

Hospitality Directions US

Spotlight on connected devices



At a glance

Foster customer loyalty by providing connected guests with offers they can't turn down.





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—Christopher Nassetta, CEO of Hilton Worldwide, Inc.

75%

Almost 75 percent of consumers are willing to share some personal information if they get something in return, such as personalized, location-specific information on restaurants, theaters, shops, and cultural events

Today's nice-to-have tech options will soon be tomorrow's need-to-have necessities in the hypercompetitive hospitality environment—one in which the sharing economy has seen explosive growth as it muscles its way into this sector.

With 75 percent of mobile users using smartphones by the end of 2014, hotel operators are well advised to take advantage of the benefits they can provide these digitally savvy, connected guests.¹ Those who don't will cede valuable ground not only to traditional competitors, but also to new entrants with more flexible standards.

Some services, such as making a room reservation from your mobile device, are already available, with more to come shortly: In a survey of asset managers representing 3,500 hotels and resorts, two-thirds said mobile check-in will likely be the norm by 2017.²

Looking ahead to the room of the future

Hotels can do much more to enhance the seamless experience for their connected guests, allowing them to use their mobile devices to: select a particular room, request a particular check-in

time, preset temperature in the room, specify an extra pillow or blanket, enter the parking garage, unlock the door to the room, stream music or video from mobile devices through the in-room TV, check menus at the hotel's restaurants and make reservations, reserve and purchase preferred services from local retailers, order drinks poolside, book a spa treatment, reserve car service to the airport, and eventually check out—all via a single app on a mobile device.

Digitally connecting the hotel's associates to each other and to guests results in a more enjoyable, efficient guest experience. While many hotels have implemented various elements of this "room of the future" concept, the next step will enable more personalized experiences through improved tracking of customer preferences—which hotel guests provide each time they tap their mobile devices.

For example, a hotel can anticipate and fulfill a guest's needs based on past behavior—if a guest typically orders a particular drink poolside, why not have that drink ready and waiting when the guest enters the pool area? Easy enough to do with location tracking property-wide—with guest permission.³

An experience the guest will remember

“Technology is changing so quickly and is relevant to so many different aspects of our business,” said Marriott International, Inc. President and CEO Arne M. Sorenson. “Until very recently, once a guest came into our hotel, the only technology that was important was the television or entertainment system in the room and then how they used their own technology to communicate with others outside the hotel.”

He continued, “Increasingly, it is how we use that technology to communicate with our guests when they’re in the hotel. How do we use the technology to service them, whether it’s ordering room service, special pillows for their beds, getting something delivered by the pool, marketing to them, resolving their complaints before they’ve left the hotel. All of those things create a need for technology, which is much more significant than what we’ve had in the past. We want to give you an experience so that when you leave, you remember something about it.”⁴

A few main drivers necessitate that hotel operators adapt quickly and develop plans to cater to connected guests: internal organization alignment, incremental revenue streams, and guest loyalty. Developing a well-defined mobile strategy allows alignment of business and IT to power growth. Connected guests are loyal guests, thanks to the convenience of one-touch access. Mobile devices represent an opportunity for hotels to increase loyalty and enhance value of the overall guest experience, which may in turn drive up revenue per available room (RevPAR) through increased occupancy and/or higher room rates. More personalized and connected experiences, through mobile devices also opens opportunities for hotels to offer additional food and beverage, and other services, driving incremental revenue streams.

Technology



+

Human interaction



=

Winning combination



Christopher Nassetta, CEO of Hilton Worldwide, Inc. spoke to PwC for the 18th Annual Global CEO Survey⁵

We’re a business of people serving people. It is a human business that involves a lot of human interaction and we don’t want to take that out. What we want to do is take the elements that are simpler, and where we can be more efficient, we want to make those very easy and comfortable and fun for people, to allow for the people in the hotels to interact in a way that is driving a customized experience while they are staying with us.

We’ll be able to talk to you real-time about your preferences and customize your experience while you’re with us. You’ll be able to essentially interact with us in a way that is consistent with the way you’re managing a lot of the rest of your life.

We have been on a journey to give our customers unprecedented levels of choice and control in the palm of their hand. Today we have eCheck-In. You can go on a map and select a room. Starting next year, we’ll have ‘straight to room’ so you don’t need to stop at a desk and use a key. Your personal digital device will open the room. You’ll be able to select on-property amenities, choose whatever you want.

Rebuild it and they will come

We’ve made huge investments in this. We’re rolling these things out across the world, and I believe these will revolutionize the way we interact with customers. The conversion rate is huge from those that get an email saying check-in is available digitally. Satisfaction is off the charts.

We had to rebuild the back-end systems in order to be able to operate the company the way we wanted to, and, in so doing, we were able to create a platform that also allowed us to innovate at scale in ways that we wouldn’t have been able to.

If we didn’t rebuild it, would what we’re doing now be as easy? The answer is no. We would be like others, where we’d have more of a patchwork quilt of back-end systems. But because we had the necessity, we had to sort of blow up the entire infrastructure and start over. And now, we’ve skipped a couple of generations. We’re in a good place.

By translating their deeper knowledge of and connection with each guest into personalized offers, hotels can boost “stickiness” and cement customer loyalty as switching costs become more prohibitive. Thus, digital connectivity can foster long-term loyalty—which drives increased revenue.

What is your mobile strategy?



Hotels can begin formulating their mobile strategy to do the following:

Deepen their knowledge of customer preferences by tracking guests during every touch point—from the moment they plan a visit, throughout their stay on a property, and until checkout. Based on that data, offer incentives for future visits such as a rebate for a particular service or discounted room rates at certain times of year.

Even before guests actually arrive at the property, they receive a notification on their mobile device that reads something like this: *Your room, 569, is now ready for check-in. Per your preferences, it is set to 71 degrees, includes an extra blanket, and is near an elevator. A copy of the The Daily Gazette will be delivered every morning during your stay.*

When the guest arrives at the front desk, the system at the property automatically pulls up the guest profile, allowing the front desk to log customized preferences, events the guest is attending at the hotel, special requests, and additional comments that ensure a comfortable stay.

Tap into guest preferences while they're at a property to enable more efficient, personalized operations. For example, hotels can anticipate their guests' drink preferences or provide extra bed linens, based on previous behavior and selections.

While in the room, a guest can browse complimentary amenities and make requests from the in-room tablet. The requests are assigned immediately and the guest sees an online progress bar of the average wait time to fulfill each one. Any time a guest makes a special request, that preference is added to his

or her profile. Once the request is filled, the guest can rate the service, providing feedback to the associate in real time. In other areas of the hotel, the guest has the option to use his or her own connected device. Any time the guest has a special request, staff can acknowledge the request in real time from their connected mobile devices. And, because the guest has enabled GPS tracking, a request that requires locating the guest is no longer an issue, especially at a large resort property.

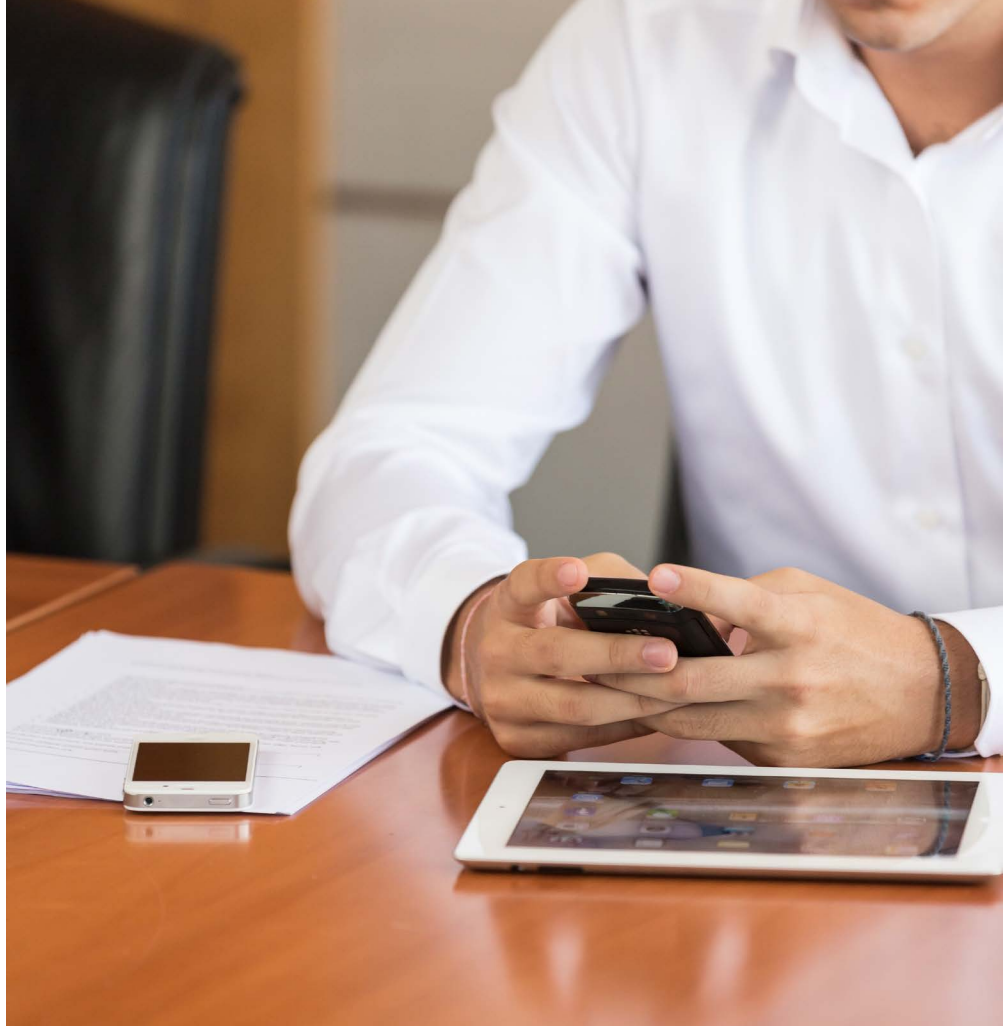
Combine social listening with customer-tracking data for customer insights before, during, and after their stay. Social media offers deep insights into customer behavior—from the minute a customer thinks about travel and asks for recommendations on social media, to his or her comments and photographs on social media both during and after the stay.

Social listening—tracking, monitoring, managing, and responding to comments on social media sites—offers hotels an unprecedented opportunity to engage with customers, as well as a goldmine of data that can be analyzed to better respond to guest preferences and foster ongoing loyalty.

Address privacy and security issues

of concern to customers. Almost 75 percent of consumers are willing to share some personal information if they get something in return, such as personalized, location-specific information on restaurants, theaters, shops, and cultural events.⁶ However, they also need assurance about how their information will be used. And it's a fine line: 20 percent of travelers will exit an app rather than provide personal information, such as employment or automatic geolocation.⁷

Management will need to continue to maintain customer trust while moving to mobile-enabled benefits such as keyless entry. Mobile keys, transmitted using secure encrypted technology are thoroughly tested by an independent third party to expose vulnerabilities. Keyless entry allows hotels to offer tired travelers the kind of convenience that is as easy as opening their own front door—thus skipping the long line at the front desk after long lines at airports or sitting in traffic in a car.



Technology is changing so quickly and is relevant to so many different aspects of our business.

—Arne M. Sorenson, President and CEO, Marriott International, Inc.

Hotel management must earn guests' trust by demonstrating that the information they gather will actually benefit their guests—for example, faster response times for special requests or more convenient check-in and check-out. In cases where guests have specific concerns about their stay, personal information—combined with attentive, responsive associates—can make the difference in assuring future loyalty.

The new generation of traveler expects increasingly personalized experiences via mobile devices. Technology offers that personalization by providing a timely, convenient bridge to augment communication between people—both associates and guests.

Brands that provide a consistently superior experience by leveraging their guests' mobile connectivity are not only able to remain relevant, they can also strengthen guest loyalty, motivate return visits, increase average daily rate (ADR), and drive incremental hotel revenue.

Contacts

For more on *Hospitality Directions US*, please contact:

Scott D. Berman

Principal and US Industry Leader,
Hospitality & Leisure
305 375 6210

Warren Marr

Managing Director, Hospitality & Leisure
267 330 3062

Abhishek Jain

Director, Hospitality & Leisure
646 471 2016

Address all inquiries to:
contact.hospitality@us.pwc.com

For a deeper discussion about this topic, please contact:

Adam Kennedy

Partner, Advisory Hospitality &
Leisure Leader
adam.kennedy@us.pwc.com
703 918 3645

Jennie Blumenthal

Principal, Advisory Hospitality & Leisure
jennie.blumenthal@us.pwc.com
202 729 1621

Mark Prentice

Director, Advisory Hospitality & Leisure
mark.a.prentice@us.pwc.com
703 918 3329

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5 PwC, *18th Annual Global CEO Survey*, 2015.

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