

EXTRACT FROM HOTELS 2020

Risk and reward: *putting mobile personalisation at the heart of the hotel experience*





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Smart mobile devices present a major opportunity for hotels to personalise the customer experience. Yet the sector is lagging behind other industries, many of which are already using mobile technology to provide accessible, customised and relevant customer services. Hotel companies that can deliver effective mobile-centric personalisation will become brands of choice for the guests of 2020.

Smartphones today are ever-present, but their rate of adoption remains surprising. Although in existence since the 1990s, the market took off after Apple launched the iPhone in 2007. Just seven years later, there were 1.75 billion smartphones in circulation¹. Hoteliers can assume that most guests have a smartphone or similar device – and that the ones who don't will get one soon.



46%

of millennials agree that being able to check in/out using a mobile device would motivate them to return²

Between now and 2020, hoteliers will have to use mobile to engage with their customers. In particular, they must consider apps to personalise the guest experience – from choosing rooms to specifying lighting and temperature levels. Some hotels are already making progress. Holiday Inn teamed up with Samsung during the London 2012 Olympics to enable guests to control their rooms' TV, air conditioning and lights with their smartphones³. While various other hotels are rolling out apps to let guests use their phones to open their room doors.

¹ 'Smartphone users worldwide will total 1.75 billion in 2014,' eMarketer, 16 January 2014

² 'Creating 'moments of trust': the key to building successful brand relationships in the kinship economy,' InterContinental Hotels Group, 2014

³ 'The new kinship economy: From travel experiences to travel relationships,' InterContinental Hotels Group, 2012



Apps are just one side of the story, though. Hotels can mine insights from the customer data that smartphones generate to enhance their services. And, as digital-native millennials become the dominant consumer group in the marketplace, set to outspend baby boomers on hotels by 2017⁴, the pressure on hotels to exploit the platform will intensify.

Playing catch up

But are hotels behind the curve when it comes to exploiting mobile technologies? Steven Perkins, global leader of technology at Grant Thornton believes so. “The biggest hotel brands may have announced mobile strategies,” he says, “but they are doing so far later than leaders in consumer packaged goods, personal banking and transport. Many are still focused on developing their websites, whereas the guests of 2020 will search, price-compare, book, and check-in through apps on their mobiles.”

We believe the hotels that build mobile-first strategies will gain a significant competitive advantage. But they should remember that this opportunity does not come without risk.

“Definitely mobile is the future, if not the present.”

Enrique Sarasola, co-founder of BeMate.com, a Spanish online platform for hybrid accommodation offerings.

Mass personalisation in practice

“Hotels need to understand where and how they can deploy mobile technologies to deliver the personalisation that consumers expect,” says Erik Janse, information technology services partner at ConQuaestor Grant Thornton in the Netherlands. The obvious starting point is user-friendly apps that enable mobile check-in and room selection. This will be especially important for commercial bookers and business travellers making brief visits to a location.

“Long queues at reception, checking in, typing in of stuff on the terminals – people will not have any patience with that approach in 2020,” agrees Dr Ian Pearson, a futurologist.

Many global chains are already responding. “We have apps that allow guests to input preferences about room temperature or what type of bed they need,” explains Régis Kahn, director of strategy and e-commerce at InterContinental Hotels Group (IHG). “And now, when a guest passes a restaurant or retail outlet, a promotional offer or video can be delivered to them directly through our mobile app, too.”

In the future, hotels will need to use mobile to personalise not just the immediate hotel environment, but also guests’ overall experience of the destination. IHG has created a Concierge Insider Guides app, to provide local insights for guests. And the Ritz-Carlton app, launched in 2014, provides concierge services such as booking reservations, local city guides, and special offers⁵.

“Making a stay more local – this is something hotels are going to do a lot. They’ll have an app that includes information about the coolest local places to go, so you can try and localise your stay,” asserts Jeff Weinstein, editor-in-chief of Hotels Magazine.

Hotels could potentially use such an app to strengthen their connection with the local community and to compete with the ‘authentic’ experiences offered by rivals such as Airbnb. To do this, they may need to connect their mobile channels with external partners. “The goal is collaboration between next-gen travellers, travel providers and retailers to co-create highly customised travel plans tailored by taste and preference,” says a spokesperson on behalf of Amadeus’ Hotels Management group. For example, Hyatt recently integrated with Uber, to allow guests to call Uber cars from within their app⁶. In the future, some external partners could simply be local hosts adopting the home-away from-home aspect of the sharing economy.

4 ‘How millennials will change travel by 2020,’ Hotel News Now, January 2015

5 ‘5 hotel brands with useful mobile apps,’ Digiday, July 2013

6 ‘Hyatt hotels app integrates with Uber,’ Hyatt, 2014

7 ‘Hotels – UK,’ Mintel Group Ltd, October 2014

28%

of smartphone or tablet owners used a mobile device to research their last hotel stay⁷

Mobile will also be crucial for hotels to better serve rising numbers of guests originating from emerging markets. In 2013, 97 million Chinese tourists travelled abroad; by 2020, this will more than double to over 200 million⁸. Hotels cannot afford to ignore this trend, and will need to tailor their services accordingly. The Conrad Concierge mobile app already allows guests to choose Chinese TV channels, minibar foods and other amenities in Mandarin on their mobile before they arrive⁹. By 2020, more and more travellers will expect such services, as well as other apps that break cultural and language barriers. Google and Microsoft both recently released trial versions of apps that allow for live human language translation. These will be widely in use within a few years.

Finding the personal-digital sweet-spot

As well as opportunities, mobile brings risks. Firstly, many leading hotels focus on providing a personal care service to seem more welcoming and to differentiate their brands. If guests are expected to use their smartphone to manage their own stay, much of this differentiation is lost. “I call it the ‘care economy’. And, as technology

becomes more sophisticated, it forces us to focus on the personal interaction side and that becomes a differentiator,” says Dr Pearson.

Michael Dominguez, senior vice president for hotel sales at MGM Resorts International, says that the business community will continue to demand a strong emphasis on face-to-face interaction. “If a third party is booking a hotel on behalf of a business executive, they want to build that trust through a direct relationship,” he says.

Another risk is that personalisation is heavily reliant upon consumers sharing their data. The European Commission is pushing for stricter regulation of personal data use¹⁰, and hoteliers will be reading the headlines about data breaches and hacking losses with concern. Already, a hotel management company has admitted data breaches at 14 branded hotels¹¹. To become recognised as secure custodians of data, hotels will need to rethink their risk management, ensuring oversight across the organisation. For those that get it right, there is an opportunity to show real value to guests.



Act now to welcome 2020

Worldwide, we are seeing consumer demands evolving as rapidly as mobile technology itself. We believe that hotels must act now to differentiate themselves, making a reality of mass personalisation to surprise and delight guests. But there are important balances to be struck.

As they invest more in mobile, hotels must understand risks around de-humanising the hotel experience and data security. Getting this right will involve working more closely with guests and consumers over the next few years to establish where mobile truly adds value.

Adrian Richards

National leader hospitality and tourism, Grant Thornton UK

⁸ 'Chinese outbound tourist numbers to double by 2020,' China Briefing, 21 January 2014

⁹ 'Western hotels cater to Chinese, now the biggest travel spenders,' The Seattle Times, November 2013

¹⁰ 'Reform of data protection legislation,' European Commission, September 2014

¹¹ 'Hotel franchise firm White Lodging investigates breach,' Krebs on Security, 31 January 2014

“The goal is collaboration between next-gen travellers, travel providers and retailers to co-create highly customised travel plans tailored by taste and preference.”

Spokesperson on behalf of Amadeus' Hotels Management Group



Five personalisation questions for hotels

- 1 Where will your guests most value human interaction before, during and after each stay and in what areas will they simply be looking for speed and convenience? How will this balance differ by customer segment?
- 2 Where can you start building out the functionality of your mobile offerings to deliver more personalised services?
- 3 What emerging technologies, such as wearables, will likely play a key role in your future services? How are you keeping abreast of the latest technology trends?
- 4 Are you communicating clearly how you would like to use customers' personal data? How do you plan to modify this over the next few years?
- 5 Do you have robust processes in place to mitigate against cyber-risk? How will you modify these over time to keep up with the hackers?



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