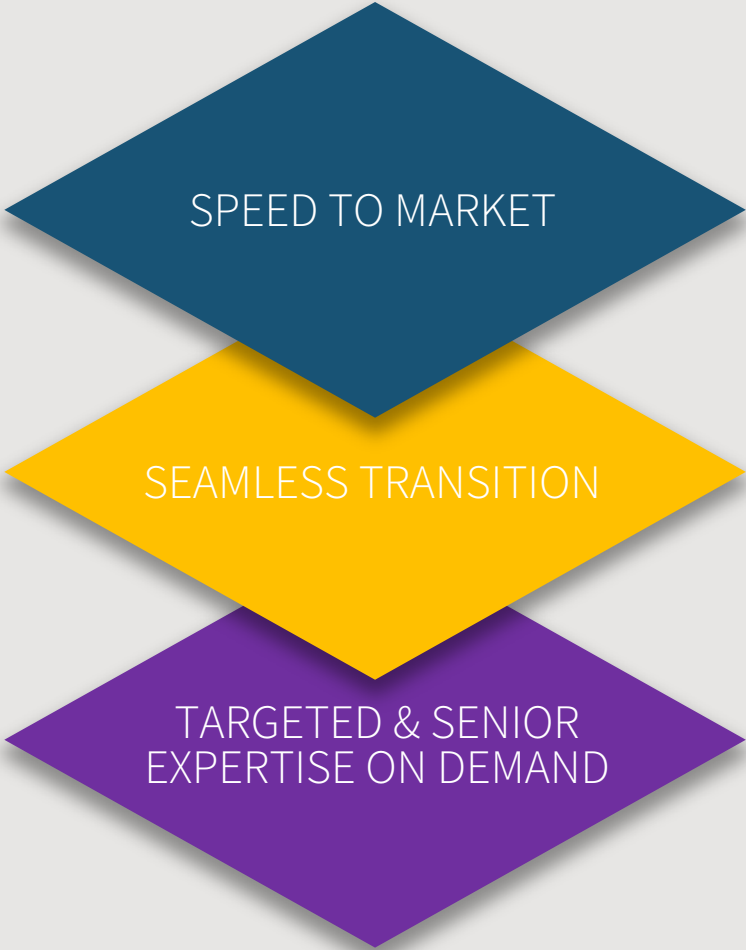
SUMMARY

Together, SSP and SearchWide Global help redefine how the hotel industry addresses the issue of identifying and securing qualified talent for senior management positions. Simply put, the contractor workforce economy works. Why?

The hotel industry is cyclical. 2019 marks a decade since the U.S. travel industry emerged from the depths of economic recession. The U.S. hotel industry has witnessed strong performance, and according to CBRE Hotels' Americas Research, a 10th year of consecutive growth is expected⁹. Yet the high-turnover nature of the business remains.

During this same period of time, the U.S. travel industry grew, the gig economy exploded, national employment approached full saturation, and the workforce aged and became more educated. Given this convergence of trends, it should come as no surprise that the travel industry faces a significant talent shortage¹⁰.

High-turnover. Talent shortage. Significant growth of the gig economy. For these reasons and more, the contractor workforce economy works.



SPEED TO MARKET

74% OF HOTELIERS WANT TO BRING IN A CONTRACTOR FAST
56% CAN FIND THEM IN LESS THAN TWO WEEKS

72% OF HOTELIERS UTILIZE A TASKFORCE COMPANY TO IDENTIFY AND HIRE CONTRACTORS

32% OF CONTRACTORS FIND WORK THROUGH TASKFORCE COMPANIES

88% OF RESPONDING CONTRACTORS HAVE 10+ YEARS' EXPERIENCE IN THE HOSPITALITY INDUSTRY

64% OF RESPONDING HOTELIERS AGREE THAT CONTRACTORS OFFER SENIOR EXPERTISE

“I got an urgent call one morning and had my conversation with the Director of Sales and Marketing (DOSM) and Director of Catering (DOC) in the afternoon. I started I guess 2-3 days after that.”

“The best experience I had was during the first year after acquisition of a new hotel. The person came in a month prior to the DOSM's <maternity leave> departure and did a one-on-one hand over. She got to meet the team in advance and be a part of the sales effort prior to the taskforce position starting.”

“I've brought in many contractors over the years and have had some excellent experiences. The best experience is a current one and we are actually in our second year with this contractor.”



SENIOR EXPERTISE

88% OF CONTRACTORS HAVE 10+ YEARS' EXPERIENCE IN THE HOSPITALITY INDUSTRY

MILLENNIALS ARE **NOT** THE MAJORITY

45% ARE AGES 55-65

26+ ARE AGES 45-54

10% ARE 65+

“The position was open for several months and this contractor hit the ground running...quickly embraced the property's sales pro system, target markets, existing data to solicit from and was diligent in their first week, setting up several sales appointments on the first day of duty, and secured over 1,400 definite room nights in a 6-week period.”

“The younger generation is looking for a more transactional and less personal interface way of doing their work. To go out and meet customers face to face is not in their DNA. Other than the RFP process being electronic, the way we book business in the Group and Catering markets has not changed since Mary and Joseph got walked to the Manger.”

“True sales professional who had many past experiences from which to draw. High level of integrity, work ethic and appropriately outspoken. Fairly unassuming nature – never about him, but about how to help the hotel and sales team progress – immaterial of ownership.”



SEAMLESS TRANSITION

43%

OF HOTELIERS VALUE THE
CONTRACTOR
WORKFORCE'S ABILITY TO
QUICKLY JOIN THE TEAM



I remember asking the DOSM what would make the assignment a success for her and she said her main goal was to make sure that the work continues on smoothly without interruption.”



Calmly approached the future with solid direction...he was a collaborator, a teacher, a planner, the consummate sales professional. He got it...understood what we were attempting to do, and helped us get there more rapidly.”



I think the best attribute is that she doesn't seem like a contractor. We actually have people in the company that didn't know she was a contractor and not an employee and were really surprised when they found out. She works with all of our team in a very seamless way.”



REFERENCES:

Wertz, “Why the gig economy can be essential to Business Growth,” (Forbes.com, January 23, 2018), <https://www.forbes.com/sites/jiawertz/2018/01/23/why-the-gig-economy-can-be-essential-to-business-growth/#3343ff182580>

² Morgan Stanley Research, “The Gig Economy Goes Global” (June 4, 2018) <https://www.morganstanley.com/ideas/freelance-economy>

³ Morgan Stanley Research, “The Gig Economy Goes Global” (June 4, 2018) <https://www.morganstanley.com/ideas/freelance-economy>

⁴ Upwork, Freelancers Union Today, “Freelancing in America” (October 31, 2018) <https://www.upwork.com/press/2018/10/31/freelancing-in-america-2018/>

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⁶ Wertz, “Why the gig economy can be essential to Business Growth,” (Forbes.com, January 23, 2018), <https://www.forbes.com/sites/jiawertz/2018/01/23/why-the-gig-economy-can-be-essential-to-business-growth/#3343ff182580>

⁷ Wertz, “Why the gig economy can be essential to Business Growth,” (Forbes.com, January 23, 2018), <https://www.forbes.com/sites/jiawertz/2018/01/23/why-the-gig-economy-can-be-essential-to-business-growth/#3343ff182580>

⁸ Wertz, “Why the gig economy can be essential to Business Growth,” (Forbes.com, January 23, 2018), <https://www.forbes.com/sites/jiawertz/2018/01/23/why-the-gig-economy-can-be-essential-to-business-growth/#3343ff182580>

⁹ CBRE Hotels, “Hotel Horizons 2018 Edition” (November 28, 2018) <http://www.cbrehotels.com/EN/Research/Pages/Economic-Outlook-Solid-for-2019.aspx>

¹⁰ Deloitte Center for Industry Insights, “2019 US Travel and Hospitality Outlook” <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/consumer-business/us-consumer-2019-us-travel-and-hospitality-outlook.pdf>



LOOKING TO THE FUTURE

SSP and SearchWide Global are able to fill management manpower gaps quickly and provide a comprehensive 360-degree perspective on the hospitality labor market, with SSP offering senior-level interim, or taskforce, talent while SearchWide recruits for permanent placements.

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For more information:

<https://www.strategicsolutionpartners.com/>

<https://searchwideglobal.com/>

