Banking on Bots and Booze in Hospitality

Summary

This case study presents the case of a robot staffed bar, The Tipsy Robot, on the Las Vegas Strip. This establishment is the first land-based bar equipped with the robotic arms by Makr Shakr that mix, stir, shake, and serve drinks. Customers send their orders to the robots via tablets installed throughout the bar. The unique technology installed in The Tipsy Robot allows customers to select or create their own drinks and receive them perfectly crafted with the machine precision in under 90 seconds, and stay entertained by the dance show and smooth moves of the robotic arms while waiting for and consuming drinks. The bar also features a photo booth that invites customers to take photos and share them with their social networks.

The case study links the use of Information Technology (IT) with gaining competitive advantage, and presents the benefits and drawbacks of robotization of the bar industry through these lens (Bilgihan et. al, 2011). The case discusses the impacts of robotic bartenders on customer service and experience: while providing precise execution of the orders and built-in entertainment, robotic bartenders may commodify the experience and leave customers lacking human attention and problem resolution. The issues of cost, duplication, and continued innovation are raised in the case study. The case concludes with stating the problem of sustaining the competitive advantage achieved through employing the innovative robotic technology.

Theoretical Underpinnings

The theoretical underpinnings of this case study are drawn from the literature linking the use of IT and the firm's competitive advantage (Ashrafi, & Mueller, 2015; Pavlou, & El Sawy, 2006; Piccoli, & Ives, 2005). The case is presented through the theoretical lens of the outcomes of achieving competitive advantage proposed by Bilgihan et al. (2011). More specifically, such outcomes include 1) Low cost; 2) Value added; 3) Speed; 4) Agility; 5) Innovation; 6) Customer service. Each outcome is provided with a definition and relevant facts that should be considered in each category.

Target Audience

The topic of this case study is useful for undergraduate students, particularly in capstone courses, and graduate students. This case may be employed across various hospitality courses. The discussions may be practically utilized in strategic management and feasibility studies, but the topic and discussions may also prove useful in IT related courses, human resources management courses, food and beverage management course, and marketing courses.

Strategic management: The case study is applicable and useful for strategic management courses as it concentrates on the firm's ability to achieve and sustain an IT-enabled competitive advantage.

Information technology: The case study may be introduced in the Hospitality Information Technology courses to familiarize students with the current technology-related issues in the bar industry. The case study touches on the use of different technologies, e.g., robotics, tableside ordering, and social media, that are among the important technology trends in the hospitality industry.

Human resources management: The case study is suitable to HR courses as it introduces students to the idea, benefits and challenges of employing robotic rather than human staff in the bar industry.

Food and beverage management: The case study demonstrates a good fit for food and beverage management courses as it provides the foundations for discussing the operational changes, improvements, and challenges made possible by robotizations of bars. The case study also discussed the impact of such automation on the customer experience.

Marketing: The case study may be used in marketing courses to provide an applied case of conducting a SWOT analysis and developing a new technology-enhanced concept of a robotic bar.

Learning Outcomes

This case study examines the competitive advantage gained by a bar utilizing robotic bartenders. By the end of this lesson, the student should be able to:

- Define a concept of a robot.
- List segments of the hospitality industry impacted by robotization.
- Identify major areas of customer experience and operations impacted by employment of robots.
- Discuss major benefits and challenges of employing robots in the bar industry.
- Explain the link between the use of IT and obtaining a competitive advantage.
- Analyze company's success in achieving an IT-enabled competitive advantage.
- Create a plan for sustaining a competitive advantage achieved from employing robots.

Lesson Plan

Prior to the lessons, students will be asked to read this case study along with supplementary materials. Students will also be asked to have a general understanding of The Tipsy Robot bar concept and be able to discuss the following topics pertaining to the case: 1) Low cost;

2) Value added; 3) Speed; 4) Agility; 5) Innovation; and 6) Customer service. Due to the complexity of the topic, it is suggested that a class discussion be devoted to each of the six areas pertaining to the case.

The overall approach to using this case study may be organized in the following steps:

- Students read the case study and submit a draft of the SWOT analysis in bullet point format before coming to class.
- Class starts with the case summary and continues with group presentations followed by the discussion.
- Students submit the final SWOT analysis and strategy paper.

Understanding and Class Readiness Check

To assess understanding, a written assignment should be employed in which the students explain the company's success in utilizing robotic bartenders and creating a SWOT analysis to determine the sustainability of the competitive advantage of The Tipsy Robot bar. This written assignment should be submitted before coming to the class session where a case will be discussed. The main purpose of this assignment is to make sure that students read and understand the case study, as well as to encourage student thinking in the framework of the SWOT analysis. This preliminary SWOT should be submitted in bullet-point format. The ideas developed by each student/group at this stage will serve as starting points for the in-class discussion. The course instructor may choose to assign this assignment individually or in groups.

Case Discussion

The class should be divided into assigned or self-selected groups. Each group should be responsible for reporting to the class in an oral presentation on one of the six topics (either assigned, or self-selected in a first come first serve or lottery basis). The presentation should take half of the class meeting time, and the rest of the time should be devoted to in class discussion on that topic.

A group presentation on the assigned topic. This presentation should employ appropriate organization, language, delivery, supporting materials, and central message to present their assessment of the ways in which The Tipsy Robot may or may not compete with robotless businesses, demonstrating effective oral communication skills.

Class Discussion. Each group will be leading discussion on one of the six topics assigned, but should be ready to participate in the case discussion on all topics. They should be prepared with additional questions for the presenters and should be able to generate informed discussions on the strengths and weaknesses of implementing and utilizing the technology, as well as discuss the opportunities and threats for the Tipsy Robot establishment. Specifically, the class may be asked the following:

1. Discuss the major benefits and challenges of employing robots in the bar industry based on the information presented and the additional material you have read.
2. Explain the link between the use of IT and obtaining a competitive advantage in the hospitality industry.

Final Paper

A final group paper using a SWOT analysis and outlining the strategy for The Tipsy Robot bar to maintain its competitive advantage should be submitted after the group presentations and in class discussion of the case. The instructor should establish the deadline based on the course timeline, and provide students with sufficient time to think about the case and incorporate all thoughts presented by fellow classmates and the instructor. This paper will be assessed using the six traits of writing (conventions, ideas, word choice, organization, voice and sentence fluency).

Assessment

See neext page

Additional Materials

Readings:

Bowen, J., & Morosan, C. (2018). Beware hospitality industry: the robots are coming. Worldwide Hospitality and Tourism Themes, 10(6), 726-733.

Craft. A., (2017, July 7). Robot bartenders are whipping up cocktails on the Vegas strip. Fox News. Retrieved on April 11, 2019 from https://www.foxnews.com/tech/robot-bartenders-are-whipping-up-cocktails-on-the-vegas-strip

Jones, J. (2017, July 4). In Las Vegas, these bartenders are complete robots, and that's the fun of this new bar. Los Angeles Times. Retrieved on April 11, 2019 from https://www.latimes.com/travel/la-tr-vegas-tipsy-robot-bar-20170704-story.html

Ivanov, S., Webster, C. & Berezina, K. (2017). Adoption of robots and service automation by tourism and hospitality companies. Revista Turismo & Desenvolvimento, 27/28, 1501-1517.

Kamping-Carder, L. (2018, July 19). Robots are ready to shake (and stir) up bars. The Wall Street Journal. Retrieved on April 12, 2019 from https://www.wsj.com/articles/robots-are-ready-to-shake-and-stir-up-bars-1532008707

Websites:

http://thetipsyrobot.com

http://thetipsyrobot.com/fox-news-tech/

https://www.makrshakr.com/makr-shakr-Toni/

References

Ashrafi, R., & Mueller, J. (2015). Delineating IT resources and capabilities to obtain competitive advantage and improve firm performance. Information Systems Management, 32(1), 15-38.

Pavlou, P. A., & El Sawy, O. A. (2006). From IT leveraging competence to competitive advantage in turbulent environments: The case of new product development. Information Systems Research, 17(3), 198-227.

Piccoli, G., & Ives, B. (2005). IT-dependent strategic initiatives and sustained competitive advantage: a review and synthesis of the literature. MIS quarterly, 29(4), 747-776.

Assessment

#	Learning Outcomes	Learning Activities	Assessment
1	Define a concept of a robot.	Reading the Case study Reading additional materials In-class discussion	Exam question; Written paper/Component of SWOT analysis and strategy paper
2	List segments of the hospitality industry impacted by robotization.		
3	Identify major areas of customer experience and operations impacted by employment of robots.	Reading the Case study Reading additional materials Group Presentation In-class discussion Preparing a SWOT analysis and strategy paper	Exam question; Group Presentation; Written paper/Component of SWOT analysis and strategy paper
4	Discuss major benefits and challenges of employing robots in the bar industry.		Exam question; Group Presentation; Written paper: SWOT analysis and strategy paper
5	Explain the link between the use of IT and obtaining a competitive advantage.		
6	Analyze company's success in achieving an IT-enabled competitive advantage.		Group Presentation; Written paper: SWOT analysis and strategy paper
7	Create a plan for sustaining a competitive advantage achieved from employing robots.		