

HOTEL Yearbook 2014

FORESIGHT AND INNOVATION IN THE GLOBAL HOTEL INDUSTRY

SPECIAL
EDITION ON

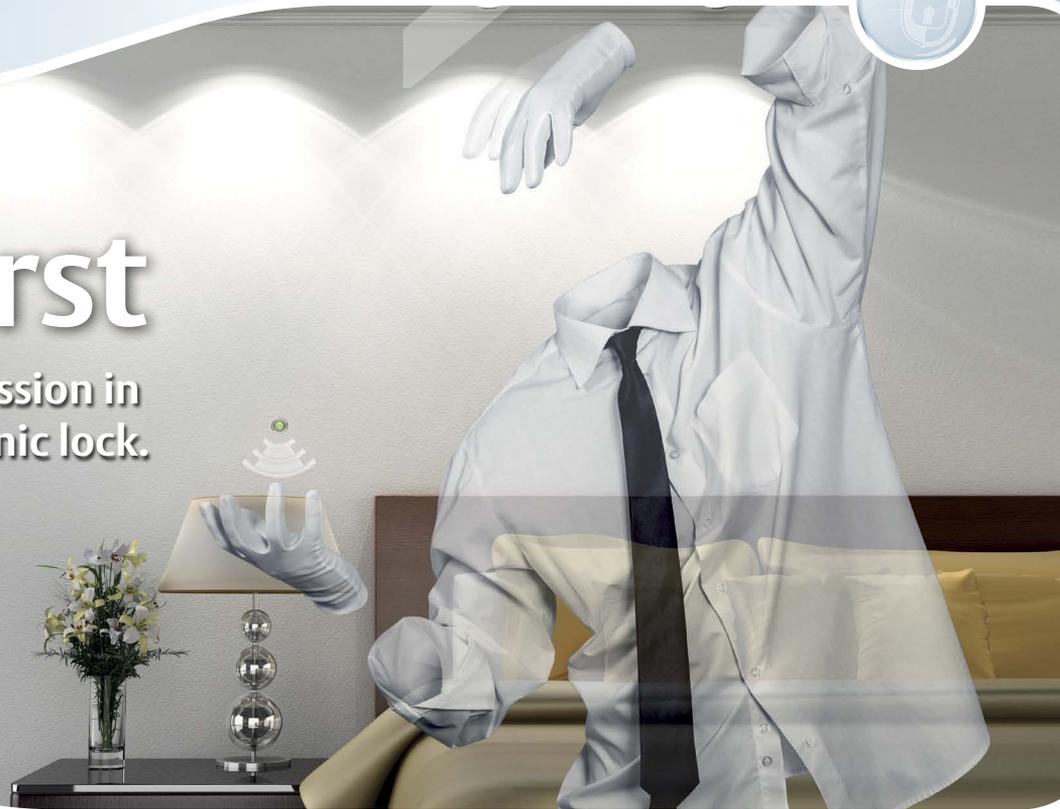
TECHNOLOGY





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WELCOME

Dear readers,

Welcome to The Hotel Yearbook 2014 – Technology, the first-ever special edition we have published as a separate publication.

This is a big step for us, and just the beginning of an ambitious program to expand the coverage - and reach - of our editorial offering. In the next few months, keep an eye out for special editions focused on digital marketing, new hotel concepts, and managing talent in the hospitality industry. And of course, at the end of the year we will be coming out, as always, with the annual edition of The Hotel Yearbook.

All this is in keeping with our refocused mission, which is to bring you expert opinion and privileged insights on **foresight and innovation in the global hotel industry**. As it has been since we started The Hotel Yearbook in 2007, our outlook firmly remains forward-looking: what's ahead for our industry?

To make this expansion possible, The Hotel Yearbook has teamed up with two powerful and generous partners. **HFTP** has been a patron of the publication in the past, and with the advent now of a specialized edition looking exclusively at one of their key bailiwicks, technology, our collaboration has become even closer. A special thanks goes to HFTP's CEO Frank Wolfe for his excellent support.

Our other partner is **Hsyndicate**, whose reach within the industry and close connections with opinion leaders and senior decision makers worldwide enable us to tap into a very rich vein of the hotel industry's best thinkers, doers and visionaries. Henri Roelings, the founder of Hsyndicate, has already become a vital partner in this new, wider concept, and I'd like to thank him for his enthusiasm, ideas and energy.

Wishing you a thought-provoking read!

Woody Wade | Publisher HOTEL Yearbook





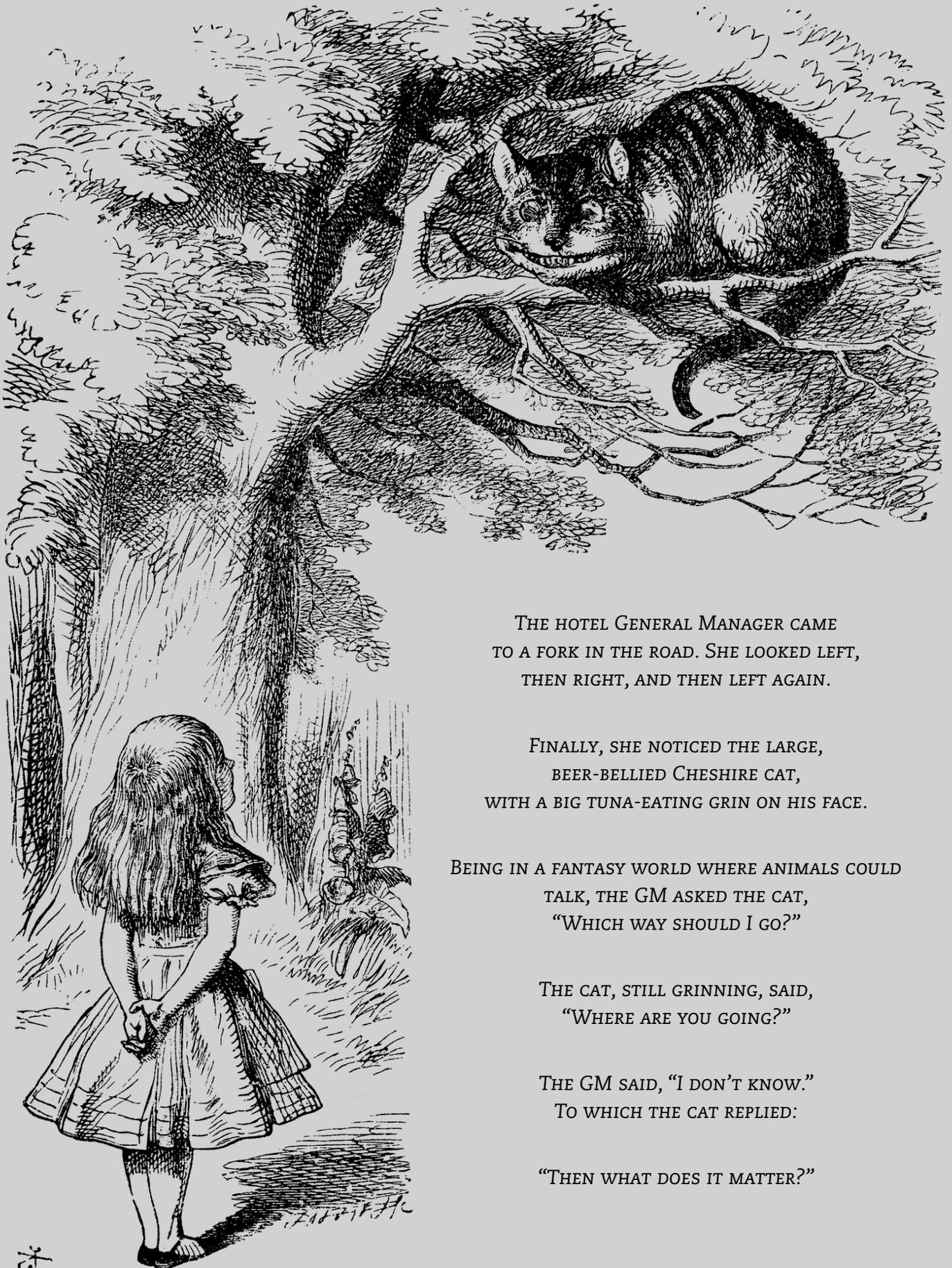
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THE HOTEL GENERAL MANAGER CAME
TO A FORK IN THE ROAD. SHE LOOKED LEFT,
THEN RIGHT, AND THEN LEFT AGAIN.

FINALLY, SHE NOTICED THE LARGE,
BEER-BELLIED CHESHIRE CAT,
WITH A BIG TUNA-EATING GRIN ON HIS FACE.

BEING IN A FANTASY WORLD WHERE ANIMALS COULD
TALK, THE GM ASKED THE CAT,
"WHICH WAY SHOULD I GO?"

THE CAT, STILL GRINNING, SAID,
"WHERE ARE YOU GOING?"

THE GM SAID, "I DON'T KNOW."
TO WHICH THE CAT REPLIED:

"THEN WHAT DOES IT MATTER?"

The HFTP (Hospitality Financial and Technology Professionals) and its visionary CEO Frank I. Wolfe have been active supporters of The Hotel Yearbook since the publication's initial edition came out in 2007. With the launch of this, our first Special Edition on Technology, we could think of no better partners to accompany us than Frank and the HFTP, and we are proud that the organization once again agreed to put its excellent name on our cover. Herewith are Frank's scene-setting remarks as we kick off this edition devoted to the dynamic field of hotel technology.



Where are you going?

The story on the left is a terrific illustration of the direction that hospitality technology is drifting in today's world. We have to figure out things like, should we continue to put a traditional handset phone in a room? How much is the correct amount to charge for "high speed" Internet? Should "low speed" Internet be free? Is the guest going to expect the hotel to provide something he can use to change channels on the monitor in the room, or will everyone soon be bringing his own device? Will CIO's lose the ROI battle with the corporate office, or will they convince them that sources like HITEC, Hospitality Financial and Technology Professionals (HFTP), Hsyndicate and The Hotel Yearbook are correct when they publish that good hospitality technology is as important to a guest as electricity, water, and a comfortable bed?

After spending more than 25 years in this industry, I still don't think we can agree on the answer to the cat's question, "Where are you going?" Although that may be bad for the industry, it does mean job security for organizations whose currency is information and education. So let me thank the industry for being so indecisive!

It is because of this need for education and knowledge-sharing that HFTP decided to assist with the first-ever Special Edition of The Hotel Yearbook on Hospitality Technology! This marks the seventh time that HFTP and our members have collaborated with The Hotel Yearbook to publish information that will be an educational resource developed to help all managers, regardless of their industry positions, understand how our industry will be challenged in the near future.

This Special Edition contains lots of good content and thought-provoking ideas. As a reader, you might find some things here that you are disagree with. If that is the case, we have been successful in one aspect of our mission: challenging the industry. Our goal in publishing information like the articles that follow is not to be right, wrong or indifferent. It is to make our stakeholders think about the possibilities, to see how the information provided could have an impact, and to consider the ramifications for the stakeholders involved if these ideas are heeded – or ignored.

As the CEO of HFTP, I want to personally thank The Hotel Yearbook team, our members, the authors who volunteered their personal time, the HFTP staff and our industry suppliers, whose valuable support and financial contributions make this publication possible. One of the great rewards of being involved in the hospitality industry is that it's not a job, but truly a way of life. Please know that this publication is intended to be a gift of information to enhance your career, even if it is just a small enhancement.



Our commitment to you is that we promise we will do our best to keep you challenged. Happy reading!

Frank I. Wolfe, CAE

Publication Partners

HFTP

HFTP, Austin, Texas, USA and Maastricht, The Netherlands, founded in 1952, is the global professional association for financial and technology personnel working in hotels, clubs and other hospitality-related businesses. HFTP provides first class educational opportunities, research, and publications to more than 4,800 members globally including, the premiere hospitality technology conference HITEC--founded in 1972. HFTP also awards the only hospitality specific certifications for accounting and technology --- the Certified Hospitality Accountant Executive (CHAE) and the Certified Hospitality Technology Professional (CHTP) designations. HFTP was founded in the USA as the National Association of Hotel Accountants.

➔ www.hftp.org



HSYNDICATE

With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality... channels of ever increasing importance which are difficult to reach through classic wire services like PRnewswire or BusinessWire. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.

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VINGCARD

Since introducing the world's first electronic hotel door lock and first electronic in-room safe in 1979, VingCard Elsafe has installed products in more than 42,000 properties worldwide, securing in excess of 7 million hotel rooms. Today, their comprehensive product line is comprised of VingCard electronic locking solutions, Elsafe in-room safes, Orion energy management systems, and PolarBar minibars. VingCard Elsafe leads the industry in advanced locking technologies, including NFC, RFID/RF-Online and ZigBee-based networking solutions, and offers the only UL-listed electronic hotel safe on the market. With an extensive worldwide service and support network, VingCard Elsafe provides continuous support to its clients around the globe. VingCard Elsafe is part of ASSA ABLOY Hospitality, the world's leading provider of hotel locking solutions. ASSA ABLOY is a publicly listed Swedish company traded on the Stockholm Stock Exchange.

➔ www.vingcardelsafe.com



WADE & COMPANY

We all know that the future will be different, but how will it be different? For companies in the hospitality industry, Wade & Co. uses scenario generation to get at the answer to that question – in strategic workshops, team-building exercises, and conference presentations the world over. As a specialist in business foresight, Wade focuses on visualizing how the future “business landscape” could realistically change, ushering in new kinds of customers and competitors, creating new opportunities, and affecting your chances of success. Heading the company is Woody Wade, who is also the founder and publisher of the Hotel Yearbook.

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Editorial Board

The Hotel Yearbook would like to thank these four outstanding thinkers for helping us conceive and implement this first-ever special edition on technology. Their guidance was invaluable.

Frank I. Wolfe, CAE is CEO of Hospitality Financial and Technology Professionals (HFTP), which produces the largest hospitality technology conference in the world – HITEC (Hospitality Industry Technology Exposition and Conference). Frank joined HFTP in 1991 and has been at the helm since 1994. At that time, he was one of the youngest association CEOs in North America. In 2000, he was honored by Lodging magazine, which included him in the “75 Profiles in Leadership” edition, a who’s who of 75 individuals who have made major contributions to the hospitality industry. In 2002, Frank received the HFTP Paragon Award for his significant and lasting contributions to HFTP and the hospitality industry. In 2010, he was recognized as a “Technology Trailblazer” by Hotel Business magazine, and in June 2011, he was inducted into the International Hospitality Technology Hall of Fame for his leadership with various hospitality technology projects, as well as assisting in educating the industry over the past 20 years.



Frank Wolfe

Floor Bleeker, a Dutch national, joined the Jumeirah Group in 2001 and currently holds the position of Vice President Business Solutions. In this role, he is responsible for the company’s IT portfolio, business systems, software development, data warehousing, IT innovation, projects, IT investments, relationship management and digital strategy, and is a member of the Group’s Executive Team. In support of Jumeirah’s rapidly growing portfolio of luxury hotels and hospitality businesses, a number of large IT programs including Cloud-enabled Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), property management, Enterprise Content Management (ECM) and Central Reservations Systems (PMS and CRS) have recently been implemented. Floor holds an MBA with a marketing specialization from the University of Colorado at Colorado Springs, and a BSc degree in Hospitality Administration with a Finance specialization from the Hotel School The Hague. He currently serves on the Board of Hotel Technology Next Generation (HTNG), the world’s leading hospitality technology trade association, and holds a number of advisory board positions for other non-profit organizations.



Floor Bleeker

Ian Millar is Professor of Information Technology at the Ecole hôtelière de Lausanne in Switzerland. Ian’s double expertise in the areas of hospitality and information technology sets him at the forefront of new developments in the international hospitality industry. In addition to his BA Honours degree in International Hospitality Management from the University of Brighton, he is a certified computer technician (Comptia A+) and holder of the Microsoft Office specialist qualification MOUS. In addition, Ian is a Certified Hospitality Technology Professional – the first European to receive this qualification for hospitality professionals, which is awarded by Hospitality Financial and Technical Professionals (HFTP).



Ian Millar

Managing Director Pertlink Ltd. In Hong Kong, **Terence Ronson** started his hospitality career some thirty years ago as a chef, and he has held various management positions with prominent hotels, both in England and Asia. Between 1996 and 2000, Terence was the Asia Operations Director for Hotel Information System (HIS), a leading technology supplier to the hospitality industry. Since 2000, when Terence started Pertlink, he has been the Technology Editor for HOTEL Asia Pacific magazine where he had a column on the effective use of technology in hotels, as well as authoring several industry-related articles that regularly appear on highly respected hospitality-related web sites. He has spoken at several key events, among them the first China Hotel Executives Summit in Shanghai, which he co-chaired, and subsequently the 2003 Beijing Olympic Hotel Conference. His professional affiliations include membership of ISHC, HFTP, HCIMA and HTNG.



Terence Ronson

Ride the prevailing winds...

by **Dave Berkus** 

To kick off this special edition of The Hotel Yearbook, we wanted to set the scene with a look at some of the most important macro-trends that will drive hospitality – and with it, the technology challenges and solutions facing the hospitality business – in the years ahead. To get a handle on these changes, we asked internationally known author, consultant and angel investor Dave Berkus for some quick takes on what the future has in store for our industry.

Before we use this publication to delve into the details of trends we observe and predict for our hospitality industry, we should spend a bit of time looking at those broad-based trends that influence all industries – and particularly our guests in their work and home lives.

Reimagining our lives

The world is experiencing a new era of reimagination, in which virtually all of our old ways of doing things are being uprooted by new, more efficient and more widely available methods of accomplishing old tasks.

We collaborate using Salesforce, Yammer, Skype, GoToMeeting, Fuze and hundreds of other tools not available to the last generation of whiteboard, personal meeting or teleconference users. We increasingly read using our digital devices. We compute using our smartphones and tablets. We use gestures or use our voice to control engagement with our technology. We take courses on-line. We bypass the middle person for services and information.

We watch our news and entertainment anywhere we want to on any kind of devices we choose. We move boarding passes, coupons and more off of paper and into the digital world. Many of us now never physically touch our music. We recruit and hire using LinkedIn or other resources, replacing job fairs, campus events and paper resumé.

There are hundreds of other examples of reimagination everywhere we look, making our lives easier and our reach greater than ever before.

The principal drivers of this reimagination are the hyper-growth of the mobile Internet, consumer-controlled commerce, the rise of big data, and “globality.” Let’s explore examples of these and more.

The mobile Internet: the newest major computing cycle

Over the last fifty years, the world transitioned from mainframe computing to mini-computers to PCs to the desktop Internet. And now we are in the midst of the largest cycle of all: the move to mobile Internet computing. With 7 billion people on the planet today, there are more than 6 billion mobile subscriptions, up from just 720 million in 2000. Mobile workers are quickly overtaking the fixed desk worker and long distance traveler. Mobile commerce is up 552% in one year.

The mobile web will become what desktop Internet became in the 1990’s – the standard platform for anyone doing business.

Of particular interest to hospitality is the fact that in three years, from 2010 to 2012, as web browsing and TV watching minutes per day remained constant, mobile consumption doubled to over two hours per day. Fifty-seven percent of teenagers say that their mobile device is the “center of their universe.” We are entering the smartphone era, where 65% of time on our mobile devices is spent in non-communicating activities. We are treating these more as computers and less as phones. And almost half of all homes have at least one tablet device, replacing traditional computers for most tasks. And we carry access to our entertainment with us, bypassing the need to be entertained while away from home.

Big Data:

threading the needle while still in the haystack

By 2020, there will be 5,200 gigabytes of stored data for every person on earth. Add that all up, and you get a big number: 40 followed by 21 zeros. In the USA, there are three million data centers in all, accounting for 2.2% of our nation's electricity usage. Examples abound of this massive accumulation of data. We could store all the world's music on two 3-terabyte disc drives. There are thirty billion pieces of content shared on Facebook each month. And this is growing at 40% each year. If we analyze the potential value of that data to various industries, we can imagine a 60% increase in retailers' operating margins, or \$600 billion in value to various enterprises from mining personal location data. An estimated \$120 billion will be invested in data analytics by 2015. This is big business.

How do we use big data? We will enable segmentation of the population to produce customized messages and actions. We will replace or support human decision-making with automated algorithms. We will enable a generation of experimentation with innovative business models, in our industry making today's form of revenue management look like a primitive art.

The true value to us will be in analyzing unstructured data, estimated to be 80% of all data stored, from blogs, social media, pictures and video. None of this could be mined successfully in the past generation of technology. Think of 6 million automobile comments, or 30 million political comments, 200 million travel comments, or 150 million consumer electronic comments posted each month.

Retailers such as Staples and Home Depot are already charging shoppers different prices based on where they live, their income levels and proximity to a competitor's store, among other things. Will hotels be next?

***Dave Berkus** is a forty year hospitality technology veteran, founder of one of the earliest property management software companies, and a member of the HFTP Technology Hall of Fame.*

Today he is an early stage venture capitalist, investing in nearly 100 technology companies, many of them in hospitality. He is the author of 14 business books and of the popular blog, BERKONOMICS, reaching over 40,000 people each week around the world. Dave speaks on technology trends to corporate and industry groups worldwide.

www.berkus.com

www.berkonomics.com

We are in the "age of recommendation"

Already, 69% of consumers research their product, service and guest stay decisions online. 62% look at online peer reviews. And 39% compare prices across alternatives. This cat is out of the bag for hospitality, driving room rates down, democratizing search and supply between branded chains and independent properties.

With this little space and time, it is not possible to expand upon other macro-trends, such as socializing commerce, increased trust in the cloud for storage and transactions, exponential growth in computing power, and the continued amazing growth of the Internet in Asia, Latin America, and now in Africa as well.

I will leave it to the other experienced and informed authors you are about to read in The Hotel Yearbook to relate these trends to our unique world of hospitality, and to push their predictions of how these trends will affect our lives in the near and distant future.

But it is certain that being informed and planning well for that future will give you a competitive advantage over those who do not. An African proverb states: "Tomorrow belongs to the people who prepare for it today." Read on, and may you plan and prepare well!



A day in the life

by **Laurent Idrac** 

“Any sufficiently advanced technology is indistinguishable from magic” is the Third Law of famed science fiction writer Arthur C. Clarke. Testing whether this “law” holds true for the hotel industry, Laurent Idrac, Group CIO for Accor, imagines how technology might enhance the stay of a hotel guest in the year 2039. He then draws some sensible conclusions for those of us still wondering how 2014 will develop.

As I zoom in on a virtual London map displayed on my countertop to find a good hotel, I remember the old days of the Internet, 25 years ago, when you had to go on multiple web sites to find a place to stay. Way back then, OTA’s were kings – like GDS and travel agencies were 25 years before them...

Ah, good! A hotel and a B&B begin to blink on the map based on my needs, filtered out for me considering thousands of parameters, from multiple sources: my preferences, loyalty status, schedule, reason for travelling, the past experiences from people in my social circles, the hotels’ global quality ratings, prices, promotions... I choose the ABC Hotel, and now a question pops up asking for my mood. I answer, and the map zooms automatically to a specific room in the hotel. After a quick virtual tour, I touch the window to validate my reservation for tomorrow.

The following morning, driving to work, the price tracker plays the following audio alert through my car stereo: “The ABC Hotel is now doubling loyalty points if you upgrade to an executive room. It costs an extra \$15.00. Should I confirm the change?” I answer yes and ask how many more points I need for a free weekend in Venice. Not long now!

Later that day, on my flight to London, the hotel’s virtual concierge confirms my check-in and proposes a reservation in their restaurant. It’s having a special “Fish & Chips Night” they know I would like. But I decline and ask instead for the room service menu, and pick the special package of pizza, ice cream and a movie. I order for delivery at 8 pm.

Hopping into a taxi at Heathrow, I enter the hotel information into the driver’s GPS and push the “geolocalize” button which lets the hotel know when I should arrive.

We pull up at the entrance of the hotel right on time. The Welcomer greets me with a warm “Welcome back, Mr. Idrac! Your room is waiting for you.” It still impresses me that he recognizes me... even though I know it is just thanks to some basic technology: the Welcomer’s augmented reality glasses have given him all my details, right down to the proper pronunciation of my name.

I open the door of my room with my fingerprint on the lock and yes indeed, the room is waiting for me, just like I like it, with the temperature set to my preference (a display confirms the Fahrenheit reading), and the room’s LED lighting set to a calming blue/green tone.

My smartphone suggests I call my wife. I confirm, and ask for a video chat on the wall screen. The 3D image is so crisp that it looks real. I only regret that I have chosen a hotel that doesn’t yet offer smell-o-vision. That’s becoming a “must have” in some regions of the world.

On the personalized social map displayed on the interactive wall in the room, I can now see that my good friend John is also staying at this hotel. I wave my hand over the desk which brings up a virtual keyboard display, and have a quick text chat with him; we agree to have breakfast together tomorrow.



***Laurent Idrac** has been Accor's Group CIO since January 2012. Before that he was SVP, IT for Accor North America based in Dallas, Texas. A French-American citizen, Laurent graduated from a top French business school with a minor in IT. After a short experience as an IT sales rep, he started his career at Accor in 1983, holding several positions in France. He was managing all the reservation call centers worldwide before joining the Corporate IT Department in 1996.*

I turn the virtual dial to fade the window to black. The I add some Milky Way effects just for fun.

A message line indicates that my pizza is being prepared and will be delivered to my room as scheduled. If I want, I can access the full nutrition information, and my health data will be updated automatically with my calorie intake.

I browse the movie directory by waving my hand in front of the wall screen. Good, they have "Iron Man 25"! It hit the theaters just last week! The room lights dim automatically as the 3D movie starts. A few minutes later, there's a knock at the door – my dinner has arrived – and as it is being delivered and set up, the movie automatically pauses and the room lighting comes back up.

After finishing my dinner, I place the tray outside in the hallway, where sensors alert the room service department for pickup.

Finally the movie comes to an end, and I give it a 4-star rating to let my friends know it's definitely worth the 50 iBucks it cost me to watch it.

Now I walk into the bathroom. Through voice control, I turn on the mirror TV to my hometown's local news and enjoy a shower set at a perfect 97°F (as stored in my profile, based on my past shower history).

I then hop into bed, which is as comfy as I like (my personal firmness comfort is 46) and in no time at all, I fall sound asleep...

The next thing I know, my alarm comes on, and I slowly emerge from this dream... yes, it was indeed just a dream. A friend of mine who is a privacy freak would not call this a dream but his worst nightmare. But none of the technology I've just described is sci-fi. Some of it is already pretty old, in fact.

We do not know what will be mainstream tomorrow, but we can already take three lessons from this vision:

- 1 We shouldn't raise customers' expectations with a beautiful icing on the cake if we cannot first provide them with an excellent and consistent cake.
- 2 Keep it simple for the guest.
- 3 Build strong "foundations" in order to be agile in "interior design".

While keeping an eye on ROI, we nevertheless need to keep dreaming and experimenting to discover what could make a difference tomorrow.

A memo to hoteliers

by **Michael Levie** 

As a founding partner of Netherlands-based citizenM hotels, Michael Levie is known as a maverick in the technology field, mirroring the reputation of the company itself as a breed apart. Heading the group's operations, Michael has taken an unconventional approach to the industry's many technology challenges. The Hotel Yearbook asked him what advice he would give to his counterparts around the world for the year 2014 and beyond.

To: Hoteliers everywhere
From: Michael Levie
Date: September 6th, 2013

Dear colleagues,

The impact of technology on the hospitality industry is significant; I guess we all agree on that.

It hits us from various angles, falls into clearly different categories, and as our guests are getting spoiled at home, they expect the same from us hoteliers. In-depth technology knowledge is needed these days to stay up with all the changes and new opportunities.

So how can we hoteliers deal with them adequately, make our hotel lives simpler and have an appropriate answer to the new, high-technology demands of our guests?

First, become aware and have a clear view of how many systems and different pieces of software we operate, are adding, and are allowing to complicate our hotel system's structure. Just because it is offered by vendors, or available against opex conditions, doesn't mean it adds to the (guest) experience.

Second, break down the main hotel technology providers into possibly three areas, and have them subcontract all other (sub)services. SaaS systems and remote access allow for total outsourcing and major savings. Reducing to three vendors gives you three first-line support contact points, thus a strongly simplified technology landscape and staffing requirement.

So which three areas are we talking about?

- **Hotel systems:** SaaS offering PMS / CRS / CRM functionalities, with subcontracted services like POS systems, kiosks, etc.
- **Smart rooms and building systems:** IP-based in-room technology converging over central networks are a solution for providing the latest and most flexible offering. This can include in-room content, or door lock technology and more...
- **Internet:** This goes way beyond our web and mobile sites, but rather addresses the fact that it has become a way-of-life dependency. This field calls for experts way beyond our industry and is a must to educate yourselves about.

And then there is **demand management**, which is the combination of channel management, distribution, revenue management, Internet transparency (concerning both rate and online reputation), and of course the macro and micro influences of the market. Dividing these tasks up among



Michael Levie is a founding partner of Netherlands-based citizenM hotels, and heads the group's operations. Upon graduating from ESSEC with an MBA in Hospitality Management, Michael Levie worked for various international hotel chains including Sonesta International and NH Hoteles, which took him to assignments all over the world and eventually led to the position of Vice President of Operations, giving him responsibility for managing large hotel portfolios. He also worked for the reservation management system provider SynXis, starting up and heading their European office.

different departments – i.e. not bringing them together in one P&L top sheet line item (“distribution costs”) – is asking for trouble. Yet 95% of the industry is set up this way.

To make a quantum leap, you need a shift in mindset. And after years of tough recession, when we have become concerned about the financial impact of what we do, not acting will only make things worse.

So get educated; ask for help from professionals; admit to what you know – and more importantly, what you don't know – and stop being led by vendors.

“Legacy” should mean taking a new look at current possibilities, thinking of security, thinking of short-term and long-term flexibility, and first designing where you would like to be next. Only then should you look at what you have and create the bridge, operationally and financially.

In our hotel industry, only a few companies can afford great, up-to-date CIOs (Chief Information Officers) who function cross-divisionally and form part of the top of our organizations at board level. Most have tech-savvy individuals who have been promoted up from within their organization, and who advise senior management on the future. Often they only have operational experience to draw upon, and are hardly (or not at all) capable of providing vision.

So my advice is not to take all of this lightly; to get support from experts from outside your organization; to get the base education yourselves and lead this process – which is a vital one for the future success of your company. No, you don't need to know it all, but rather just enough...

Keep in mind that our guests are totally spoiled everywhere, and we won't get away much longer with what we have managed to get away with so far. Waiting is not an option.

Good luck with your technology decisions,

Michael Levie

The argument for listening to our industry old timers

by **Bernard Ellis** 

“That was then, this is now.” These words have inspired Bernard Ellis, VP Industry Strategy, Hospitality at Infor, to take a stroll down memory lane and recall some of the burning tech issues on the minds of hotel industry leaders in 1992, the year he first attended HITEC. How have these challenges morphed and evolved over the two decades since then?

This year was my 22nd HITEC, and I thought for this article it would be fun to discuss what would have appeared in the Hotel Yearbook if it had existed 22 years ago. Since I’m not enough of a hoarder to have kept my trade rags around from those days, I had only my memory to rely on. As I thought it through, it brought to mind the French saying “plus ça change, plus c’est la même chose” – the more things change, the more they stay the same! Having said that, I think we should all be proud of the much improved hospitality technology landscape and bright future we are leaving to the next generation of hoteliers. Here are some of the “thens” and “nows” of the hot topics I recall being discussed at my first HITEC in 1992:

Should software be hosted centrally or on-premise?

Then, the controversy was between central mainframes, versus on-property systems, and between PC workstations, versus dumb terminals attached to servers. The biggest fear of the day? How could data be secure in an on-property system? It really needs the safety of a centrally hosted environment. The fear today? How can data be safe in the cloud—I need it here on premise!

How will the advent of e-mail change how we communicate inside and outside of our organizations?

It was a quandary: This might be a great opportunity to market directly to guests. But, how will we control communication when any employee can forward anything to anyone – even to the GM or the company president! And that old adage that a guest tells six of his friends about a bad experience – will e-mail make that happen faster? E-mail probably was the grand-daddy of user-generated content, but I wonder if even the very smartest of us had any clue what was coming!

How important is human interaction in the check-in process – will people really use a kiosk?

I think it has taken almost all of this time for this finally to become a “yes.” The driving factor wasn’t the kiosk technology, but rather that the front desk clerk and concierge are no longer the best, most immediate sources of information – so who needs them? Just give me my key – in fact, why do I even have to wait for that?

What new service capabilities are possible with the new wireless hand held terminals?

Will adequate wireless coverage and throughput be an issue? And surely people will be offended by a server peering into a device and typing while talking to them, instead of looking the customer in the eye? We now all conduct a good part of our lives talking while peering into a device and talking – but we’re still chasing that strong wireless signal, aren’t we?

Can’t we have some kind of consortium to define interface standards, to stop the madness?

All of these proprietary point-to-point interfaces are so inefficient, but will the large hotel companies and leading vendors want to level the playing field like this? This will let small companies compete with the big guys, after all! Well, in the meantime, HTC came and went, and OTA and HTNG emerged to fill the void. But who are the biggest supporters? Large hotel companies and the leading vendors, who can’t keep up with the demand for integration with thousands of niche technologies around the world.



About Infor

Infor Hospitality offers software designed to address the specialized requirements of hotels, resorts, and casinos. With a full suite of financial and operations applications that help you manage the online and guest experience, Infor Hospitality solutions let your employees focus on improving guest service and enhancing your bottom line. Decrease costs, raise profits, grow your business, and build the loyalty that keeps guests coming back for more.

www.infor.com

How can we use technology to better track our customers and know their true value?

Can't we get a central record of where guests stayed and how much they spent? Back then the technology was still elusive – it no longer is, but a lot of people in our industry are still asking the question.

I spend so much on software maintenance, but am getting so little!

I doubt anyone reading this has ever called or written their technology vendor to thank them for the excellent customer service, but you have to admit, things have gotten a lot better. And SaaS subscriptions bring you ongoing enhancements, as well as a centrally hosted system, which is less prone to on-property hardware hiccups – and hence requiring fewer support calls. If the central system is down, surely someone else has already called, and they are already working on it.

The product experts are in Germany?

You can't really expect me to talk to someone in a foreign country for tech support? You're kidding, right? And I doubt anyone would have guessed that one day most tech support would come from, of all places, India, but I also don't recall any Indian nationals occupying any cubicles in the development department either – forget about any concept of them doing it remotely. The technological progress we have made has surely been due in large part to our ability to better leverage our global pool of human talent.

What do guests expect from in-room technology, and why is it never enough?

And this was even before the whole hoo-ha about needing

to provide two-line phones so that people could dial out from their portable computers. Are people really going to lug technology around with them? And what impact would that have on how many PBX trunks we need? At least we'll get to charge them to connect, and IT can finally be a significant profit center...

What is yield management and how will it transform our industry?

Should I trust a yield management system? OK – now we call it revenue management, and the systems are cheaper and easier, but why do we keep acting like this is something new, something to be feared? Enough already!

How do we take advantage of new credit card swiping technologies?

Back then it was mag-stripe reading – and should we capture just the number, or try to do something with the name and other information on Track 2? Now it's PCI compliance and chip-and-pin. With all due respect to my colleagues in the credit card processing industry, this really seems like the punishment of Sisyphus – you roll the boulder up the hill, and it keeps rolling back down at you!

So, after 22 HITECS... What would my message be to someone who just went to his or her first or second?

First, you may know a lot, but there are things coming that no one has any clue of yet, including you. Second, when those things do come along, don't ignore what the old timers have to say about it – an innovation may be new to them, but they are not new to innovation.

All guests want are the Three C's

by **Terence Ronson** 

In hotels, technology has the power to make things easy for the guests... or make them complicated. Terence Ronson, one of the hotel industry's true polymaths, boils down the needs of our guests to three simple precepts.

On a regular basis, I participate and organize hotel technology conferences, have discussions with users of hotels, and hold planning meetings with organizations who build hotels, about the effective and efficient deployment of tech. And when you get right down to it, the basic requirements of a hotel guest are as simple as 1-2-3:

1. Connectivity
2. Charging
3. Control

Having said that, discussions and deliberations can go on for hours, days, even weeks and months, about how to overcome and satisfy these petty yet significant annoyances that guests have – which often make an appearance on guest satisfaction surveys and TripAdvisor reports.

Connectivity

For example, a question that pops up on a fairly regular basis is, should we still be placing a wired Internet connection at the desk? As a reader of this publication, you should know exactly the type I refer to – one that has either a cable spring-loaded from some kind of heavy blob sat on a desk, or a coiled up cable found loose in the desk drawer. Perhaps if you are staying at a more up-market property, it will be housed in a nice cable bag. All too often, these have broken connectors, meaning they don't necessarily hold well in the socket of the guest's computer, contributing to a faulty and unstable connection.

In response to this question, someone from the Sales or Operations team may have a knee jerk reaction and say “yes,” mistakenly believing companies still need it, and that by not providing it, the chances of getting business from corporate clients will be jeopardized. Personally, I have yet to find a significant source of business that still requires this – especially through the arrival and prolific penetration of smartphones and TABs. If you do, then please let me know – I'd love to hear from you.

So if you ask me whether you need it, I say, “No, just go with Wi-Fi.” Save the infrastructure cost and associated headache.

If you have particular guests who really needs this, then direct them to your Business Center, or if you have IP phones in your rooms, then the likelihood is that there will be a through port which could be enabled for this purpose.

While on the subject of connectivity, there are a couple of extra golden rules you should apply:

- Do not restrict the number of devices a guest can connect to the Wi-Fi network. It's very possible they are carrying three items: a laptop, a phone and a tablet. When you have a family staying, that number increases exponentially.
- Do not keep asking guests to re-authenticate on your Wi-Fi network when they move across your property. For example, moving from the guest room to the Coffee Shop and then to a function room. It annoys them to no end, and let's not overlook the annoyance when you try and charge them double.
- And lastly, if your guest stays more than one night, and wants to pre-pay Wi-Fi (if you charge) for three days – let them do it all at once. Don't ask them to re-authenticate every 24 hours.

Charging

This is not whether or not you charge for Internet access (although that is also something we could discuss for a very long time), it's more to do with the quantity and positioning of power sockets – not just inside the guest room, but also in public areas.

Walk around any airport, mall, coffee shop or place where people congregate, and what are they doing or trying to do? Tether their mobile device to some kind of power source, and get a quick boost. For a lot of people, seeing that their battery level is less than 70% is like seeing the reserve fuel light come on in their car – panic sets in, and they start to wonder if they have enough to last the journey.

If you don't believe me, ask yourself why some companies have been so successful in selling portable battery packs for mobile devices...

Provisioning enough power sockets reminds me of the famous saying by John F. Kennedy: "Ask not what your country can do for you; ask what you can do for your country." And in the context of hotels, they should provision more power sockets.

Over the last four decades, **Terence Ronson** has morphed himself from being a chef, to hotelier, to hospitality IT consultant, and most recently to inventor. His diversified career has taken him to work in both the UK and Asia, where he has been residing for the last seventeen years. In his spare time, he also organizes and as well as writing articles like this one.

Yes, I realize power (energy) is a big expense, but put yourself in the shoes of your guest. They come to your hotel to re-charge and re-energize their bodies by having a good night's sleep. Since a mobile device is now being classified as an appendage to the body, it kind of makes sense that the re-charge and re-energize also refers to their gadgets, doesn't it? Oh yes, please be sure to have power sockets next to the bed, within easy reach in public areas, and consider having the new type, which incorporates USB power. The guest will love you for it.

Control

We all like to be in control of our lives, but all too often when we stay in a hotel, we place ourselves in the hands of interior designers and consultants who think they understand what is needed – yours truly included.

Well, I can safely say that one of peeves – if not the top peeve – that guests have in hotel rooms is "how to switch off the #@*! lights!"

Bedside control panels, controls on the TV and all sorts of apps are no substitute for the simple master switch found within easy reach of both sides of the bed.

Fooling ourselves into believing that the guest needs any more than this is way off tangent. Yes, you can have moods, modes, dimming and all sorts of bells and whistles, but when you boil it all down, they just want to switch off the #@*! lights and go to sleep.

Life is simple. It's just about the Three C's.



Unlocking opportunities... and the door to your hotel room

by **Tim Shea** 

Tim Shea, President of ASSA ABLOY Hospitality, describes a world we may soon find ourselves in: where the key to your hotel room is your phone. This simple improvement will enable many more changes than you may think.



Believe it or not, the key to your future hotel guestroom may already be in your pocket. Smartphones and other mobile devices will soon replace plastic keycards as the standard hotel security access credential.

This is thanks in large part to the proliferation of advanced wireless communication protocols, namely NFC and ZigBee, which will continue to unlock new opportunities for hotel security technology over the next decade.

NFC, which is short for Near Field Communication, is poised to completely revolutionize the way hotels conduct the guest check-in and checkout processes. NFC will be a standard feature of mobile devices in the near future — it exists on a number of popular smartphone models currently on the market — allowing users to send and receive data instantly and securely over short distances. Some hotel security vendors, including VingCard Elsafe, have already begun installing locking hardware capable of interacting with NFC devices. Once the technology achieves critical mass, guests will be able to use their smartphones to unlock their guestroom doors — a development that will forever shorten lines at the front desk.

With NFC, guests can receive digital access signals straight to their enabled mobile device, sent over the air and held securely in dedicated, encrypted applets. Guests can then access their rooms by simply holding their device near the NFC-compatible signal reader. This is check-in that is truly mobile, streamlining the arrival process and allowing hotels to reallocate employee resources to areas beyond the front desk queue to better serve guests.

Accompanying the move to NFC locks will be aesthetic enhancements to hotel doors, making interiors much sleeker and more residential in appearance. Because NFC doesn't require physical contact between the "key" and the lock, hotels will be able to completely do away with visible locking hardware components. Minimalist design will rule, hiding NFC signal readers within the door itself and leaving only the door latch visible.

NFC is even opening up new opportunities for booking hotels in the first place. A few luxury automakers are experimenting with vehicle navigation system integrations that will allow drivers to conduct voice-command searches for available hotels nearby, and then interface with the selected hotel's property management system to reserve a room. Once the reservation is booked, the navigation system guides the driver to the hotel and communicates the assigned guestroom number. Upon arrival at the property, the guest can proceed straight to the room, as the NFC-equipped car key wirelessly receives an access code for the guestroom lock and enables it to double as a hotel room key.

On a more serious note, the increasingly online, automated and wireless nature of hotel locks also translates to a bevy of practical security enhancements. Powered by the ZigBee secured open communication platform, centralized software systems make it possible for hotel staff to remotely communicate with individual locks from computers throughout the property.

These solutions include security features that prevent unauthorized use of lost or stolen mobile devices to access rooms by allowing hotel managers to instantly and remotely add, remove or update access rights for any users. The software solutions often interface with property management systems and property-wide servers, permitting review of remote audit trails. And the system can be customized to automatically notify select managers via text message or email in the event of a security situation, such as a door ajar or if someone attempts to access multiple guestrooms.

Software integrates with the hotel's property management system, employing RF-online communication to eliminate the need for property managers to travel to and from guestrooms to perform tasks like reprogramming individual locks and identifying or changing low batteries. Because such systems can communicate remotely with individual locks in real time, they provide a significant extra layer of security. In the event of a lost or stolen keycard, access privileges for that card can be immediately revoked, preventing unauthorized individuals from gaining access to guestrooms.

A new generation of mobile consumers poses tremendous opportunities for the entire hospitality technology industry. Travelers tethered to tablets and smartphones crave connection, convenience and comfort from their hospitality experience, and our sector can play a central role in making the streamlined hotel stay a reality.



About VingCard Elsafe

The world leader in hotel security technology, ASSA ABLOY Hospitality has products installed in more than 42,000 properties worldwide, securing in excess of 7 million hotel rooms and is part of the ASSA ABLOY Group, a publicly listed company. VingCard provides numerous electronic locking system solutions, including traditional magnetic-stripe, smartcard systems and the latest RFID electronic locks compatible with the main ISO standards: ISO 14.443A (MIFARE), ISO 14.443B, ISO15.693 and NFC-compatible (Near Field Communication), fully integrated PMS interface software solutions, as well as the world leader in wireless online locking solutions for hotels based on ZigBee secured open platform. VingCard has worldwide service and support in more than 166 countries. Elsafe provides the only UL-listed (1037) hotel safe series on the market today in keypad and card-based models. Elsafe Safes include a UL-listed internal power outlet to support recharging of laptops and camcorders, full wireless online capabilities and RFID versions compatible with VingCard system. Elsafe customers also enjoy the same worldwide service and support. Orion by VingCard Elsafe is the new Energy Management Solution that reduces energy consumption, ensures guest comfort and contributes to improve hotels green initiatives. The ASSA ABLOY Hospitality Group is dedicated to the hospitality industry.

[visit www.vingcardelsafe.com](http://www.vingcardelsafe.com).

The future of digital technology in hotels

by **Nigel Allport** 

In the hotel arena, four elements will characterize digital technology in the future, says Nigel Allport, Digital Alchemy's EMEA Vice President. It will be holistic, multi-channel, personalized and social.

If you want to know the future of hotel digital technology and its impact, all you need to do is study how younger generations interact with one another today. For the Connected Generation, digital is everything. It is in their DNA. Take a recent BBC interview with two fifteen year olds. When asked what social media they use, the first answered, "Facebook, Twitter, Instagram, Tumblr, Vine – oh, and YouTube." When the interviewer asked the question to the other fifteen year old, she simply answered, "The same."

No matter how receptive you are to digital marketing or how digitally connected you are, it's best not to question the inevitability of where we're heading and best not to even try and make sense of it. Today, digital communication in all its forms is ubiquitous. If you want further proof, consider some key facts from a recent L2 Digital IQ Index Hotels study:

- 63% of travelers consult online reviews before booking, including 73% of consumers aged between 10 and 34.
- Transactional data from Travelocity indicates that a 1% bump in review scores (on a 5 point scale) translates into an 11.2% increase in price premium.
- Of 57 global hotel brands assessed for digital competence, all but 2 were present on Pinterest and 82% were present on Instagram – social media's latest hot platforms.

So given the digital earthquake that is happening all around us, what's next for the hotel operator, and how should digital technology influence future marketing strategy?

Many international companies wishing to have a holistic relationship with their customers are now seeing that having a Chief Digital Officer on the payroll is central to that strategy. John Bollen is Senior Vice President and Chief Digital Officer for MGM Resorts International, and he describes his role as "defining, facilitating and leading the digital technology strategy for the company, from a customer viewpoint." It is interesting to note the use of the "customer's viewpoint" in his description, as this serves to emphasize the essence of a hotel's digital strategy. It is not about technology; it is about the customer experience and how that can be maximized and monetized.

What else? Well, personalization in digital messaging is everything. We see it already, from tailored special offer coupons from our grocery store that are different from our next door neighbor's because the store is reacting to our personal buying patterns. Hotels also have these tools at their disposal. The world's best CRM e-mail marketing companies can precisely target guests before, during, and after a hotel stay with finely tuned offers that are highly personal and completely in context. For example, a guest staying on a midweek package can receive a service-led e-mail prior to arrival that provides helpful information as well as an invitation to enjoy a free bottle of wine when booking dinner in the hotel's restaurant, and then, due to the dynamic use of CRM data, the next booker, who is on a weekend leisure break, receives the same pre-stay welcome message but with changed content that is an invitation to enjoy a "free" treatment in the hotel's spa.

Casey Ueberroth, SVP of strategic marketing at Preferred Hotel Group (PHG), endorses this need for personalization



and is quoted as saying that his team focuses on a couple of things every time guests interact with the group's brands, "customizing their experience and offering personalized content."

As we can see, the personalization of digital e-mail messaging is easily achievable today with the right tools. I feel that personalized engagement should also be used by the CDO in the hotel's social media strategy.

We saw earlier in the BBC interview the importance of social communication for today's Connected Generation, and with this we are already seeing the advent of private social networks (PSNs) for hotels. PSNs act as an enabler, supporting brand messaging and promotions to the guest, and they also facilitate guests sharing their requirements to the hotel before they check in, as well as the ability to share their compliments or concerns directly to hotel staff during their stay.

PSNs can also be used to link guests with other guests. For example, this could be a past guest sharing advice to a future guest on how best to get to the hotel from the airport using public transport. Or they can be used to create an event: for example, before a conference, delegates staying at the hotel can be linked via the PSN so that they can create their own event within the hotel or elsewhere in the hotel's neighborhood.

So, if you want to know the future of hotel digital technology, think holistic, multi-channel strategy, think personalization and think social. There is no room for complacency. The Connected Generation will see to that.



Digital Alchemy

About Digital Alchemy

Since launching the first true CRM solution to the hotel industry in 1999, Digital Alchemy has become an established leader in customer relationship management (CRM) and e-marketing solutions for the global hotel market. With a comprehensive suite of integrated e-mail CRM offerings, the product line has grown to include a powerful and flexible set of tools for building and maintaining profitable relationships with current and prospective hotel guests. Current Digital Alchemy clients include over 650 properties, which include some of the most prestigious independent hotels and resorts worldwide.

www.digital-alchemy.com

Key trends in in-room technology in 2014

by **Ted Horner** 

For the better part of three decades, Ted Horner has written and spoken on hospitality technology all over the world. Here he takes us on a quick tour d'horizon of some of the trendsetting ideas that are dominating in-room technology as we enter 2014. The landscape is changing very quickly.

BYOD: Bring your own device

Hotels are increasingly becoming places for people to plug in their own devices as hotel-provided, in-room entertainment takes a backseat to the entertainment travellers bring with them. A recent survey found digital travellers tend to own at least two devices, favoring laptops and smartphones that make it easy to pay little attention to an in-room TV or clock radio.

Hotels are responding by making it easier for guests to use their own devices in conjunction with hotel offerings, and some are even offering loaner devices for guests who may have left theirs at home. But it's not just entertainment that guests are bringing with them.

Pay-per-view: A thing of the past?

Pay-per-view is becoming a casualty of our bring-your-own entertainment culture. A 2011 poll in USA Today found 81% of hotel guests weren't ordering pay-per-view entertainment. Travellers instead were opting to bring their own DVDs, watch free TV or use streaming services via their laptops. Industry figures show hotel pay-per-view revenues have slid by 39% from 2000 to 2009, and even porn hasn't been able to survive the decline.

Overall, movie rental revenues in 2011 made up 0.28% of total hotel revenue, down from 0.76% in 2002. Traditionally, half of all hotel movie rentals were of the adult genre.

The role of hotel TVs is changing

Today's digital travellers are using entertainment in hotels in much the same way they do at home: via online services like Amazon Prime, Hulu and Netflix. Armed with laptops and tablets, guests are more likely than ever to leave their TVs off, and hotels are looking for new ways to incorporate the once cutting-edge devices into the guest experience.

One approach is to turn TVs into hubs for more cohesive entertainment systems that work seamlessly with guests' own devices and streaming services. For example, Hyatt Hotels Corp. envisions guests using its TVs as "fully connected, interactive entertainment centers." It sees its in-room TVs as tools to book tours, order room service and stream content from services like Netflix.

Hotel bandwidth is being squeezed

Whether it's for business or pleasure, the one thing hotel guests want is faster Internet than they have at home. But travellers with their tablets are making it especially hard for hotels to keep up with demand for their bandwidth. And guests who once used hotel Internet to check e-mails are using the service now to stream movies, putting a squeeze on networks already struggling to meet the increased demand.

Faster Wi-Fi... for a fee

Hotels are turning to tiered pricing to balance customers' demands for free Wi-Fi with their own desire to generate revenue and offset the costs of network upgrades.



*In 1989, **Ted Horner** established E Horner & Associates Pty Ltd, a consulting practice specializing in technology consulting to the hospitality industry, and he is now widely respected as Australia's leading consultant in this area.*

In 2004 he was the first non-US person to be elected to the HITEC Technology Hall of Fame for his contribution to the advancement of technology in the hospitality industry.

Since the early 1990s, Ted has travelled extensively throughout the world to speak at many hospitality technology conferences and has written many articles on technology that have been published all over the world.

A large percentage of hotels offer free Wi-Fi, and it is typically a very basic service. But an increasing number of hotels are adopting tiered pricing strategies that require customers to pay for faster connections or to connect multiple devices.

While more guests are opting for slower speeds over higher prices, there is increasing evidence that enough guests were selecting higher-priced options to drive revenue gains at hotels where a tiered pricing program is in place.

Where is a hotel loyalty headed?

Hotel loyalty programs may not be as generous with the perks as they once were, but they are increasingly becoming a pathway for members to obtain free Internet access. Some hotel chains, including Kimpton, Omni, Fairmont, Swissôtel and Wyndham, offer free Wi-Fi to all loyalty club members, while others like Hyatt, Hilton, Marriott and Starwood only offer free Wi-Fi to elite level members. IHG has just announced that it is going to provide free Wi-Fi to all Priority Reward members.

Will smartphones become the single device that control guestroom experience?

As hotels move toward providing guests with a single device to control everything in their room, the smartphone could emerge as the one device that does it all. At the Aloft in Bangkok, guests in certain rooms can retrieve a smartphone from the reception desk that serves as their room key. This smartphone can enable guests to lock and unlock their door but also allow guests to control all things in the room.

A hotel group that is leading the way

If you're looking for the ultimate in-room experience, look to Peninsula Hotel Group. In their flagship hotel in Hong Kong, last year, they installed in-room entertainment systems that cost approximately \$25,000 per room. The systems feature bedside and desk tablets that allow guests to order room service and make concierge requests.

They also can control lighting, curtains and temperature. In addition, the rooms have flat-screen TVs, free HD and 3D movies, free VOIP and 450 Internet radio stations. (Read Terence Ronson's interview with Peninsula's Ingvar Herland in this HYB edition.)

Unified hospitality communications and collaboration: future scenarios

by *David-Leonhard Steinbauer* 

Unified communication (UC) technology offers hoteliers a significant opportunity to streamline processes and enhance guest experiences, writes David-Leonhard Steinbauer of Unify GmbH & Co. KG – a claim he backs up with fifteen specific predictions.



Every day it seems a smartphone app or social networking technology is launched that lets us share or communicate with friends and family in all manner of new and exciting ways. The speed at which our society embraces new ideas, discards the old and looks forward to “the next best thing” is simply awesome. But just as each new technology or communication option offers opportunity, it also presents a challenge.

My focus here is the future of unified communications technology – and how the hospitality industry can best realize its very significant opportunities to streamline processes and enhance guest experiences. Knowing that whatever will become standard in five years is in existence in some form today, I will not debate whether there is a phone in a guest room or argue the mobile technology guests will bring into the hotel.

So what does unified communication (UC) mean to you? Here is my interpretation. UC groups all forms of communications onto a single network – enabling one-to-one or one-to-many conversations. Integrated and adapted to your business workflow, UC delivers a single user experience across multiple devices. Whatever you use to communicate should be integrated and adapted to your business workflow. UC reflects often a set of products providing a more or less single user experience across multiple devices. Your guest communication starts long before the guest arrives and hopefully never ends.

As new communications tools, devices and apps continue to redefine how we interact with one another, we are offered

a valuable insight into how guests want to communicate – today and tomorrow.

The hotel industry will need to adapt its communication behaviors and, as with other industries, respond to these new communication trends – because there is no doubt they will begin to affect the hotel business as the future unfolds.

A **social media** presence is crucial – and social engagement is now part of the daily routine for a steadily increasing number of hotels. Historically, the hospitality industry is an offline business – it's impossible to make beds with a click of a mouse, for example! But that was then. Today, many hotels and restaurants are going online – successfully using social media to improve services, respond to and manage feedback, and build closer connections with customers.

The **Cloud** too offers hoteliers opportunity. It's now much more than a place to simply store data. Cloud intelligence will evolve into an active resource in our daily lives, providing analysis and contextual advice.

This invaluable data will soon provide the platform for a new generation of industry apps. We'll see virtual agents planning our personal diets or the family's weekly menu – all based on individual's health profile, fitness goals, and taste preferences. Similarly, a virtual travel advisor will store trip details and, having taken into account your personal calendar, online public traffic information and more, will automatically rearrange your itinerary. It will suggest flights, cars, restaurants and hotels to book.

Be under no illusion that this is happening right now. Today, Google can tell you when to leave home to reach a meeting point at a scheduled time – even suggesting alternative travel methods and routes.

What can this data do for you? The answer is almost anything – but your hotel needs to proactively decide to be part of this Cloud, step by step as technology evolves.

The **Internet of things** is another major step in the ongoing evolution of wired and wireless connectivity. First we connected the PC, then the laptop and now the tablet and smartphone to the internet. Very soon we'll see countless other devices connected online, each with their own IP address. That's everything from light switches, thermometers, cars and rubbish bins to billboards, household appliances, doors, window blinds, and high-value items in a hotel room. Because every item of value becomes "traceable", this represents a major shift in combating theft. But it

goes much further, driving efficiencies through automated communication with a whole range of devices and objects.

One outcome of this connectivity and constant communication with the Cloud will be the aggregation of so-called Big Data. This process is already being used in building management to automatically monitor environmental factors in public areas and rooms, trace multiple devices in rooms, and to support computerized room automation systems that set the values for optimized energy consumption and comfort.

And what role does UC have in this new world? Simple: it offers the connectivity and enables the conversation between devices, people and the Cloud. Automated monitoring and control results in alerting and broadcasting of details or threshold exceptions.

Another trend now impacting hospitality communications is Radio-Frequency Identification (RFID) technology - or **Near Field Communication** (NFC). This allows devices to wirelessly communicate with one another across a distance of a few centimeters.

NFC-enabled mobile phones are already having an impact in the hospitality sector. For example, a guest's smartphone can now be used as a room key and payment method. The trick therefore is being able to recognise the guest's device and being able to interact with it. This is the Bring Your Own Device (BYOD) revolution, and it has already led some hotels to eliminate the provision of an in-room hotel phone. But a hotel's commitment to service and requirement to communicate directly with the guest has never been in question – so could an emerging App Store app over your WiFi infrastructure be that next conduit?

An unavoidable trend set to transform all businesses is **mobile commerce**. Driven by a myriad of apps, smartphones and tablets, and supported by Cloud computing and the rise of Big Data, the value of mobile commerce is huge. According to some recent estimates, it will generate more than \$108 billion by 2017 [source: eMarketer, April 2013]. And it's happening here too.

Indeed, the fusion of mobile commerce, the mobile Internet, social media and the Internet of things is set to have far reaching consequences for the way the hospitality industry communicates with customers.

Your guests have already adapted to mobile commerce, having encountered social media platforms for trading, mobile collaboration, communication, entertainment, ↓

health, and learning. For the future, hoteliers will be deploying these communication technologies in both guest-facing and internal operations.

Not only this, today's hotelier has to provide a wired and wireless in-house network, catering for all different bandwidth needs, including HD Video and HD Voice. It goes without saying that sourcing the right solutions for communication and collaboration requires both the network strategy and the most appropriate wired (LAN) and wireless network (WLAN).

Responding to change

As a general manager, duty manager, restaurant/spa owner or anyone with team management responsibilities, you need to communicate instantly with your people to ensure effective and efficient operations. Corrective actions can only take place if mistakes are communicated. In addition, you also have to listen to and respond to guests in a timely manner.

As we've seen, new guest behaviors and expectations require that hoteliers adapt to a new online culture. UC helps you do exactly that, by enabling you to plug any new kind of communication method (including social media, alerts from devices, and presence for guests and staff) directly into your network.

This is not always an easy task when legacy systems can't connect to one other, but today's new generation of guest expects you to adapt to their latest communication methods. For my parent's generation, the "latest" innovation was the fax machine. For me it was e-mail – and my kids already consider this to be antiquated.

But whatever the future holds, it's your communications system that is making it happen. PCs, tablets, smartphones, in-house telephone systems, attendant consoles and more should all support your internal and external communications in a harmonized, secure and reliable manner – regardless of the network, carrier, protocol or device.

Added to this, communication is moving to the wireless network – which you must carefully consider before deploying. You need the ability to provide a secure, reliable, and scalable wireless network that's also easy to access and complies with changing legal and safety requirements.

Ultimately, all this new technology and changing guest expectations are forcing hotels to adapt, consolidate and streamline their communications processes – and to re-evaluate the communications role of a receptionist, operator, concierge and call center agent.

So why bother?

Well, today's technology-empowered consumers are increasingly mobile, online and always on. This applies as much to your staff as it does your guests. To stay competitive, create differentiation and keep your guests coming back, you need to respond.

So let's take a look at what might become mainstream in the hotel industry in the very near future:

- Guests will increasingly want to tweet or online chat their service requests and complaints, using G+, Twitter, Facebook, WhatsApp etc.
- Guests will use Cloud services to express their opinion (e.g. Yelp, Angie's List, Qype, Foursquare and many more). This will impact your reputation. Published guest reviews and pictures will be the norm. My guess is the only sustainable remedy, as in real life, is to enter an ongoing conversation with the individual guests and to offer an automated digital complaint or customer relationship management option.
- Guests will expect remote check-in, e.g. via smartphone. They'll want to be able to use their own NFC-enabled devices to open doors and pay online for services. In fact, the digital check-in is already close to mainstream.
- Guests will expect the hotel to be a digital, social community – with local in-house chat and social networking. Here AirportChatter, currently being trialled in multiple US airports, is a good example. So would your operator or receptionist be ready to have an online chat with an arrival or in-house guest, and tweet a welcome or farewell message?
- Augmented reality will allow guests to undertake virtual tours of your hotel and the surroundings. Maps and apps will showcase your property, offer options to book and allow you to interact with potential guests long before they make a reservation. You may also need to allow your operator or reservations agent to chat online in real time with someone who is viewing your hotel web page or a travel app on their phone.
- Potential customers might choose one restaurant or hotel over another when their mobile augmented-reality app flashes warnings about recent customer reviews. Augmented reality will impact on corporate reputation, and be a key driver of profitability. A hotelier's task is to actively create and maintain their own augmented reality. Simply being represented in a social network like Facebook is not enough. The aim is to constantly interact and be social, which means giving your receptionist or operator the right UC tools to track online comments and instantly respond.
- Guests will use a tablet-based video menu to decide what to eat in your restaurant, and to watch the chef preparing

the dish. If the same content is accessible as the in-house digital signage and in the mobile Internet (e.g. for Smartphones), then UC is integrated into your workflows, potential guests will be able to initiate a call back from the hotel (restaurant reservation) to personally take the booking. Clicking a button online to call someone or to receive a call back will become the norm – quickly replacing conventional telephone dialling.

- Weather, news and risk information is a subset of the hotel infotainment system that will be available on the guest's own device. Extending this further, you could allow your UC messaging system – in combination with the hotel building management system – to alert and broadcast a warning to guests and even support the event of a fire evacuation.
- A personalized hotel/restaurant bill, digitally available and transmitted to the guest via your messaging system may soon become as standard as an online purchase and reservation confirmation.
- Virtual agents will be on hand to support guest queries via their own devices. This may enable hotels to offer extended concierge services by including the concierge in the circle of guest communication to keep in touch with the guest prior, during and after his stay.
- Hotel staff communication and training will be taken online and most periodic team meetings will be based on mobile web collaboration, dramatically reducing the need to assemble staff every day in one location.
- Staff will also be able to search for guest information online and while mobile – from tracking all kinds of service requests and complaint, to looking up relevant business information according to their staff profile/access status.
- A well equipped mobile staff will reinforce the need and benefit of UC presence information and location-based tracking.
- Presence, geo-positioning and localization will become easy to deliver, while support-related alerting and exception tracking capabilities will be crucial. Health and safety concerns certainly in the residential home environment for the elderly are driving UC to take care of such positioning services. For example, UC can deliver a future hotel concierge service for foreign visitors – increasing guests' feeling of safety and enhancing their overall guest experience.
- Sales staff will use home or satellite offices as remote UC workplaces. This level of flexibility and mobility are already mainstream in most other industries.

Depending on your hotel operation, you might only have a PC and telephone at the reception desk. Or you may have a centrally-shared service center, with multiple operators and automatic call distribution (ACD) linked to your central

reservations call center. Whatever your model, it's worth taking a closer look at your current communication systems to see how you may be able to benefit from UC.

In the future, the hotel industry will need to take account of changing social and communication conventions. For hotel operators, this means the need to think mobile; empowering your staff to communicate and adopt the communication channels favored by your guest.

It's certainly becoming more complex out there, but with the right support from the right provider, unifying this new environment is easier than you might think. In fact, with UC, you could actually improve your staff and guest experiences at the same time.

Now that's worth considering.



About Unify GmbH & Co. KG

Unify – formerly known as Siemens Enterprise Communications – is one of the world's largest communications software and services firms.

Our solutions unify multiple networks, devices and applications into one easy-to-use platform that allows teams to engage in rich and meaningful conversations. The result is a transformation of how the enterprise communicates and collaborates that amplifies collective effort, energizes the business, and dramatically improves business performance. Born out of the engineering DNA of Siemens, Unify builds on this heritage of product reliability, innovation, open standards and security to provide integrated communications solutions for 75% of the Global 500.

Unify is a joint venture of The Gores Group and Siemens AG.

www.unify.com

Using collaboration technology to drive innovation

by **Kevin Holt** 

Hotels' traditional approach to hosting meetings has been to offer "space, dates and rates" but not much more. Kevin Holt, President of Phoenix-based Co.Innovation Consulting, suggests that they consider providing collaboration technology as well. With these tools, the effectiveness of a meeting can be dramatically enhanced – and the hotel can attract more business clients wanting to benefit from them.

Most business people understand that innovation is the key to survival and growth. What many fail to understand is that collaboration is the key to innovation. Contrary to the "lone genius" myth, research reveals that nearly every significant innovation has been conceived and implemented by groups of people working in concert. So if you want to innovate, you need to learn how to collaborate.

This idea is particularly applicable to the hotel industry for two reasons. First is the extraordinary potential for collaboration to drive lodging innovation. Why? Because cognitive diversity is a key driver of collaborative innovation, which is something we have an abundance of in our industry. Just consider the diversity of professions and perspectives that are involved in developing and operating a hotel—architecture and interior design, law, construction, finance, brokerage, operations, marketing, human resources, and the many kinds of FF&E, F&B and other suppliers we employ. As an industry, we could do so much more to drive innovation by creatively combining the perspectives of these different professions.

The second reason has to do with how—considering how often guests use our hotels to meet, think and work together—our industry is uniquely positioned to help them do a better job of collaborating. There is tremendous potential to expand our offering to include more of the things that enable and enhance collaboration, especially with respect to existing and emerging collaboration technologies discussed below. Unfortunately, we still tend to limit our meeting room offerings to the "space, dates & rates" we've always offered.

So what's it take to be more effective at collaboration? Generally speaking, the ways and means of successful collaboration fall into three categories:



- **Behavioral** means, like the use of a facilitator, are targeted at promoting positive behaviors and mitigating negative ones.
- **Procedural** methods employ conceptual frameworks and group processes to stimulate and discipline a group's thinking.
- **Technological** interventions utilize collaboration technology—sometimes referred to as "groupware"—to augment the behavioral and procedural interventions as well as make it easier for geographically-dispersed groups to work together.

Anyone who has ever participated in a meeting has at least a passing familiarity with the way that behaviors and procedures can help or hinder group work. Few, however, are familiar with the new technologies that are available to enhance collaboration. Three collaboration technologies have proven to be particularly useful in helping my clients collaborate and innovate together.

The first is electronic brainstorming (EB) technology. EB technology is best imagined as a large electronic flip chart. Each person has a computer he can use to simultaneously type ideas on a projected image at the front of the room. The ideas can be organized by re-ordering them or sorting them into categories. Voting tools enable the group to select or prioritize the ideas. The benefits of using EB technology:

- **Productivity:** Because everyone can “talk at once,” the technology enables a large number of ideas to be captured very quickly—often more than 100 ideas just 5-6 minutes. The result is that groups are substantially more productive, oftentimes accomplishing three days’ work in a single day.
- **Everyone contributes equally:** In many meetings, one or two dominant people do most of the talking, leaving little “air time” for the other participants. With EB technology’s simultaneous entry, every participant has the same amount of time to enter ideas, so everyone has an equal opportunity to express himself.
- **Better ideas:** An optional anonymous entry feature enables people to contribute creative and controversial ideas without fear of ridicule.
- **More orderly thinking:** The ability to quickly rearrange and categorize ideas makes for more orderly thinking than with a flip chart.
- **Group judgment:** The voting tools are a sophisticated way of taking full advantage of the collective judgment of the group.
- **Immediate reporting:** Rather than wait a week or more for the meeting notes to be typed up, EB technology prints the meeting report immediately.

The second collaboration technology, often referred to as webinar technology, enables users to do an online presentation of their PowerPoint or Keynote slides. In this way, they are able to conduct a seminar on the web—hence the term “webinar.” The more sophisticated webinar technologies

have additional capabilities, including testing, chat, an interactive whiteboard, synchronized web browsing and application sharing functions. (Application sharing enables the other participants to both see and take control of whatever software the host is running on his computer.) All of these functions serve as tools to enable a group of geographically dispersed people to work together.

EB and webinar technologies are synchronous technologies in the sense that the meeting participants are all using the technology (face-to-face or online) at the same time. The third collaboration technology, called a collaborative workspace, enables the group members to work and interact asynchronously, meaning at different times. A collaborative workspace is a web site that serves as “communications central” for a group of collaborators. The web site, which can be established and operated with a minimum of training, can be set up with various generic capabilities, including pages for news, calendaring, discussion forums, project management, document storage and directories.

Referring to the flip charts and whiteboards that are, still, the primary tools for collaborating, author and MIT Media Lab researcher Michael Schrage once asked, “What would it mean if the power and versatility of these simple tools for collaboration could be amplified tenfold? A hundredfold? A thousandfold? What if technology could augment the process of collaboration with the ease that a pocket calculator augments computation?”

What if is now what is. Collaborative computing has arrived. Perhaps it’s time our industry climbed on board.

***Kevin Holt** is the founder and President of Co.Innovation Consulting, a collaboration and innovation consultancy that specializes in the hospitality industry.*

The company’s services center on designing and facilitating innovation workshops, longer-term innovation initiatives, organization-wide innovation systems, and inter-organizational innovation networks. Innovation targets include products and services, customer experience management, process improvement, positioning strategies, and business models.

Rooming lists: relic or real?

by Joel Pyser 

Blocks of rooms reserved for meeting attendees have historically been booked directly or through a cumbersome process entailing a so-called “rooming list” – a document that frequently goes out of date before the ink is even dry, among several other disadvantages. Joel Pyser, COO at Passkey International, makes a bold prediction that this antiquated method will soon be replaced by a technological solution.

In the past, there have been two main ways for meeting attendees to book their hotel stays for an event. Either they make their own reservations directly with the hotel (hence “on-own”), or they provide their information to the event’s meeting planner, who then assembles everyone’s hotel booking information into an Excel spreadsheet and sends it to the hotel (hence “rooming list”).

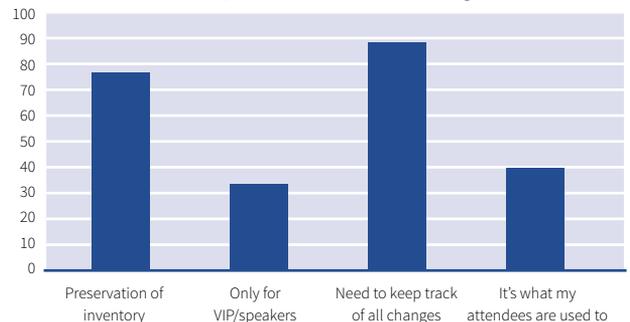
For a long time, “on-own” meant the attendee could either call the hotel, or fill out a paper reservation card and send it to the hotel; then came faxing reservations, and subsequently, e-mailing them. Finally, as the Internet grew in popularity, software and services were developed that allow meeting attendees to make their reservation online.

Meanwhile, the rooming list method has evolved from a manual process that entailed paper forms that the planner mailed or faxed to the hotel to an Excel spreadsheet that they now email to the hotel.

The question we must now ask ourselves is this: with all the technology available for attendees to book their hotel rooms online, has the rooming list become a relic of the past, or does it have a place in the future of event housing? To help answer this question, we surveyed 100 planners as to why they use rooming lists.

Meeting planners who use rooming lists expressed that doing so gives them a feeling of greater control over their inventory. In fact, the first couple of versions of the rooming list submitted

Why planners used rooming lists



to the hotels at the cutoff date often include “dummy” names. This guarantees to the planner that their contracted block of inventory isn’t surrendered, leaving late registrants with no rooms at the group rate, or worse, having to book at a hotel that is not in the block.

Anyone who has worked in the event space understands the planner’s need to maintain a level of control over their contracted room inventory. At the same time, hotels want to move any potentially unsold rooms back in their public inventory to sell to other channels and guests.

Would enabling meeting attendees to book their rooms online, coupled with more sophisticated tools for planners to control their inventory, mitigate some of the risk associated with traditional reservation methods, making the rooming list a true relic of the past?



About Passkey

Passkey is the travel industry's leading hotel booking technology for meetings and events. The Company's cloud-based platform, GroupMAX, is used by thousands of hotels, destinations and meeting planners worldwide to manage the hotel accommodation process for events of every size. At the heart of GroupMAX is the ability for group guests to book their hotel rooms online in event-specific booking websites while enjoying multiple stay and upgrade options. With offices in the US, UK, Hong Kong and Singapore, the Passkey global network now includes over 90% of major US and UK Convention and Visitors Bureaus, as well as a wide range of hotels, casinos, resorts, meeting planners, corporations and meeting management companies.

www.passkey.com

Our research shows that attendees who book online, especially when the housing website is connected with the event registration website, book much earlier than those who have to either call the hotel to make their reservation, or submit their hotel needs to the planner for submission via a rooming list. They also have a propensity to upgrade their rooms, when given the opportunity, resulting in approximately 5% more revenue to the hotel and lower attrition risk to the planner.

This of course applies mainly to those events where the attendee is paying for her own accommodations, usually requiring she provide a credit card at the time of booking. Given what we all know about credit card fraud and data security, is it smart to have credit card numbers floating around on an Excel spreadsheet? A secure online booking site certainly offers a more secure method of handling credit card information.

Between expediting pickup, keeping more reservations within the block, increasing the group ADR and ensuring security of attendee personal information and credit card numbers, it is clear that online booking offers major benefits.

What about hotels? Do they have a preference? Understandably, hotels are mainly focused on filling their room blocks and maximizing revenue. There are a few issues they face with rooming lists. First, by the time the list is received it is likely to be out of date. On average, every rooming list goes through seven versions before final.

With processing and loading of reservations from the list being manual, this is a very time consuming, error prone and costly process for the hotel.

Second, even when the hotel has an automated facility to upload the rooming lists into their reservation system, the risk of collecting lists with credit card numbers is high. Not all hotels have a reliable method of securing rooming lists that are received via e-mail and that contain credit card information. They would much prefer that all attendees book their own rooms online.

Bottom line: while rooming lists have pros and cons for both meeting planners and hotels, all constituents (meeting planner, hotel and attendee) benefit from shifting from rooming lists to today's version of on-own booking, the event-specific group booking website.

With the maturing of online booking channels dedicated to groups and events, my prediction is that the rooming list will become a true relic of the past within the next five years.



Is your future hotel key already in your pocket?

by **Keith Gruen** 

It may well be, says Keith Gruen, CEO of hetras. But for a host of reasons, other options – even some decidedly unsexy ones – need to be considered, too. In this overview, Keith shares with Hotel Yearbook readers the pros and cons of the main contenders for Hotel Key of the Future.

Many hoteliers – especially those building new properties – are considering the new generation of door-lock technologies.

There are several new door-lock technologies currently in production or development, such as NFC, RFID, acoustic, Bluetooth, PIN-code, magnetic swipe card and biometric.

Ignoring for the moment the technical differences, these solutions can be grouped into two fundamentally different operational strategies:

1. The guest needs to stop in the hotel lobby to pick up a key.
2. The guest can go straight to the room without stopping.

The second option is what many hotel industry leaders would like to achieve. The airlines have already achieved it. Passengers can go straight to the gate and board the plane without having to stop and pick up a boarding pass. We call this non-stop check-in.

Even though the technology is available, virtually no hotels have successfully implemented non-stop check-in. Why is this?

For non-stop check-in to work, the guest must be able to open the door with something they already have with them. Let's

consider some of these items and how they might facilitate non-stop check-in.

1. Smartphone with app. With the appropriate app, the guest registers securely and can then use the app to activate a signal – possibly via bluetooth or RFID – to unlock the door. It's a workable solution, but even in smartphone-friendly countries, the penetration is around 50%, though still on the rise. Can a hotelier expect that all their guests will download yet another app just to open the door? What if the guest does not have Internet connectivity or has deactivated data roaming and can't download the app? Do the kids and travelling companions all need their own smartphone? Of course it's not enough just to have the app. There must be a secure way for the main registered guest to transfer the virtual key to other family members.

2. Traditional mobile phone. A solution which requires only a traditional (non-smart) mobile phone can be used more universally as the phone penetration among hotel guests is nearly 100%. Such solutions would work for smartphones too. These solutions are generally based on SMS and possibly an acoustic signal. One challenge here is that the hotel needs to send many SMSs, sometimes to costly international destinations. Also, the guest needs cellular reception in front of the door, the reliability of which is outside the hotel's hands. Both the traditional and smartphone solution fail if the phone's battery is dead.



About hetras

hetras is the first company to build a fully cloud-based application for hotels and global chains of all sizes. Particularly suited for the new generation of hotels with a high degree of automation, the hetras hotel management software combines property management system (PMS) with powerful distribution and channel management into a unified application. The product is offered on a SaaS basis, meaning that hotels pay an all-inclusive flat fee per month per room. Built from the ground up for the internet generation, hetras offers a refreshing new user experience and users only need a tablet or browser with a standard internet connection.

www.hetras.com

3. Universal programmable key. Hotel door locks are not the only ones going through modernization. Some locks in private homes, cars and offices have been upgraded as well. These keys – typically based on NFC – can in theory be programmed to open multiple doors. In an ideal world, we would only have one key in our pocket, which could open everything we own. Unfortunately there are few standards and few incentives for the key providers to support each other's devices.

4. PIN Code. PIN codes have been around for a while. Guests receive an email or SMS prior to arrival with a PIN code. They can easily share it with their travelling companions. When they get to their door, they type in the code and open the door. Reasonably simple and straight-forward to implement, but not terribly sexy.

5. 2D Barcode. Most airline passengers are familiar with this. A hotel guest could receive a 2D barcode via email and scan the smartphone or a printout of the code at the door. The disadvantage with this solution is that the 2D barcode scanners are relatively expensive and power-hungry. No problem for an airport gate, but outfitting and powering 500 doors is a costly exercise.

6. Biometric. Fingerprint sensors, retina scanners or hand scanners are becoming more commonplace at airport border controls or other high-security locations. Like the 2-D barcode

scanners, biometric readers tend to be costly and power-hungry. Furthermore, the guest must have a secure way to register their fingerprint etc. before arriving. And do guests really want to give hotel companies this information?

It's clear that none of the solutions is a sure-proof way to provide non-stop check-in. The deficiencies mean that those hotels that want to offer non-stop check-in will also need some form of traditional check-in or kiosk to handle the exceptional cases.

Furthermore, in some countries, non-stop check-in is simply not possible as hotels are required by law to scan the guest's passport or collect a signature on a registration form.

Nevertheless, new generation hoteliers will continue on their quest towards the non-stop check-in. Time will tell which, if any, of the above concepts becomes the standard.

hetras

Going mobile!

by *Ian Millar* 

In the not-too-distant future, more and more services and hotel-guest communication are likely to move out of the realm of face-to-face interaction and onto our mobile devices, writes Prof. Ian Millar, the technology specialist at Switzerland's Ecole hôtelière de Lausanne. Here he takes us on a tour of some of the myriad touchpoints that may soon be taken over by cleverly designed smart phone apps, fundamentally empowering guests... and changing their hotel experience.

Due to the very nature of the hospitality business, our guests are truly mobile. They are with us because they are travelling. Some will be on a short trip, while others will be on those long-haul international business trips, visiting many countries. But whatever the reason for their trip, one thing all our guests have in common is what is in their pocket: their phone. Whether it be a normal phone or a smart phone, almost everyone today has a mobile. The International Telecommunications Union (ITU) predicts that by 2014, there will be more phones on the planet than people. Mobile-cellular penetration rates stand at 96% globally (128% in developed countries, and 89% in the developing world). More than 50% of Internet consumption is now done via mobile.

Add to that the current trends of BYOD (bring your own device) and BYOC (bring your own content), and the increase in tablet sales. Apple says it has sold just fewer than 84 million iPads, and in the first quarter of 2013, according to IDC, Samsung shipped 8.8 million tablets. In total, more tablets were shipped in the first quarter of 2013 than in the first half of 2012. Desktop PC sales have fallen off the cliff. Some 34% of Americans have a smart phone or tablet on the top of their Christmas list.

So our customers are all going mobile. How can we as an industry integrate the mobile device into the experience we are providing to our guests? I am not going to say here that the mobile will replace front desk staff and remove all forms of guest interaction, but what I will say is that in the future, we should cater for guests who want to have their experience and interaction on their mobile device. For me, a great example of how this can be done is happening now in the airline industry. How many of us have booked our flight online, or through an airline app on our device, then checked ourselves in through our device, chosen our seat and downloaded the boarding pass? Imagine now that the possibility to do this was taken away. We would find ourselves back in the days of travel agents and arriving at the airport not knowing what seat you will be assigned. What would your impression of your airline be if that happened? The mobile device has empowered our guests to do more for themselves, by themselves – and they are fundamentally happy about it.

In a recent survey by toonz.com, 42% of the respondents say they have researched or booked a hotel room on their mobile device, with 70% of those people confirming that they have booked a room on their phone in the 24-hour period before arrival.



Ian Millar's double expertise in the areas of hospitality and information technology sets him at the forefront of new developments in the international hospitality industry. He is also a Certified Hospitality Technology Professional (CHTP) Ian Millar is a frequent presenter at international IT conferences and is a member of the Advisory Board of the European Hospitality Technology Education Conference EHTEC, as well as on the advisory board for HITEC the world's largest hospitality technology conference.

Ian Millar has been instrumental in developing the exceptional resources and expertise available to students at the school. He created EHL's unique CyberHotel, a specially equipped and fully functional centre on campus that features best practical IT solutions in hospitality technology currently used in the industry. Within CyberHotel Ian Millar teaches the students about the latest technologies for the hospitality industry.

As of October this year Ian Millar is a member of the executive committee of HFTP, the world's largest organisation for hospitality and financial professionals. Ian Millar served on their board of directors from 2008 to 2011.

So why do we still make our guests queue to check in? More and more of our guests will see it as an added service to be able to get their room number confirmation on their phone, bypass reception and go straight to their room. That will of course depend on the device they have, but increasingly, we will see phones having the capability to open hotel room doors, either by MMS, NFC, Wi-Fi direct or other features.

Once your guest has entered this hotel room of the future, allowing her to connect her mobile device directly to the TV will be the norm. Wi-Fi direct or Miracast will allow the syncing of the hotel room TV and guest device. Guests will play movies, music and games on their device, all of which will be beamed onto the TV. We could even replace the traditional remote control and have the guests' own device control the TV.

Then what would be wrong with having guests interact with the hotel through their own device? Marriott has been trialling this with their app called "Red Coat Direct", designed specifically for meeting planners. The future of such services as room service, concierge, valet parking and many more could move as well to the guests' own device. Think how much we could save on printing alone by getting rid of the in-room compendium!

By empowering our guests who want this experience, we are fundamentally giving them a better experience. But with all this mobility comes the ultimate question of power. The Achilles' heel of all mobile devices is their battery life. There is nothing worse than having "juice jitters" - knowing you're down to your last 10% of power with no possibility of charging in sight. We always want our guests to have a good night sleep and wake up fully recharged, don't we? So we should do the same for their phone.

Meta search marketing: the new revenue frontier in hospitality

by **Max Starkov** 

In 2014, hoteliers must add meta search marketing to their core marketing activities and budgets, says Max Starkov, CEO of HeBS Digital. By doing so, they can shift share from the OTAs to the direct online channel – the hotel website - and level the playing field.

Though meta search has been around since the early 2000s, today we are witnessing an explosion of meta search in hospitality, the result of advancements in digital technology and the convergence of hotel online distribution and online advertising. Meta search marketing in hospitality is hotel rate comparison online advertising format that requires real-time room availability and pricing feed plus campaign/bid/budget management technology.

The most popular meta search sites and features in the hospitality space include Google Hotel Finder, Bing hotel pricing ads, TripAdvisor Meta Search, Kayak.com, Trivago.com (Europe), WeGo.com (Asia Pacific), and others. The value proposition provided by these meta sites to travel consumers is undeniable: By adding real-time availability and pricing and enabling rate shopping, online hotel planners are now provided with everything they need to research and book their hotel stay.

The main question is: Why would any online travel consumer want to go to an OTA website when they could get all of the above on Google, TripAdvisor, Bing, Trivago, or a similar meta search site? This is why I consider meta search the ultimate “OTA-killer.”

Contrary to some perceptions in the industry, meta search is not a distribution channel, nor is it a “set and forget” marketing initiative. It is an advertising model that typically utilizes the cost-per-click (CPC) advertising format, in which the

advertiser pays only when someone clicks on their listing and is taken deep into their booking engine. This format requires professional campaign management, including daily spend and bid management, daily reaction to what other advertisers are doing, monitoring of budget spend on a daily basis and monitoring of rate parity (that is often abused by the OTAs).

For instance, since only the top three positions on TripAdvisor and the top four on Google Hotel Finder matter, just being enabled means nothing since OTAs will push the property down or out of the pricing ad menu. This is why many branded hotels rarely see themselves in the Google Hotel Finder meta search pricing menus or among the top three featured advertisers on in the TripAdvisor Check Rates meta search menu.

In my view, meta search marketing must become part of hoteliers’ concerted efforts to shift share from the OTAs to the direct online channel – the hotel website. By being part of meta search marketing on websites like Google, TripAdvisor or Trivago, hoteliers are leveling the playing field with the OTAs and giving their past guests or referrals from past guests the chance to book directly with the hotel.

In addition to other fundamentals such as website re-designs, SEO, SEM, online media and retargeting, email marketing and social media, meta search marketing is an important tool hoteliers can use to drive more direct bookings through the property website. Independent hotels are particularly OTA-



dependent. Approximately three quarters of online bookings for independent hotels come from the OTAs and just a quarter from the hotels' own websites (STR, HSMIA Foundation).

Meta search marketing generates incremental revenues and produces excellent ROAS (return-on-ad-spend). HeBS Digital's hotel client portfolio has been enjoying robust ROAS rates of 800% - 2,000% on both the TripAdvisor Meta Search and Google Hotel Finder meta search program.

Advertising via meta search sites is easy and stress-free if hoteliers partner with an experienced meta search marketing firm that has the technology a) to interface with the meta search algorithms of Google Hotel Finder, TripAdvisor Meta Search, etc. and b) to manage the meta search campaigns, daily bids and budgets, conversion tracking and reporting. One such technology is the MetaSearch Gateway, HeBS Digital's one-stop meta search marketing platform that enables, runs, manages, tracks, and reports on any property's meta search marketing campaigns on Google Hotel Finder, TripAdvisor Meta Search, Kayak.com, Trivago, Bing, and other sites.

How much should hoteliers budget for meta search marketing? This advertising format is gaining strength, and hoteliers must include meta search marketing as a separate line item in their 2014 digital marketing budgets. For example, for less than a \$1,000/month any hotel could become part of Google Hotel Finder, TripAdvisor Meta Search, and Bing Meta

Search. Such cost-effective meta search marketing packages include the advertising spend, property CRS connectivity to the MetaSearch Gateway, campaign management, daily bid and ad spend management, conversion tracking and reporting.

What is next? Meta search marketing is already branching out beyond the typical rate comparison sites. Google Dynamic Text Retargeting Ads offer one such example, available only to properties participating in the Google Hotel Finder meta search program. Based on the meta search marketing concept, here at HeBS Digital we are already working on several game-changing "hybrid" digital marketing initiatives, utilizing real-time hotel inventory availability and pricing fees, such as Dynamic Rate Google AdWords and display advertising with real-time pricing, email marketing with dynamic rates, hotel desktop and mobile site dynamic rate promotions, and more.

In 2014, hoteliers must add meta search marketing to their core marketing budgets. Not only does meta search marketing help hoteliers compete against the OTAs and shift share from the OTAs to the direct online channel, it generates cost-effective incremental bookings at great ROAS levels. I expect meta search marketing to explode over the next few years and encourage hoteliers to participate in this viable marketing channel.

HeBSdigital

About HeBS Digital

HeBS Digital is a full service digital technology and marketing firm dedicated to driving revenues through the direct online channel. Comprehensive products and services include hotel desktop, mobile and tablet website design, the most advanced CMS in the industry, SEO, SEM, meta search marketing, social media, mobile marketing, online media buying, strategy consulting and more. A diverse portfolio of hospitality clients: from independent hotels to major hotel brands, casinos, hotel management companies, franchisees, restaurants & CVBs benefit from HeBS Digital's expertise.

www.hebsdigital.com

Content: the weapon of choice in the battle between hotels and OTAs

by Peter O'Connor 

How can hotels compete more effectively with the OTAs? One way, says Peter O'Connor, academic director of the MBA in hospitality management at ESSEC Business School in France, is to up their game when it comes to creating and organizing the content they post on their websites. It's here, he says, that visitors to the sites are converted to buyers – or lost to the competition.

When it comes to online commerce, only two questions really matter. How can I get traffic to my website and, once they are there, how can I convert these lookers into bookers? Luckily the answer to both of these questions is deceptively simple – content! Superior content (the text, photos, video and functionality that we include on our web pages) is the factor that characterizes great websites. At the end of the day, it's this content that motivates people to use the web, seeking out information or particular features to meet their immediate and impulsive needs. Having the right content, presented in the right way, is key to both attracting and converting site visitors.

Well-targeted content insures that websites appear prominently in search engine result listings and as a result are seen by potential visitors searching for solutions. Within travel, OTAs have long understood this, and have focused on consolidating vast amounts of content, organizing it hierarchically to aid indexing by the search engine spiders. In addition, the development of travel-focused, user-generated content systems such as TripAdvisor by Expedia Inc. was at least partially motivated by vast amounts of unique, frequently updated content that such systems could generate at a low cost.

Similarly, having the right content helps convert the customer, turning lookers into bookers. This means targeting both individual pages, and even entire sites, towards niche markets. In practice, one of the key challenges with hotel websites is

that they lack enough appropriate targeted content. Usually written for a generalist audience, most try to be everything to everybody and end up being nothing to anybody. When examined closely, the content of most hotel websites could best be described as “inoffensive” – unlikely to discourage anyone but at the same time also unlikely to motivate anyone to actually buy.

Once again, OTAs have a deeper understanding of the importance that content plays in converting the customer. In addition to having more and better organized content, many take the basic textual descriptions given to them by hoteliers and rewrite them into more focused, sales oriented language (or, more frequently, languages). Similarly, they supplement the meager photos and video supplied by hotels with reworked media gleaned from multiple sources, all with the aim of making their presentation of the hotel richer and more attractive than that found on brand.com websites. Thus consumers looking at hotel pages on OTA sites frequently get a more comprehensive and better organized impression of the hotel than they get from the hotel's own website. When coupled with the former's strengths in merchandising, it's no wonder that conversion rates at OTA sites frequently run at more than double those of their hotel partners.

Faced with such difficulties, how then can hotels compete? The answer still lies in one word – content. At the end of the day, content is what drives search and what drives conversion.



***Peter O'Connor, Ph.D.** is Professor of Information Systems at Essec Business School, where he also serves as Dean of Academic Programs. His research, teaching and consulting interests focus on technology, distribution and e-commerce applied to the hospitality sector. Peter also serves as Editor-at-large of Hotel Analyst Distribution & Technology.*

Comprehensive, well structured, frequently updated, precisely targeted and unique content is the key to competing effectively online. Thus, to be successful hotels, need to think more strategically about their content. This mean not only investing heavily in developing appropriate sales-oriented content that actually promotes their properties, but also means greatly expanding what they do in terms of web presence.

The big challenge with content is what is right for me may be wrong for you. To create great content, hotels have to intimately understand their customers, segment them effectively and create sites that precisely address each segment's needs. One size simply does not fit all – to be successful, sites need to be precisely targeted towards specific groups of customers. Some of the more successful hotel players already understand this at a basic level, having created niche websites to supplement their generalist brand.com offering. For example, Marriott has registered a large variety of different sites, including MarriottMeetings.com, MarriottVacations.com and MarriottRewards.com, in each case routing the visitor towards highly targeted portions of their core website, featuring unique content focused on the needs of each particular market.

But this is just the beginning. To compete effectively with OTAs in the future, hotels will need to go much further by significantly increasing their web presence. To win the battle, they will need to stop thinking in terms of developing just single sites and instead focus on managing their extensive portfolio of precisely targeted, multi-lingual, niche-focused sites, each loaded with just the right content to insure that they are found in consumers' ever more precise searches, and that they convert lookers once they are found. Developing (and redeveloping) such content is an expensive, time consuming and problematic process, one that is totally foreign to most hotel marketers, but it is only by using content as a weapon that hotels can effectively compete with OTAs in tomorrow's electronic marketplace.



As your hotel extends
to various channels,
your CRS is your lifeline.



We know the importance of your reservations and that's why WindsurferCRS provides constant reliability with never-tiring functionality. It's easy to use and has unlimited scalability. Windsurfer distributes rates and inventory to all channels with reliable ease and greater efficiency than any other system available.

You can rely on us.

For more information about WindsurferCRS,
go to sceptrehospitality.com or call 800.252.0522.

A CRS is a hotelier's lifeline

by **Estella Hale** 

For a hotel, capturing the right information drives marketing, pricing and forecasting, writes Estella Hale, Product Manager at Sceptre Hospitality. With an efficient central reservation system (CRS), a hotel can glean insights as to who, when, where and how often it has booking potential.



The central reservations systems (CRS) environment has evolved in today's ever changing distribution climate. It has become more than just an inventory and informational database. It has advanced into a necessity; an enterprise-level system that hoteliers must use to go to market or be doomed.

Your CRS is your lifeline in the digital marketplace. A reputable CRS should provide enhanced channel management capabilities and valuable access to booking and reporting information, all the while maintaining complete reliability – or up time. Consider its outreach to various channels, and you can imagine how it should report insights as to who, when, where and how often your hotel has booking potential. This information drives marketing, pricing and forecasting. At the same time, if the CRS is not available, hotels are simply off the grid.

A slow, unreliable CRS is a costly anchor to hang on a hotel when we live in a fast-paced world where guests will quickly move elsewhere if the booking experience is sluggish, not intuitive or simply unreliable. Hoteliers need to be able to respond to changing business conditions and emerging channels anytime, anywhere, and they need the peace of mind that comes from a CRS that works fast and without fail.

So what's in store for the future CRS?

Ubiquity. Hotel connectivity must be available wherever there's a channel to guests seeking accommodations. Direct connectivity between systems will only improve in the coming years and will allow for better speed and lower costs. These connections included, for example, data exchanges between CRS and PMS, and CRS and GDS.



Complete reliability. Look for speed to become a huge driver to CRS priorities. Web users in particular tend to be impatient and quick to abandon a low usability process. We will soon see responsive design booking engines that present an experience optimized for the resolution of each device. Additionally, I expect booking engines to accommodate a process that occurs across different devices.

Big Data. Consumer insights and data that can be translated into useful business intelligence are everywhere. In the future, your CRS should be able to harness all that data into actionable priorities.

User Interface. Booking engines are traditionally the consumer's window into a reservation system. Having been born as a transactional necessity, they have become mundane and self-serving. In the very near future, booking engines, like front desks, will take on a new meaning. New experiences such as shopping carts will replace transactional processes, and hoteliers will be able to market much more than just accommodations when reservation systems can sell non-room-centric bookings. In other words, smart hoteliers are becoming online merchants, not just innkeepers.

About Sceptre

Sceptre Hospitality Resources maximizes revenues for hotels and resorts. With the addition of Whiteboard Labs, the company now serves nearly 3,500 properties on its reservation platform. In addition to Windsurfer, a state-of-the-art central reservation system (CRS), Sceptre's other software include MotionNotes, a video messaging platform, SpaLinX, a spa management and appointment booking application, HotellIQ business intelligence, custom internet application development and revenue management services.

 www.sceptrehospitality.com

The rise of demand management and the argument for big small data

by **David Turnbull** 

David Turnbull is a founder of SnapShot GmbH, a start-up in the field of demand management for hotels. He argues that by merging key elements of revenue management, distribution, sales & marketing and finance, the industry can implement a cultural, technological and structural approach to understanding and managing demand that transcends the current channel-based thinking.

If ever there was a Zeitgeist phrase to typify the seismic changes occurring within the hotel industry, “demand management” is the one I associate most with hotels in 2013.

The industry finds itself at a crossroads where the blurred lines of responsibility for commercial development are failing to launch, with new directions in structures, technology and processes the missing ingredients.

Financial stakeholders are demanding increased attention to profit conversion, attributed to the dominance of Online Travel Agents (OTAs) and the slipping control of distribution costs.

Although there are multiple definitions for demand management in hotels, I propose that it be viewed as a holistic merger of the disciplines of revenue management, distribution, sales and marketing and finance, adopting an integrated approach to organizational structure, standards and processes.

Due to the lead-time involved to effectively implement a culture and practice of demand management, my belief is that hotel organizations should ignore the hype surrounding the potential of “big data” and focus now on developing integrated strategy and decision making through intelligent and achievable “small data” tactics.

Historical perspectives

The challenge the industry faces is the historical structures influencing the current management of demand. Hotels maintain outdated approaches to segmentation, where traditional market structures dominate strategy and forecast environments, without sufficient (if any) cross-reference to the channel of demand.

Revenue management systems continue to espouse competent total revenue generation via price and stay pattern optimization – however, without any direct consideration of cost of distribution and direct and third-party marketing investments.



Significantly, the historical dominance of bricks & mortar agencies provided stable and regimented B2B demand for hotels, replaced in recent years by a resurgent OTA market, which has encouraged a new, highly instable transient segment of B2C consumers, with changing priorities and approaches to travel consumption.

Current inertia

The reality in 2013 is that the selling of a hotel room has become so complex that the current organizational structures, operating standards and processes are insufficient to satisfy “the new normal.”

Despite industry-wide agreement that cost of distribution is one the largest threats to future profit generation, hotel organizations are slow to adopt channel segmentation and cost optimization within their forecasting environments.

The reason for this is clearly attributed to historic approaches to budget, strategy and forecast management, compounded

by challenges in the collection, storage, extraction and analysis of relevant data within hotels’ operational databases.

Whilst this is one obvious example of the inherent challenges the industry faces, I also see the following points as critical towards the current malaise:

- Disjointed commercial organizational structures with inconsistent forward planning and reporting tools
- High labor cost and time management associated with channel optimization and inventory management
- Reactive and long-lead approach to cost of distribution calculations
- Inaccurate net contribution due to an inward focus on commission spend and an absence of all relevant investments attributed to cost of distribution
- Low understanding of the tactics involved and the positive impact gained, from position optimization via OTAs to increase direct conversion (billboard impact)
- Static market and pricing intelligence tools with limited opportunity for dynamic demand-based competitor sets

The first steps: Small data

The long-term aim should be to merge key elements of revenue management, distribution, sales & marketing and finance, and implement a cultural, technological and structural approach known as demand management.

The result will lead to a significant harmonization of key responsibilities, integrated planning and execution of demand management activities, satisfied “on-target” customers and a focus on profit optimization.

In the short term, there are many “small data” solutions available to incubate the above opportunities. By small data, I mean the effective management and analysis of existing indicators of demand in a structured and progressional approach.

Below are some examples I see as “small data” opportunities that hotel organizations should consider implementing over the next 12 months:

Demand segmentation: Countering the analytical limitations of individual “silos” of market and channel segment data, hotels should adapt their segmentation strategy (and forward planning) and set up unique demand segments, which merge specific market and channel segments into relevant buckets of demand:

↓

Demand segmentation

Existing market segment	Existing channel segment	New demand segment
BAR	Hotel direct	BAR/Direct
Promo	Hotel website	BAR/Website
Corporate	Third-party intermediary	BAR/TPI
Group	GDS	Promo/Direct
Leisure		Promo/Website
Internal		Promo/TPI
		Corporate/GDS
		Corporate/*
		Group/Direct
		Group/*
		Leisure/Direct
		Leisure/*
		Internal/*

Net contribution forecasting environment: The next step for hotels is to adapt their forecasting environment to proactively calculate and include the historic total cost of distribution, and forecast future assumptions per demand segment, enabling net contribution visualization.

Net contribution

Demand segment	Rms	ADR	Rev	Dist. Cost %	Dist. Cost	Net Contribution
BAR/Website	20	225	4500	7%	315	4185
BAR/TPI	25	200	5000	19%	950	4050
Total	45	211	9500	13%	1265	8235

User and third-party data tracking: Whilst booking pace and pick-up trend analysis is commonplace, there are many additional user-generated and third-party analytics available to hotels that not collectively tracked within the forecast environment for progressional trends and analysis during the active forecast/booking window:

Progressional data tracking

User-generated data	Third-party data
BAR/Price adjustments	Competitor set price rank
Dynamic commission overrides	OTA position
Forecasted segment changes	Online review score

Profit what-if scenarios: By adopting the above sequence of recommendations, a hotel now has the potential within its revised forecasting environment to commence the testing of “what-if scenarios” based on alternate combinations of demand mix, volumes, positioning and pricing, to determine the optimal strategy to maximize net contribution and profit generation.

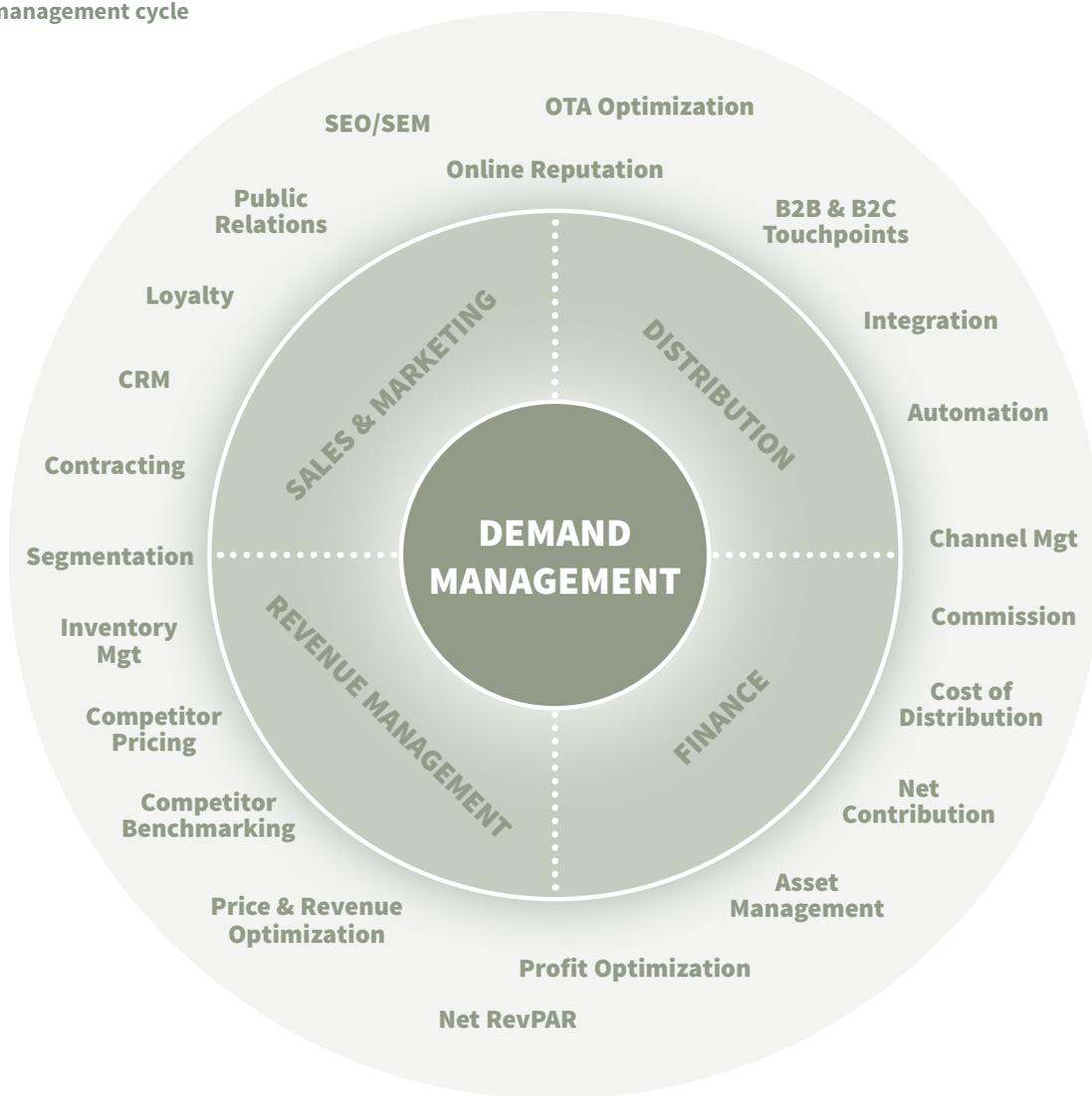
The journey ahead

If I can be critical of the outlined future path to demand management, it is that whilst there are already significant advancements in the automation and integration of demand channels and strategy, the reality is that the collection, storage, extraction and analysis of even “small data” remain a great challenge to implement.

The cultural shift towards integrated planning, decision making and progressional management of demand requires significant commitment of any hotel organization to achieve, along with the collective support of the numerous operational and intelligence technology vendors.

What I do expect, however, is that in the coming years we will start to see the evolution of the first wave of “Demand Managers,” educated and supported to achieve the obvious requirements for maximum profit optimization – Demand Management is on the rise!

Demand management cycle



Hailing originally from Scotland, **David Turnbull** is the COO and Co-Founder of SnapShot (www.snapshot.travel), a new hospitality start-up launching in Fall 2013. David is a specialist in the fields of Hotel Revenue Management & Distribution, founding the outsource company Yeeld Solutions and previously working with hotel brands including Design Hotels, Como Hotels & Resorts, Le Meridien & Malmaison

Cluttering cloud claims

by **Erik Weller** 

These days, every software provider worth its salt is moving its offering to the cloud. That makes sense for many reasons, says Erik Weller of iTesso, and technology buyers are pleased with all the benefits. However, it is important to beware of potential pitfalls when choosing a software provider, and to make sure you understand their claims, he says.

The cloud is cloudy

Ask ten people what the cloud is and you'll get ten different answers. The cloud can be many things, but they all involve computing that happens on a large number of computers accessible over the Internet. The benefits of using the cloud depend on what you are trying to achieve. If you've decided to get rid of all your onsite servers and need to move your word processing and e-mail to a place where it can be accessed from anywhere, you could decide to rent space in a hosting center. Or you could use the cloud. One important benefit of the cloud is that, rather than buying disk space for your hosted server that is large enough for the growth you expect, you only pay for the space you use.

Hosted vs. PaaS

When it comes to replacing PMS software or finding a PMS for your new hotel, you're likely considering vendors that offer software in the cloud. Many vendors still offer the same software but now simply host it on a server in the cloud. That's not what you want. True cloud-native software takes advantage of all the benefits the cloud offers. Cloud services providers, such as Amazon, Microsoft and Salesforce, offer their Platform as a Service (PaaS), which means they provide resources as required and only charge for what was used. This allows cloud-native software to grow and shrink as required. The benefits of this efficient elasticity can be passed on to you as the end user, not only through lowered pricing, but also because there is no need to procure hardware for you. These

vendors will be able to start working with you the moment you sign up. Make sure your vendor offers software that was created for the cloud and not just moved to the cloud.

Where is the data?

When you make the move to the cloud, be sure to ask where the data is hosted. If you have hotels in Europe, you should know that under the current European data protection directive (95/46/EC) personal data is not allowed to cross borders. Is that something your software provider can guarantee? In 2014, the new EU Data Protection Regulation will come into effect, which puts much of the onus on the vendor. Is your vendor aware of this, and are they prepared to put your mind at ease?

What about interfaces?

The number of interfaces that are used in an average hotel is staggering. Your Property Management System could connect with up to 20 different other systems of various types, many of which still reside within the walls of the hotel. From the PABX to the keycard system, from the pay-per-view to the digital signage system, and from the POS to back office software, most communicate using proprietary protocols. Ask your potential PMS partner how they deal with your need to connect your legacy on-premise systems with their cloud offering—especially those that require a serial connection with a 6-foot cable. Do they offer a proven solution that can deal with latency issues? Just converting serial transmissions to



an IP socket may not be enough. By the time the software in the cloud has figured out a response and sends it back to the serial port, the other system may have timed out. Be sure your vendor can reassure you regarding these issues.

Credit card conundrum

The PMS processes credit card data. How does it deal with PCI-DSS security? If you've invested in becoming PCI compliant, the last thing you want is for your new software to throw a wrench in the works. If you're still looking into becoming PCI compliant, how does the cloud-based software affect the process? Is it out of scope for both credit card guarantees and credit card payments? Be sure to have that conversation with the vendor.

Off balance sheet or out of balance?

The idea of keeping the software you use off your balance sheet is great, but software licenses are just a portion of what your vendor invoices. You are also billed for training and installation services. What about ongoing training, and training for software updates? How has the vendor dealt with those costs? Have they been moved from CapEx to OpEx as well, or is it just the software?

The bottom line is—don't let your PMS vendor clutter your mind with claims that their cloud offering can solve all your problems when instead, they might just create new ones.

About iTesso

iTesso (formerly known as Hotel Concepts-Brilliant) is a leading global provider of advanced software solutions to the global hospitality industry. The company's premier product is the iTesso Enterprise Lodging System, the world's first true Cloud-native Property Management (PMS) and Central Reservation System (CRS), operating on the Microsoft Windows Azure platform. Founded in 1994 and based in The Netherlands, iTesso maintains four main offices on three continents in order to provide local support to their hotel clients around the world.

 www.itesso.com

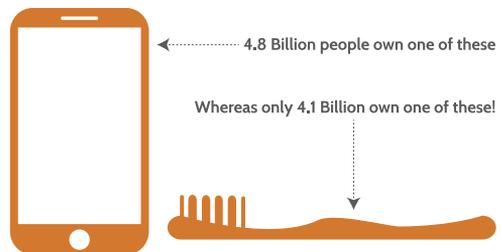
Mobile is not the future, it's “the now”

by **Brian Saab** 

With the enormous number of people using mobile devices to explore hotel options online and share information about themselves, the volume of “digital bread crumbs” they leave behind is astounding – and growing all the time. Brian Saab, founder and Chief Marketing Officer at buuteeq, makes an excellent case for focusing on collecting and analyzing guests’ information in order to “make every visit online as personal as a visit to your property.”



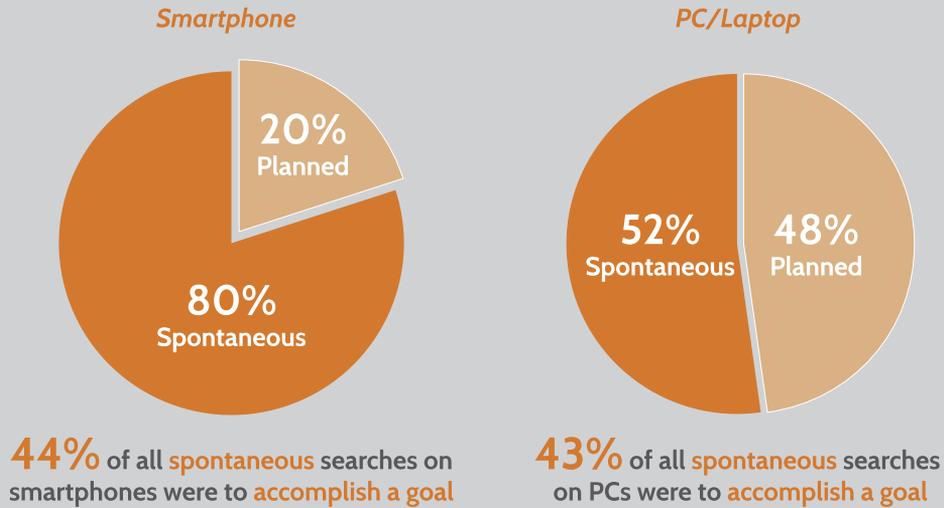
A 2011 Google study claims mobile phones are more widespread than toothbrushes, and one UN study states that more people on earth have access to cell phones than toilets. In a world where the demand for mobile is surpassing the demand for personal hygiene, being “mobile optimized” just isn’t enough.



If your hotel lacks a fully synchronized, integrated-intelligence based site, you are dead on arrival. Having a mobile optimized site may get your foot in the door, but you need to take it further and understand how guests are using it. Why? Because mobile travelers are even more goal oriented than their laptop counterparts.

We accomplish goals through spontaneous device usage

Spontaneous vs. Planned Search



Without a doubt, travelers take a multi-device path to purchase. According to Google, consumers primarily use phones in the morning, laptops throughout the day, and tablets as they unwind at night.

Like guests, hoteliers need to take a similarly integrated path to gathering that intelligence. If you don't have the technology and reporting to track the trends, how are you changing your own marketing to match the new world order?

We are data dissemination machines

A recent survey at buuteeq revealed that one in 10 of our employees has a personal fitness data recorder or "wearable" such as Fitbit, a Garmon GPS watch, or a Nike Fuel band. That statistic is in addition to the aforementioned ultimate data recorder – smartphones. Ninety percent of our office routinely posts their personal and professional activities on Facebook, Google+, LinkedIn and other social networks. Being a technology-driven group, I thought we were the exception, but we're actually the rule. Mary Meeker, venture capitalist ↓

Usage by device differs throughout the day

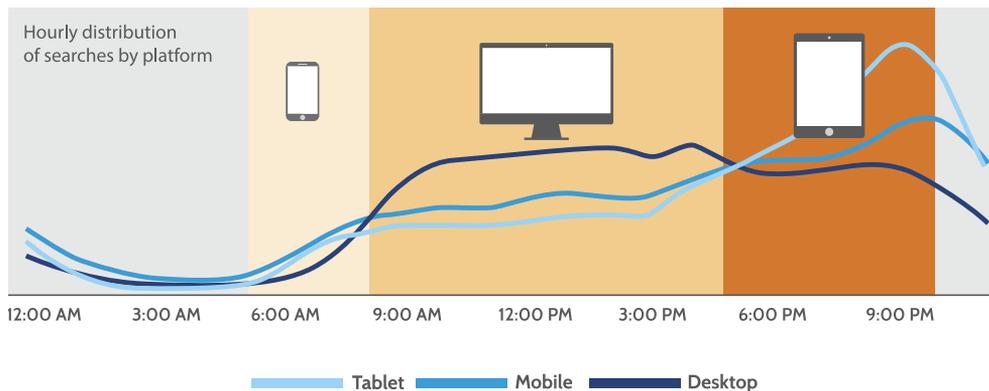


Chart from Google Mobile Ads Blog, <http://googlemobileads.blogspot.com/2012/08/navigating-new-multi-screen-world.html>

and former Wall Street securities analyst, published an Internet report that says it best: a quarter of the world's population shares "everything" or "most things" online. Interestingly, Meeker predicts a 2X month-to-month growth of data from fitness devices alone.

Social Media – Facebook leads, YouTube + Twitter + Google + Pinterest + Instagram + Tumblr Rising Fast

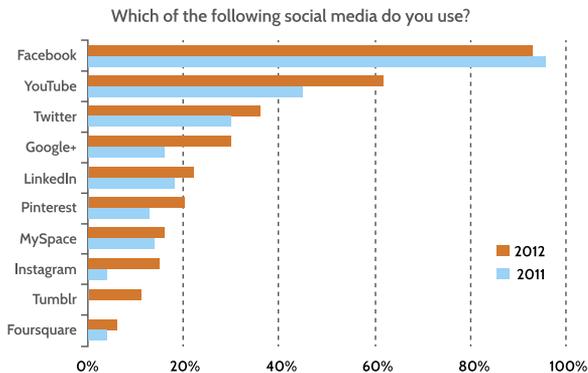
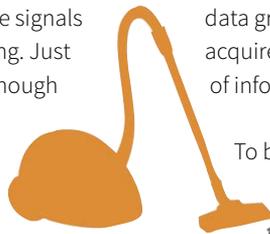


Chart by KCPB. Source: Frank N. Magid Associates, "Facebook Fatigue - Fact or Fiction?", March 2013. Based on a study of 2,000 social media users 12-64 who were asked which types of social media they use. 2011 Pinterest and Instagram data from 9/12 / 4/12.

So how does this relate to the hospitality industry? Your guests explicitly share data about themselves at an incredible pace. But what about when that happens implicitly? Every day, people explore what they like online and quickly dismiss what they don't. These digital bread crumbs are signals that tell you about the efficacy of your marketing. Just how well do you grab attention online? Long enough to convert to a booking? Which pages sell your property? What cities are your visitors from? Is your TripAdvisor promotion working? The crumbs land everywhere, but you need a vacuum equivalent of data collection and reporting to gather them all up.



Authentic guest interactions start on the web

It's no secret – hospitality lags all other industries in technology adoption. In the Hotel Yearbook 2012, Bryan Mulliner, strategic development and revenue director of Protea Hotels in South Africa, made the observation that "we see ourselves as a people business...the reality is that we

need to harness technology... to deliver more effective guest experiences, rather than relying on the traditional [approach]." My colleagues and I couldn't agree more. In order to future-proof your marketing, authentic interactions with guests must start online. That means you need to get to know them quickly across all platforms, well before they set foot on your property.

More often than not, we read extensive articles about technology in limited or non-strategic roles – modifying rooms for wireless capabilities, automating the check-out process, or mechanizing customer service. Most of these are cost-cutting approaches that remove people (expensive) and replace them with machines (cheaper). But removing people from an inherently people-oriented industry is counterproductive, and oftentimes poorly executed. Your lobby is no longer the first impression. As technology grows up, cloud-based solutions become the go-to approach for fast deploy, learn-as-you-go methods of managing customer interactions. Focus on ways to collect and analyze your guests' disseminated data in quick, efficient and actionable ways so you can make every visit online as personal as a visit to your property.

Data democratized

It's been said that Target gathers so much data on its customers it can predict if a consumer is pregnant. Big data is powerful when you finally get access to it, but as access to data grows, hotels need to change their hiring practices to acquire those with skills and capabilities to handle the volume of information.

To be honest, the technology part is relatively straightforward: it's cloud-based, low cost, high penetration. Adopting the "data first" mindset and behavior to attract the right number crunchers, the Nate Silvers for your property, takes time. The people part, as always, becomes the challenge. Imagine creating a reservations system that starts with a guest's intent instead of type of room. Imagine location information about your hotel that dynamically creates a personalized map based on the interests of whoever is viewing your webpage at that time. By capturing your guests' analytics, it's closer than you think.

About buuteeq

buuteeq is the world's first Digital Marketing System (DMS) for hotels. Its offerings fuse technology ingenuity with online marketing savvy to improve a hotel's presence on the web, mobile devices, and social channels, driving direct engagement with prospective guests that leads to higher hotel occupancy and reduced booking fees. buuteeq's Cloud DMS includes a content management system, multi-channel digital marketing, content publishing, integrated business intelligence and the ability to leverage a property's existing Central Reservation and Property Management Systems. More than 4,000 hotels worldwide have adopted buuteeq's solutions since the company's public launch in January 2011.

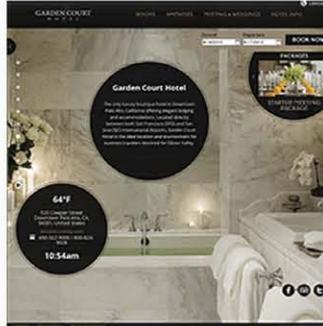
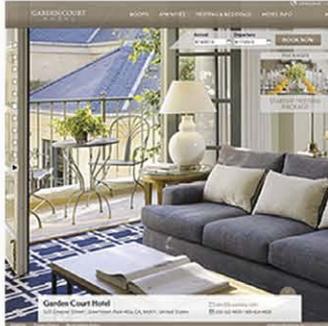
www.buuteeq.com

buuteeq

Your brand is your bottom line.



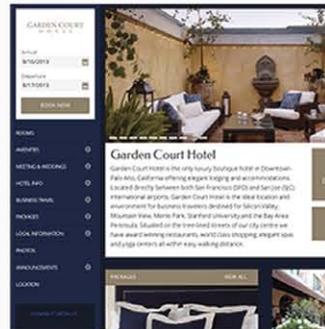
MONTHLY VISITS
12,361



MONTHLY ORGANIC TRAFFIC
50.5%



MONTHLY BOOKS
\$63,557.03



The homepage of Garden Court Hotel in Palo Alto, CA presented in a variety of design combinations, all possible within seconds through buuteeq's innovative BackOffice technology. We've also added a few numbers (real, but not the hotel's actual) because we believe that effective marketing begins and ends with data.

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Is the future of loyalty programs social?

by **Youri Sawerschel** 

When seeking to increase customer loyalty and share of wallet, hotel chains should seriously harness the power of social media to differentiate their loyalty programs, says Youri Sawerschel of Geneva-based consultancy bridge.over. How to do this? By turning them into social games.

What do hotels, dry cleaners, car washes and hairdressers have in common? They all offer a loyalty program to their customers. In the UK for example, 96% of the population is currently a member of a reward scheme, while each household in the US has signed up for an average of 14 loyalty programs. Surprisingly, the mechanism behind loyalty programs has not evolved significantly over the years: remain loyal to a brand in order to collect points that can be redeemed in exchange of benefits and loyalty status ladder ascension.

What has changed

The hot topic of the past five years, social media have become mainstream. Indeed, public interest has shifted from traditional social networking platforms to services using a social component as a differentiator such as Spotify (a music streaming service) or Pinterest (a photo sharing website).

In the meantime, the fast development of cloud-based IT solutions means that hotel brands are now more flexible when it comes to rolling out new functionalities or system upgrades. However, despite benefiting from reduced time-to-market, hotel companies have not yet added a social component to their loyalty programs. This might be explained by the fact that mastering IT is only one side of the coin; understanding what drives people's behavior is the other.

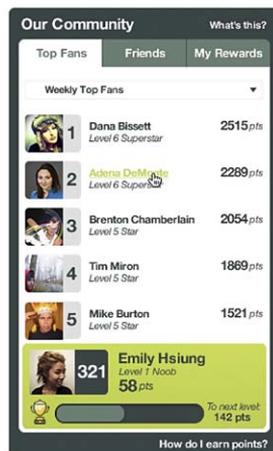
Harnessing the power of social circles

Loyalty tier levels enhance social status, but do not foster a

direct social connection and/or a competitive environment. To put this into context, occasional travellers might envy frequent flyers' perks, but they know that they do not belong to the same category of clients. In other words, you don't mind if a famous actor buys an expensive sports car, but you do envy your neighbor's new sedan. Following this logic, what if customers competed with their friends and direct social circle? Couldn't that impact their purchasing behavior? Would they be more engaged with a loyalty program?

Outside hospitality, several brands have successfully introduced this social component at the heart of their offering. For instance, Nike Fuel, an electronic bracelet worn on the wrist, allows its users to track their levels of physical activity and benchmark them against their friends.

Looking at the travel industry online, websites such as TripIt or Kayak offer solutions to track travel details and share them with friends and family. These websites, however, are marketed mainly as trip planning tools that aim at reducing administrative burden and not so much as collaborative games or platforms.



Could hotel loyalty programs one day look like the Badgeville Leader Board?

Sensing the potential of social mechanics, Badgeville, a technology company, combines psychology with sophisticated technology to drive user engagement and improve customer loyalty. Badgeville provides its corporate clients with SaaS-based technology for web and mobile sites to measure and influence user behavior using techniques including



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gamification and game mechanics, social mechanics, and reputation mechanics.

Leveraging PMS data

When looking at the amount of information held about customer behavior, the hospitality industry is blessed. Frequency of travel, average spending or destinations visited can all be obtained in the blink of an eye, thanks to property management systems.

Comparison must be at the core of everything in a social loyalty program. To launch a social loyalty scheme, a hotel company would essentially need to share its customer data to allow guests to compare themselves with one another. Having access to this data is one thing, but leveraging it to bring value to the customer is another matter. “The first step in empowering our travel customers to engage successfully is to present them with rich information pertinent to them,” explains Christopher Hartley, CEO of the Global Hotel Alliance, an independent hotel loyalty program. “By imparting the information we already have, customers can gain greater insights into their own travel profile, thereby better equipping them to share, explore and compare.”

Unlike regular loyalty programs where members only know how many points they have, a social loyalty program would display to its members how many points they have, compared to their social circle. Members could also take part in the program, allowing friends, family and co-workers to accumulate points together

Nike Fuel is a successful integration of game and social mechanisms.

More diverse tier levels

In addition to standard loyalty points (obtained upon room bookings), various guest statistics such as destinations visited, favorite hotel brands, or hotel types could be used to create alternative rankings. Imagine, for instance, a “Globetrotter Leader Board” that would rank the members who have travelled to the most countries, while a “Resort Junkie Leader Board” could list the resort aficionados, and a “Cosmopolitan Leader Board” would rank the members who mainly stay in global cities.

The possibilities to create new ranking categories are limitless. As a result, tier levels would become more diverse and meaningful and the status recognition could shift from tangible artefacts to virtual ones. Maybe in a few years, a “country expert status” or a “Road Warrior Award” might supplement late check-out and free Internet as evidences of higher status.

While several Online Travel Agencies (OTAs) are starting to launch loyalty programs with a social edge, no major hotel companies, consortia or independent loyalty programs have yet entered this white space. Taking into account that customers usually do not compete in multiple networks, a first mover would benefit from the serious barrier to entry, and potential undivided customer loyalty. The loyalty race is on.



Hotel processes of the future: smooth, efficient, speedy... and non-human

by **Darren Panto**  & **Chris Atkin** 

For hotels, Darren Panto and Chris Atkin of iRiS argue that the future will bring “a true mash up of software” that will enable them to share and manage content, make bookings – and what’s more, the systems will understand the guest’s profile and deliver relevant content and services. If that is what’s coming down the line, they say, the industry’s leading technology suppliers will need to work more closely and adopt open standards.

Everyone is talking about “mobile” right now and the truth is that increasing numbers of people are adopting mobile communication methods. We are carrying more content in our pockets than could have been kept in a city library 20 years ago.

The hotel industry is now taking its lead from the airline, banking and retail sectors, making check-in seamless and enabling services to be purchased easily through well-designed applications. Guests want to be able to use technology to speed up processes, aid their lifestyle and be there if they want it, thus ensuring it provides a real service. In addition, done smartly, it can offer a truly personal service with relevant content delivered specifically for that guest.

Hotels are seeking smooth, efficient, speedy non-human processes to improve the guest experience. Why? Because this is what guests (particularly business travellers) are demanding. PMS providers are working on achieving these functions as well as on their integrations capabilities. Elegant and uninterrupted

connectivity will be critical, networks delivered as a utility and not a value added service will finally differentiate the leaders from the followers. Guests are not just bringing their own devices, they are also bringing their own content, and they want to present this onto the glass in the meetings rooms without having to carry a bag full of cables.

So just how far can this technology go – and how far will both hotels and guests want it to go? It seems the possibilities are endless and boundaries will continuously be pushed further. Make no mistake, technology is here to stay and hotels must embrace and seize upon it as an opportunity to improve guest experience and increase revenue. We see this as becoming increasingly important for not just hotels, but also resorts and of course cruise ships allowing guests to make free calls within the resort/hotel/ ship and cheaper ones outside.

In conclusion, the next phase will be a true mash up of software, that will deliver a wealth of opportunities to share and manage content, make bookings and requests, and



DARREN PANTO



CHRIS ATKIN

the systems will understand the guest's profile and deliver relevant content and services in a timely manner. The industry's leading technology suppliers will need to work more closely, adopting open standards and removing the shackles of the past. Hoteliers hope this will create a wealth of opportunity requiring them to break out of the boundaries of the physical into the digital world. To achieve their objectives, they will need to foster closer relationships with their ecosystem of suppliers and work as a team to deliver these new and exciting ways of delivering value to all their stakeholders.

iRiS

apps changing hospitality

About iRiS Software Systems

London-based iRiS Software Systems Ltd is an award-winning interactive guest services application creator, providing apps designed for hotels, cruise lines and restaurants. The iRiS applications are designed to improve the guest experience, increase revenues and reduce costs, improve communications between guests and staff and provide a smart marketing tool. Both tablet and mobile phone applications are available.

iRiS Valet is the award-winning, interactive, multi-lingual guest services app. The iRiS F&B Suite is a world-leading multi-lingual, digital menu, sommelier and bar application.

More than 200 hotels worldwide currently work with iRiS Valet and/or iRiS F&B.

Luxury hotel group, Kempinski Hotels has selected iRiS Software as a key guest services technology provider and is installing iRiS applications across its worldwide network. iRiS works with other major hotel brands including: Mandarin Oriental, Orient Express, Starwood, Hilton, Accor, Swire, as well as with a number of independents.

iRiS has representation across every continent with major offices in UK, USA and Asia. Countries with iRiS installations include: USA, Canada, UK, France, Germany, Austria, Hungary, Mauritius, Switzerland, China, Hong Kong, Thailand, Singapore, Malaysia, Russia, Dubai, Abu Dhabi, India, Kenya, Malta, Turkey, Qatar and Australia.

iRiS won the 2012 Travolution Technological Innovation Award for its market-leading iRiS Valet application that allows guests to view hotel facilities and book services at the touch of a button.

www.irisapps.com

Sixty minutes with Peninsula's Ingvar Herland

Interview with [Ingvar Herland](#)  by [Terence Ronson](#) 

Hong Kong's iconic Peninsula Hotel recently underwent a major technology upgrade. The man behind the job was Ingvar Herland, the company's General Manager for Research & Technology – or as he was once described in James Bond terms, the Peninsula's "Q". On behalf of The Hotel Yearbook, Terence Ronson caught up with Ingvar and files this report on their conversation.

THE HOTEL YEARBOOK: Ingvar, the Peninsula just went through a major renovation, including an upgrade of the hotel's technology. What was done?

INGVAR HERLAND: A full renovation took place of the 298 suites and guestrooms and as part of that, the technology infrastructure was rebuilt in order to be future oriented to support the latest technology. This included new cabling, both vertically and horizontally, all the way to the room, LAN switches, and also the nerve center with a PABX, servers and also replacing the old SMATV system with an IPTV system.

We wanted a completely new in-room technology system by using the latest touch technology, not only for tablets but also wall panels, remotes, and the telephone set.

Why did you feel you needed to do it?

The existing technology was already 12-13 years old, and it was definitely time for an upgrade. And since the general renovation was going to take place, the timing was perfect.

How long did the project take?

First we took out the Tower – that had a six-month timeline. Then once that was completed, the main building was done. Overall, the project lasted 16-18 months.

Was this an evolution to say what was done in Tokyo and Shanghai?

Partly you could say that, but really we pushed it a big step forward. Those were new hotels, and this is purely a renovation. Lessons were learned at those projects, especially the logic in the way the room operates, but technology used in Hong Kong was a big step. For example, you will see some



similarity with wall panels in Shanghai, which use hard keys. But here in Hong Kong, they have evolved to touch screens. Overall, you will feel the underlying thinking as to how we want to control the room.

Since renovation, what has been the reaction from Guests – old and new?

In principle, the feedback has been very positive – we’ve had very few complaints. To be honest, we were scared to take Peninsula Hong Kong to a high tech environment, so we spent a lot of time planning on usability and intuitiveness so the guest would have a great experience. Feedback from surveys, interviews and various forms of guest interactions show that we achieved well over 90% acceptance, meaning it has been a success. There are very few people who didn’t like what we’ve achieved with the technology.

Have you made any changes to the technology based on the feedback you received?

A lot of modifications were made during the internal testing phase in our Lab and mock-up room – especially for firmware allowing us to optimize the room. But no further changes have been necessary since deployment based on guest feedback.

How much did it cost?

The entire renovation cost HK\$400 million for Peninsula Hong Kong, with the technology element accounting for between 10 and 20%, depending what you include in that number.

What major partners were involved?

We worked with these companies:

- IPTV – iBahn (customized version)
- Tablet – Intellity (customized version)
- Samsung - TV and tablet
- Guest room phone – VTECH (customized version)
- PABX – NEC

There are also a lot of smaller component and system companies in China who are doing customized work for us. For example, the remote control, relay board to control lighting and the card reader.

What was the hardest part of the project?

Without a doubt, the most challenging part was system integration. Interfacing with all other systems: PABX, IPTV, various servers, and content management. For example, if you do a change of language on one system, then there are different protocols that need to be handled and converted for each system.

What was done for the in-room tech at Hong Kong?

We implemented touch wall panels that change language based on guest preferences. We now have eleven languages. The tablet replaces the bedside panel, and the telephone has a touch panel. The remote control also has a touch LCD with few hard keys. There is still the hands-free phone by the bath, WC and vanity.

In the future, the restaurant menu will be on tablet, and guests can order from that – rooms are far more interactive. Apart from that, Peninsula Hong Kong has free Internet access, free VOD and unlimited free IDD calls based on the Skype gateway – this is very popular.

Was this done by yourself or via an integration partner?

It was done by us and is a fundamental part of Peninsula’s proprietary technology.

↓

How many people are in your team – the Research and Technology Department?

There are 25 people in the team.

Are they dedicated specifically to the hotels?

They are dedicated to the Group, i.e. Hong Kong and Shanghai Hotels. So 90% of their activity is for hotels, and 10% for other group functions. One of the initiatives the group is working on is an upgrade to the system in the vintage Rolls Royce, but then again that goes to the hotels. Sometimes they may work on initiatives at The Repulse Bay or St. George's Building, where we are now.

Now that the Hong Kong property is working, what's next?

Well, we have six people in Paris right now, and later they will shift to a support role. We're also in the early planning stages for new projects, such an 80-room hotel in Myanmar.

Is what you are doing in Paris similar to Hong Kong?

Yes, Paris is very similar to what we did in Hong Kong, and is due to open mid-2014. We are playing a supervisory role there, overseeing contractors. All of our documentation had to be translated into French for this project.

Who supports the technology?

Each hotel has an ELV team, and we train these local people to support it. Once implemented, it's handed over to the operation. First line support is handled locally, and escalated back to the team if there are any other issues. We do regular follow-ups and visits, ensuring preventative maintenance is also done.

How do you decide what to do, and more importantly, what not to do?

Paris is very similar to what we have done in Hong Kong, and is being incorporated into our Corporate Standards – a big book. This forms the basis of what we do, and need to comply with. It's a baseline for designing how it should be integrated and work. Right now, it's being updated based on Peninsula Hong Kong. Peninsula has standards for everything!

If there is a new concept or idea, how does that get implemented?

Ideas can come in from within the team, and also from the hotel itself. What we would do is build hardware in the Lab, and if it passes the test, the next would be to put it into our test room environment – at a secret location. Based on the results, it may or not be rolled out, either to an existing hotel or a new project.

Is there anything you feel you would have done differently?

Absolutely. There are many issues that could have been done differently, and that will be the case beyond Paris. That's not to say we regret or made any mistakes, it's more about configuration and software implementation.

We may look at other hotels for inspiration and see industry trends, but the reality of deployment is down to us – and those are the challenges we face. No one does it to the detail and complexity that we do.

Was there ever an idea that was rejected?

Yes, there was. We had the idea of incorporating a weighing scale in the luggage rack – but that did not work out for various reasons. Good idea – just not practical for our guests.

Is there any advice you would give to people who think they can copy what you've done?

If money is not a problem – they have to be aware that there is a steep learning curve to get all these things right. Of course you can go into Peninsula and see what we've done, then bring together a group of skillful people and take it to your level. But, a lot of time will be required, especially refining small things. If things don't work well, the guest will be irritated and the business suffers.

Is the Hong Kong project completed?

Yes, it's pretty much finished. Just one suite remains – Marco Polo, and that will be live by July.

What's next?

We're looking into new ways of controlling the room, such as voice and gesturing. We're also exploring the use of sound and colors. These will be interesting for the future, and we're watching closely how they evolve.

Ingvar Herland is the General Manager, Research & Technology for the Hong Kong and Shanghai Hotels, Limited.



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Three scenarios I expect to see in five years in sales and catering automation

by **Gregg Hopkins** 

Gregg Hopkins, Vice President of Marketing, Newmarket, sees three core competencies arising for professionals in sales and catering. These automation possibilities will not only deliver more revenue, he says, but also increased customer satisfaction, exceptional service delivery, and superior return on investment.

For years, hospitality technology companies have been uniquely focused on providing specialized, cutting edge innovations to improve the success of organizations in the industry. Technology companies have always been ready with market-relevant solutions allowing customers to take advantage of new systems and devices, resulting in improved operations, revenues, and overall guest satisfaction. The Cloud, while an overused term, has been extremely beneficial to hospitality businesses that can now achieve new levels of success by using extensible platforms such as Salesforce to gain rich horizontal advantages while ensuring that the solutions are vertically tailored for hospitality. What does the future hold? More of the same, just amplified!

Going forward, I see three core competencies for sales and catering enterprise automation to deliver more revenue, increased customer satisfaction, exceptional service delivery, and superior return on investment. All of these core competencies are heavily impacted by the progression of the semantic web and the vast arrays of data now available. Think about this: 90% of the world's data has been created over the last two years. By helping our customers generate contextually aware content and untangle this wealth of potentially relevant data, I see endless possibilities.

The first of these competencies is **collaboration**. Solutions should incorporate an architecture whereby both on- and off-property sales personnel and meeting planners can easily collaborate on opportunities. It's important that both organizations communicate and share information in the selling process to increase the likelihood of winning the business and complete a successful hand-off from contract award to event execution. Also, as Directors of Sales are now responsible for multiple channels of revenue streams (group, corporate, transient, etc.), all systems with customer contact and revenue data should enlist a semi-structured sharing capability so that the "total value of their customers" is understood. Advances in affordable technology now provide a wealth of data at our fingertips, but the true value is in knowing how to use it effectively. An effective CRM cuts the guesswork out of targeting and segmentation, using data to drive measurable and repeatable results. CRM also bridges the gap of customer and account data being held between individuals, multiple locations, and disparate systems.

The next technological competency is **informed inquiries**. Sales personnel should have information easily available about prospective accounts in their meetings history (when they have done business with the hotel) and competitive history (when they have done business with the competition).



About Newmarket International, Inc.

Since 1985, Newmarket® International, Inc. (“Newmarket”) continues to deliver proven business solutions for empowering hospitality organizations to lower costs and increase revenue, while improving customer satisfaction and guest loyalty. With more than 40,000 installations and 150,000 users in over 154 countries worldwide, Newmarket technologies are a cornerstone in the global hospitality industry. Offering solutions for sales & marketing automation, customer relationship management, catering & events, guest loyalty, meeting intelligence, workflow management, and property maintenance, Newmarket enables hospitality professionals to work smarter and better manage all aspects of their transient, leisure, groups and meetings business.

www.newmarketinc.com

Much of the meetings history component exists today in leading technology solutions (budget versus actual spend, room pick-up versus block, etc.). However, understanding when customers are meeting at your competition is a whole other dimension of account management (frequency, seasonality, etc.). This aspect also completes the answer on lost business reporting in understanding if the opportunity ever materialized and who won the contract. Lead enrichment also assists sales professionals by scoring automated inquiries and addressing the frequent concern of “How do you prioritize qualified leads versus requests for information?” Additionally, the ability to seamlessly link an account or contact to known information on social sites such as LinkedIn, Facebook, and Twitter assists sales personnel in understanding a prospect’s or client’s interests, career history, and professional and social circles.

The third competency in improving sales and catering automation is **easy to work with**. Technology should encourage prospects and customers to use solutions in your enterprise such as fast lead response by easily confirming availability or alternate dates with rich content multi-media proposals. Additional tools such as information from past meetings to assist in planning future events as well as the availability to direct book on your website (both event space

and guest rooms) should be readily accessible. And now more than ever, mobile applications for hospitality personnel, meeting planners and delegates that are tightly integrated to your enterprise systems are essential. Preferred partners should be hospitality technology organizations that develop and support these types of solutions, or at a minimum have open and published standards to easily work with specialty vendors.

With the expansion of these three core competencies, I see the future of sales and catering automation flourishing. Whatever new technology or business challenge is presented, hospitality technology vendors will continue to deliver industry-leading enhancements and innovative solutions to keep themselves relevant and sales and catering organizations successful.

Keeping a property at the ready

by **Frank Wolfe** 

Frank Wolfe, CAE, head of the HFTP, advises hoteliers on how to maintain a safe and at-ready environment: with an informed and trained staff, a thorough crisis plan and the use of accessible technologies.

Following the April 2013 terror attacks in the US city of Boston, there has been a lot of discussion about the hospitality industry being “soft targets” for terrorists. While it is true that we are open to the public 24 hours a day, have lots of luggage, packages and gifts coming in and out, and host many transient customers, my contention is that our properties are a lot more secure than the public realizes. And taking specific precautions, including the use of inexpensive, accessible technologies, can go a long way toward protecting your guests and employees.

First line of defense: employees

Your first line of defense is your employees. While you don't want to scare your staff with outlandish scenarios, they do need to be informed on the potential dangers that exist. Educate them on ways a criminal or terrorist could use your facility as a base for illegal activities. With that understanding, train your staff to be on the lookout for suspicious behavior. This includes when the person (or persons):

- Acts nervously and is overly concerned with privacy,
- Denies hotel staff access to a room, or refuses room cleaning during an extended stay,
- Insists on cash payment,
- Attempts to gain access to restricted areas, or
- Takes notes, pictures or videos of the hotel.

Also have your staff note suspicious items, such as:

- Large amounts of unusual substances (acetone, peroxide, drain cleaner);
- Luggage emitting fumes or odors, or containing disassembled electrical components (wires, circuit boards, batteries); or
- Plans, drawings, schematics, maps.

While the above does not automatically make anyone a criminal, such activities do merit further investigation, not a look the other way. If any of the above situations arise, instruct employees to promptly alert management and the appropriate authorities.

Crisis planning

The previous proactive steps can go a long way in preventing a potential problem from occurring, but it is impossible to be 100 percent on alert. So in the event your property is involved in an emergency situation, it is imperative to have a Crisis Plan (CP) at the ready. Such plans include information such as:

- A hierarchy chart that details staff responsibilities such as who is authorized to make decisions or serve as a communications liaison to press and via social media
- Identification of the primary, secondary and tertiary evacuation points
- Staff assignments to the various evacuation points, and documentation of these assignments. This also helps account for staff once the evacuation occurs.
- Noted staff members who have training in first aid or



***Frank Wolfe** joined the association in March 1991. Wolfe started at HFTP as the association's director of education. He became executive vice president/CEO of HFTP in 1994 and at that time was one of the youngest association CEOs in North America. As HFTP's CEO, Wolfe oversees the association's operations, as well as represents the association worldwide at industry events, on industry boards and committees and via the news media. Wolfe is a graduate of East Tennessee State University where he received a degree in Health Administration and also attended graduate school there in the Counseling and Guidance Program. In 1992, he was awarded the Certified Association Executive Designation (CAE), which is the Association Industry's highest designation.*

emergency medical training, or other useful skills such as second languages

- List of employees and contact information
- List of major vendors and the services they provide, along with the contact information
- List of key clients and contact information
- Property maps that indicate where the main switches are for utilities; the location of hazardous cleaning chemicals and other important site-related information. These need to be easily accessible to staff, outside security and first-responders
- Directions to the location of master keys and who can access these and under what circumstances
- List of critical items that would be important to remove if possible
- Sources for replenishing supplies if needed
- A system in place that keeps a daily contract/corporate visitor list so they can be accounted for during an emergency
- Resources to reference as guidance in the case of the emergency
- List of offsite computer, business intelligence and surveillance equipment

With a crisis plan in place, it must not sit in a filing cabinet to get dusty waiting for the rare, but critical occurrence. Instead it should be reviewed, tested and updated on a regular basis. Managers need to know where it is located, as well as have it offsite and potentially on their mobile devices. To make sure this happens, assign a staff member(s) as the head of the crisis plan to follow-through.

Accessible technology that ups the security level

Today many management tools and consumer products can extend your security network. One of the many monitoring products available is an employee management system. These systems use fingerprints, facial recognition, RFID badges and web interfaces to track employees throughout the enterprise.

Regardless of the size of your operation, accessible Internet Protocol (IP) cameras are inexpensive and easy to set up and monitor. Footage can be monitored from a smart phone and images can be pushed out to the Internet in real time, as well as stored as recorded images. If you are using cameras, make sure that the public is aware and you publish this fact.

At the end of the day

Know that your risk of dying, or being involved in a plausible terrorist attack is much lower than your risk of dying in a car accident, by walking across the street, by drowning, in a fire, by falling, or by being murdered. With that said, when you are overseeing a very public location such as a hotel property, make the move from soft target to hard target. In the rare case you are involved in such an attack, your response will make a key difference to the level of impact it has.

The upsell advantage and the impact of mobile on hotel revenue

by *Jason Bryant* 

Upselling represents a significant revenue opportunity for hotels, potentially accounting for 10% to 20% of guests' total charges. But as Jason Bryant, CEO of Nor1, explains, since upselling, by definition, means guests are consuming more products and services, it can also be a key differentiator in guest satisfaction as well. With mobile technologies and predictive analytics, upselling is now entering an exciting new phase.



Upselling in hospitality used to be something that was nice to do if your front desk staff was trained to sell and the inventory was available. But oh, how times have changed! The advent of mobile technologies and predictive analytics has marked the future of upselling as a critical function for maximizing profits and driving long-term loyalty.

Upselling refers to revenue potential that goes above and beyond a traditional guest booking. With each offer, the hotel has the opportunity to give guests a valued service while increasing its profit margin. Our eight years of enabling hotels to price and merchandise premium inventory, post-booking, has proven that upselling can account for 10 to 20% of guests' total charges, depending on the type of property. And with your loyalty guests, there's an even greater opportunity, because they convert more highly with upgrade offers, and are likely to continue to be loyal through a better guest experience. Additionally, ancillary offers for on-site services such as F&B and spa, and even tours and activities off-site, are becoming a significant revenue opportunity and a key differentiator in guest satisfaction.

But upselling alone will not make a hotel successful. The ability to generate incremental revenue and boost guest satisfaction lies in the delivery of truly personalized interaction with your guests.

When information such as transactional data, purchase history, or travel preferences is utilized to create a dynamic customer experience, a deeper personal relationship develops between the guest and the hotel. Although personalization has typically been equated with a recommendation engine for more-relevant product offers, we view personalization more specifically as delivering the right offer to the right person at the right time, throughout the full reservation lifecycle. This means leveraging a real-time decisions engine to both price and merchandise products and services and simultaneously generate the offers when the customer is most likely to want them.

Benefits of upselling for hoteliers

- Creates a greater utilization of fixed assets
- Maximizes revenue straight to the bottom-line
- Ancillary offers enhance the guest experience
- Resultant data can be leveraged across the enterprise in revenue management, marketing, loyalty, and property level operations

The pervasiveness of mobile technology and the unprecedented speed of consumer adoption that we are witnessing are forever changing buyer behavior. Even a select service hotel is capable of realizing upsell success with targeted offers to guests about for ground transportation and local dining offers.

Consider the following:

- According to Cisco, by the end of 2013, there will be more mobile devices on earth than people.
- Mobile searches related to restaurants have a conversion rate of 90%, with 64% converting within the hour, as documented by xAd and Telemetrics.
- Nielsen has found that 95% of mobile users use their devices for local search.
- And Nielsen has also documented that 50% of travel or restaurant mobile queries result in a purchase.
- 17% of travelers research their trip on a mobile app or website, according to SiliconRepublic.

Taking these statistics into consideration, I ask why is the hospitality industry still treating mobile as ancillary to their marketing, loyalty and revenue management efforts? Hotels must be able to create personalized offers in real time that can be delivered to guests at the point of consumption. When executed properly, this level of upselling enables the hotel to extend the guest experience in a way that feels personal but is automatically driven. To be most effective, the personalized

upsell is ideally managed from a single integrated platform that makes it easy for a hotel to deliver a relevant experience across the reservation lifecycle.

We believe a significant percentage of future profits can be derived from this real-time upselling approach. The push for greater occupancy and ADR magnifies upselling opportunity. In today's mobile age, last-minute bookers are turning into last-minute upgraders. With your competition scrambling to get every dollar they can, a real-time, data-driven approach to maximizing incremental revenue and guest satisfaction needs to be a permanent fixture at your property. And the key is to execute this approach so that these interactions are integrated across the Web, e-mail, mobile and during a stay at the property.

Seek out, develop, partner and invest in mobile and analytic technologies that help to engage and retain customers and also create sustainable revenue. Enabling these technologies and making personalized ancillary offers post-booking will quickly become the measure of success and differentiation within the hospitality industry.



About Nor1 Inc.

Nor1, Inc. is the technology leader in upsell solutions. Headquartered in Silicon Valley, Nor1 provides data-driven pricing and merchandising solutions to maximize incremental revenues for hotels and resorts worldwide such as Hilton, Hyatt, IHG, Carlson Rezidor and Kempinski Hotels. Nor1's patented, dynamic decision intelligence engine, PRIME®, powers Nor1's scalable upsell platform including its signature eStandby Upgrade® and the FrontDesk Upsell™. Nor1 is creating the fusion between technology and guest experience.

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The next *big* thing in green technology – none??

by Naomi Stark 

How green is your hotel? Naomi Stark provides strong arguments for moving in that direction, although she confesses that not everyone has yet embraced the technologies that can increase sustainability while decreasing consumption and costs. At the end of the day, she says, perhaps fence-sitters should simply consider the words of William R. Martin, CEO & President of Blue Ridge Aquaculture: “I’m not an environmentalist by nature; I’m an environmentalist because it makes me a better capitalist. We can’t just throw away water and other resources any more.” The Hotel Yearbook is pleased to reprint this article, which originally appeared in “HITEC 2013 Special Report.”

Recently I enjoyed a gorgeous spring Florida day. After an unusual week of solid rain, the sky was now as blue as can be. Looking left, right, and forward, I was embraced by brilliant green grass carpeting that merged with lush green trees. Carefully manicured landscaping accented the beauty of this gorgeous day. As I soaked in all this beauty, I wondered, “Is all of this green actually ‘all natural?’” Mother Nature (as unpredictable as any female) is only consistently green with the efforts of humans. Irrigation systems and landscaping equipment maintain and sustain this beauty. Unpredictable weather patterns would leave this “green” brown much of the year without the effort of people and technology to balance it out. Therefore, if even Mother Nature isn’t all that “green” without technology and investment by human effort, how can we expect our industry to be “green” without effort and investment?

The green topic has been an ongoing concern for a while now, and many hoteliers still continue to operate without – or at least minimally – green technology. Why? Is it because the technology doesn’t exist? No. Is it because we lack the studies, statistics, seminars, or articles which prove the financial and social advantages for those who embrace green technology? No (you are reading this article after all!) Reasonably, a definite challenge exists due to the many competing, equally legitimate priorities facing an industry with limited resources during a recovery from the less-than-fun economic times we all know so well.

Could another legitimate factor be denial? Certainly. Not all, but too many owners, investors, and operators still cling to the past: “Green is too expensive. It’s inconvenient. It can wait.” Eventually, reality catches up with denial.

The unfortunate fact is that denial could cost some their operation if they don’t take advantage of financially sound green technology options available. When most of us entered the industry, we didn’t have the options we do today. But that is just it, today the options are plentiful. That makes me wonder, who will be in business tomorrow? Will it be those who manage and reduce their rising energy costs? Will it be those who manage their water consumption? Will it be those who efficiently manage their labor costs and preventative maintenance programs with technology vs. manual paperwork? The obvious answer is, yes.

The current green technology trend in the hospitality industry is: fully embracing it. IHG and Marriot have been reaping significant financial benefits for several years from their aggressive green initiatives. Marriott International Hotels’ temperature management system reduced water consumption by 58% since 2007. They’ve reduced the number of servers in their server farm by 53%, a savings of \$3.7 million. Holiday Inn’s (InterContinental Hotels Groups) energy-efficient lighting system estimates a savings of \$4.4 million, and a 52% reduction in kilowatt hours annually. Consider, if you



***Naomi L. Stark** is President & CEO of Stark Service Solutions, LLC, and Current Former Chair of the AH&LA Technology & E-Business Committee. An expert in hospitality operations, she founded the company in 2001 following several years with Starwood Hotel and Resorts as an Area Director of Guest Satisfaction Management. Ms. Stark has developed transformative training and software programs helping her clients internationally achieve remarkable successes in satisfaction and loyalty ratings. She is very involved in industry organizations and is a frequent speaker at industry events, including HITEC and the AH&LA Fall Conference.*

are a branded operator, do you simply satisfy minimum requirements or are you looking for ways to stay a step ahead?

Let's address the first challenge: "Many competing, equally legitimate priorities which face an industry dealing with limited resources." (AKA: "I don't have time, I'm too busy!") Fair enough. You have your hands full. Your budget is maxed and you don't have the time to deal with anything other than the here and now. Got it. Have you considered a "green coach"? A professional whose specialty is assessing your current circumstances, your goals, and your reality (budget, time, etc...), and who is up-to-date on all the newest and best options available for your hotel size and type?

Cindy Beata, Founder of Tec360, is helping busy GMs and owners find immediate, affordable options that guarantee a positive ROI in a matter of months. Not selling any particular product, yet representing a diverse repertoire of proven industry options, Cindy and her team are matching the right products with the right hotels. This takes the time-consuming research off of the GM. It also eliminates needless product demos and sales pitches. Tec360 assists their clients to smoothly merge on to the superhighway of green technology products.

As for the second challenge, preventing hotels from fully embracing green technology: "Denial." Really?? Okay, if we

must. I won't attempt to change your mind by going on about the environmental social responsibility the hospitality industry has, or the limited natural resources available, or the exploding global population which will only add demand to the limited natural resources available. Simply consider the financial advantages your competitors have been enjoying:

- **Best Western Kelowna, Canada** installs a solar hybrid water-heating system which heats up to 90% of the water for the their indoor swimming pool, 2 hot tubs and 154 guest rooms during the four summer months; in the winter the solar heating system can cover nearly 60% of the hot water heating with an estimated saving of \$30,000 per year.
- **Marriott** implements improved dishwashing systems and supplies at properties in the US, bringing the total number of full-service properties using these systems to 153. "We estimate that participating properties have realized 4,200 fewer pounds of plastic waste, 4.25 million gallons of water conserved, 2.2 million kWh of energy saved, and 135,000 therms of natural gas reduced."
- **The Montage Beverly Hills**, California, (Montage Hotels and Resorts), installed carbon dioxide (CO2) sensors and Variable Frequency Drivers (VFDs) in their underground parking garage, allowing exhaust fans to activate only when needed, which reduced the electricity required to run the garage ventilation system by over 85% - an annual savings of over 3.4 million kilowatt hours of energy, or \$420,000.

If you are not convinced that green technology is not a fad... that it is not essential in sustaining your operation...that you can be financially green without effort or investment in green technology...then okay, you win. Just know you'll be missed at future HITEC events, because your operation was lost, because you simply couldn't afford to keep your doors open and your electricity on anymore.

The hospitality gene: a beast, a blessing and a payoff

by **Benjamin Jost** 

You can take the hotelier out of his/her hotel, but you can't take the hospitality gene out of them. Like or not, if you are a hotel executive, attention to detail – noting each and every last service detail around you – is in your blood. There is no escaping it, even when you're on vacation. Benjamin Jost, CEO of TrustYou, describes how this focus on nuances that your non-industry traveling partners are blind to can lead to measurable improvements in ADR... an ROI on the hospitality gene.

Hoteliers who rise to the top of their game have an intense level of attention to detail. They notice everything, as a good hotel executive very well should. No detail can dodge them. The employee who printed out a running trail map when they heard a guest loved to jog outside. The one wilted flower in the massive lobby arrangement. The staffer who said “let me walk you there” instead of just pointing out the way. The single employee out of a hundred who is not wearing a nametag. The waitress who overheard someone was celebrating a birthday, brought over a dessert and rallied the team to sing. The table that waited just a little too long to place their breakfast order. The associate who welcomed a guest back by name and said, Nice to see you again.

It is the details, whether one or a dozen, that make an experience go from okay to outstanding. It can be the difference between a guest writing a glowing review of your property to no review at all. Details can drive people to go home and tell their friends, or tell no one at all (or worse, tell people they didn't enjoy their stay). It's the good details that make for the best stories and memories. It's the gory details that make for nightmarish customer service tales. Word of mouth comes from the nuggets of experiences that stand out from a trip – for better or worse. It can lead to repeat guests or never-return-back-again customers.

The truth is, you can take a hotel executive out of his/her hotel, but you can't take the hotel industry out of his/her blood. True-blood hoteliers have a condition that I refer to as the “hospitality gene”: super-hyper attention to every last detail. It's a lingering condition. Even when you leave the hotel, you can't turn off your checklist. It is a blessing. And a beast.

Hospitality gene: the beast

Let's start with when it's a beast. You're on vacation. After a long flight you arrive at the hotel and are on line to check in. You find yourself looking at your watch to time how long you wait on line. You look to see if the people behind the front desk are wearing their nametags. In this case they are, but one is not exactly straight. You are tempted to straighten it after waiting four minutes for your turn to check in. You get a warm welcome, but they didn't mention you or the hotel by name. You would have preferred they said “Welcome to the **FILL IN NAME OF HOTEL**; we are delighted you are staying with us this week, Mr. & Mrs. Smith.” You try to refocus on the fact that you are here on vacation. You tell yourself to turn it off; this isn't your hotel or your concern. Your significant other looks at you and asks what's wrong. They can see the wheels turning in your head. You look at them and say, “Nothing at all, dear. Let's get this vacation started!”



Then you walk towards the elevator; time to put on your swimsuit and hit the beach. Halfway there you stop and pick up a wrapper you find on the floor and put it in your pocket. Again, you get one of those what-are-you-doing looks from your spouse. It's the hospitality gene in effect once again – this insane attention to detail that haunts you when you are in a hotel, even if it isn't your own. One GM while on vacation said he actually held the door open on the elevator and asked another guest of the hotel if they are enjoying their stay. Their response was "Why? Aren't you?"

Then on the beach, you see someone dragging a chair closer to the water and stop them, offering to lend a hand and do it for them. You stop short of offering them a drink, asking how they heard about the resort, if they booked direct or through a third party. (Of course, if they didn't book directly you want to know which channel they booked through, and why.)

A colleague while on vacation was waiting on line at the front desk with a question, and the gentleman in front of her said he had just been given a key to a room that was already occupied; there was another man in it. The front desk associate said she was sorry, talked about how she needed new glasses, and went on to get him another key. The guest joked that if she gave him a key to a room with a hot blond he would not have complained. They laughed. She cringed

and could not help but think what a security snafu this was. Once she returned home, she called the GM – whom she had never had met before – to let him know about this. It could have turned into a much larger issue for him under different circumstances. That's the hospitality gene in play once again.

If you have gotten to this point in the article and laughed because it is all too relatable, then I am afraid you too suffer from this condition. While it might be a beast when you're on vacation – given that you just want to tune out and relax – it is an absolute blessing when you are on property.

Hospitality gene: the blessing

The hospitality gene is in overdrive when on property. Are guests being greeted in a way that makes them smile and feel welcome? Are the bellmen helpful? The front desk staff courteous and warm? The service in the restaurant smooth? Coffee refilled before a guest needs to ask? Name tags on straight? Rooms inspected properly? Did you look under the bed? Repeat guests greeted by name as they come in contact with the staff? This is not just what you ask your staff to do; it is what you do, and what motivates them to do the same. It's a fact that a great hotel executive can be spotted as they walk down the corridor and pick up a wrapper or paper found lying on the floor. They don't wait for someone else to do it.

One seasoned hotelier said they hired an entire staff based on whether they passed or failed this one scenario:

You are vacuuming the hallway and a guest stops you to ask where the spa is. How would you direct them to get there?

The candidates who gave them accurate step-by-step directions didn't make the grade. Those who said they would stop what they were doing and walk the guest there were in. That's the hospitality gene.

Part of the hospitality gene is empowerment. You have to give your staff the power and ability to create those standout moments. The upgrade upon check-in on a lower-occupancy night when you overhear someone is celebrating a special occasion. The chicken soup sent up to the room because a guest mentioned they feel horrible. The hand-written note thanking someone for choosing your hotel yet again. The offer to call you (and meaning it) if they need anything. These details are what go into the memory banks of your guests: the stories they tell to friends and the reviews they write about your hotel.

↓

Guests expect a clean room, running water, a working TV. They expect a certain level of service. Coloring outside the lines of hospitality is what makes a difference to people. Going above and beyond in a small, yet meaningful way can make the world of difference. And build loyalty that no marketing or advertising dollars could buy.

The reality is that, as a hotel executive worked his or her way up the ranks, they probably did 50 to 75% of the jobs and tasks asked of their staff. What they expect of their team is what they have done on countless occasions. Don't think this eye for details and extreme hospitality goes unnoticed; it has a payoff.

Hospitality gene: the payoff

Do something nice without expecting anything in return. While that is of course true, the reality is that we have this hospitality gene in us for another reason as well. When your hotel stands out from the pack, when you are getting the glowing reviews, the better rankings, the wonderful word-of-mouth, it does more than just stroke your ego. It pays off in the form of increased revenue. The bottom line is to impact the bottom line.

The volume of reviews, the more positive the reviews, and the more you respond to reviews – all these impact your financial results. Which means there is an ROI to this hospitality gene. Here is a look at some of our findings based on a hotel's so-called "TrustScore" (a ranking based on all online comments and reviews about a property in on a score from 0 to 100):

Hotels with a TrustScore higher than 90 have shown an increase of about 10.5% in ADR when the TrustScore increases by 1% (which is the result of on more positive reviews – which of course is an effect of the hospitality gene).

Hotels with a TrustScore lower than 90 have shown an increase of about 4.6% in ADR when the TrustScore increases by 1%.

We are in an industry where the vast majority of people do what they do because they love it. And it shows. Eighty-one percent of reviews are positive. For reviews that are not positive, responding helps. No one is perfect. In fact, responding to reviews, whether positive or negative, has resulted in a 6% higher score. There is an opportunity in responding; only 32% of hotels respond to reviews.

And in the review space, more is better. For every additional 30 reviews a hotel receives, its score improves an average of 5%.

There is a payoff to doing the right thing, even if that's not why we are doing it. The hospitality gene translates into great experiences, standout moments and wonderful memories when it is in full effect. It turns into glowing reviews, higher rankings and increased revenue. Continue to color outside the hospitality lines, empower your staff, and harness the power of the hospitality gene. Except when you are on vacation.

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About TrustYou

Since 2008, TrustYou has set the standard for reputation management with solutions for hospitality-industry businesses to analyze online reviews, tweets and posts across the social web, to gather trusted reviews directly from its customers, and to use the authentic conversations to successfully market online reputations. TrustYou monitors over 400,000 hotels, providing an extensive base for competitive analysis, capturing sentiment and opinions from millions of comments in one easy-to-view place from sources like TripAdvisor, Facebook, Google+, Twitter, Yelp and more across 23 different languages.

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SEP
23 **Travel Distribution Summit
North America 2013**
September 23-24, 2013 Chicago - IL, United States

OCTOBER

OCT
16 **HFTP Annual Convention &
Tradeshow | 2013**
October 16-19, 2013 Dallas - TX, United States

OCT
22 **The Smart Travel Technology Show 2013**
October 22-23, 2013 Cambridge, Boston - MA, United States

OCT
24 **Online Marketing, Mobile &
Social Media in Travel Europe 2013**
October 24-25, 2013 Amsterdam , The Netherlands

NOVEMBER

NOV
11 **HTNG's 9th European Conference Week**
November 11-14, 2013 London, United Kingdom

NOV
19 **The PhoCusWright Conference 2013**
November 19-21, 2013 Fort Lauderdale - FL, United States

NOV
21 **HOSPACE 2013**
Thursday - November 21, 2013 London, United Kingdom

NOV
27 **Social Media & Mobile in Travel Asia 2013**
November 27-28, 2013 Hong Kong,

2014

JANUARY

JAN
21 **ENTER2014@Dublin**
January 21-24, 2014, Dublin, Ireland

FEBRUARY

FEB
4 **Hospitality Technology Europe**
February 4- 5, 2014 London, United Kingdom

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4 **Travel Technology Europe**
February 4- 5, 2014 London, United Kingdom

MARCH

MAR
5 **ITB Berlin 2014**
March 5- 9, 2014 Berlin, Germany

MAR
18 **Multi-Unit Restaurant Technology Conference
2014 (MURTEC)**
March 18-20, 2014 Las Vegas - NV, United States

APRIL

APR
16 **Hotel Technology Forum 2014**
April 16-18, 2014 Las Vegas - NV, United States

JUNE

JUN
23 **HITEC 2014**
June 23-26, 2014 Los Angeles - CA, United States



Monetizing ethical innkeeping

by Robert Cole 

In the hotel business, technology is not only something that improves efficiency or makes the guests' stay more enjoyable. Occasionally, it can also pose ethical dilemmas for innkeepers as well, particularly when it comes to the question of pricing. Robert Cole, founder of the consultancy RockCheetah, walks us through the issues.



E. M. Statler launched the modern hotel era with two celebrated quotes: “Life is service” and “The guest is always right.” Guest satisfaction was the focus of a Statler property.

Guest satisfaction is a leading driver of guest loyalty, which in turn translates into lifetime customer value – the holy grail of marketing objectives. Trust is essential for guest loyalty. Ethical innkeeping embraces policies that provide transparency, sustainability and accountability – the foundational factors for trust.

Today, many hoteliers operate multi-million dollar businesses with intense pressure applied by multiple, sometimes conflicting, constituencies:

- Hotel owners demand profit growth – particularly during periods of economic growth
- Management companies want to leverage big data to provide highly personalized offers
- Intermediaries demand special rates or higher commissions in exchange for booking volume
- Guests demand value and satisfaction

As a result, hoteliers may be motivated to rationalize Statler’s principled goals and make rules to capture short-term hotel profits. Avoiding practices that defy conventional wisdom or require guests to read fine print is the first step toward monetizing ethical innkeeping. Drip pricing that attracts guests with low “lead-in” rates, but adds mandatory fees at a later point is a guest-hostile practice that inhibits trust.

J.D. Power's 2012 Guest Satisfaction Index observed several major dissatisfiers among hotel guests:

- Charging guests more and providing less is not a winning combination
- Hotels that charge extra for Internet access are perceived as taking advantage of guests
- Rolling Internet charges into a generic "resort fee" heightens resentment among hotel guests

Exceeding guest expectations represents the greatest opportunity, with the key being relevant guest interactions. In 2013, J.D. Power identified staff engagement as a key differentiator for guest satisfaction:

- Overall satisfaction is highest among guests who interact with four or more staff types (excluding registration.)
- Hotels should never underestimate the power of the human element... the people aspect plays a key role in guest satisfaction and loyalty.

Today's hotel guest shares information through social networks and hotel review sites. As a result, guest satisfaction levels are highly amplified. Cornell School of Hotel Administration professor Chris Anderson assessed the impact of hotel reviews (another metric for satisfaction) on hotel performance.

- The percentage of consumers consulting reviews at TripAdvisor prior to booking a hotel room has steadily increased over time, as has the number of reviews they are reading
- If a hotel increases its review scores by 1 point on a 5-point scale, the hotel can increase its price by 11.2%
- A 1% increase in a hotel's online reputation score produces a 0.89% increase in ADR, a 0.54% increase in occupancy and a 1.42% increase in RevPAR.

Major hotel groups measure loyalty by the size of their frequent guest programs or the number of bookings made by members. This may be an excellent measure of frequent guest program performance, but frequency does not equal loyalty. While value plays an important role in loyalty, loyalty is not measured as a financial transaction measuring discounts or points. Value may drive transactions, but organizational values earn loyalty.

In the future, brand ethics will become even more critical due to Millennials' strong beliefs. Research of Millennials by the Intelligence Group underscores the importance of sound business ethics:

- 59% expressed that a company's ethics and practices are important factors in deciding what brands they will buy
- 30% of respondents to the survey have stopped supporting a brand because of something they learned about its corporate practices or ethics

Loyal customers happily pay a price premium for a desired brand. Think Apple Computer, Lexus, Zappos, Warby Parker – all offer quality products, at prices higher than those of generic equivalent products. The differentiator is exceptional customer service.

Loyalty improves profitability. The 1990 study, "Zero Defections – Quality Comes to Services" concluded that increasing customer retention rates by 5% increases profits by 25% to 95%. Fourteen years later, Sunil Gupta and his fellow researchers quantified the impact of acquisition cost, margin, and retention rate on customer value.

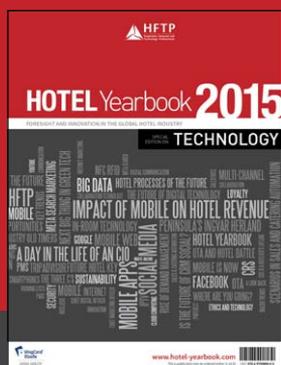
- A 1% improvement in acquisition cost improved customer value by .02% to .32%.
- A 1% improvement in margins improved customer value by approximately 1%.
- A 1% improvement in customer retention rate improved customer value by 2.45% to 6.75%, plus, the current retention rate, the greater the impact of improved retention.

The measure of ethical innkeeping is simple: If fear of negative guest reaction causes a hotel to mask a policy, it is probably unethical. Hiding a policy can often be perceived as less ethical than the policy itself. Ethical innkeeping is not only a long-held tradition of hospitality, but a smart business decision. Ethical innkeepers that share E. M. Statler's beliefs will engage satisfied guests, earn higher rates due to higher perceived value, and reduce marketing costs due to greater guest retention.

Better ethics make more sense and more dollars. The guest is always right.

Robert Cole is founder of RockCheetah, a hotel marketing strategy and travel technology consulting practice. His consulting clients include global hotel brands, travel technology providers, major publishers, consumer websites and the US Government. Robert's background includes leadership positions with leading hotel, travel and technology firms including Four Seasons, Anasazi, Sabre, Cendant & Mark Travel.

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