

The IT Innovator's Guide to Digital Transformation in Hospitality

2018



- Introduction: The New Era of Hospitality 2
- Market Forces Impacting the Hospitality Industry 4
- Technologies Enabling the New Hospitality Experience 6
- Building the Infrastructure for Digital Transformation 8





Introduction: The New Era of Hospitality

Hospitality is a customer-focused industry, with a hotel brand's reputation and ultimate success dependent on the quality of the experience of its guests. It is no surprise then, that digital transformation efforts within the hospitality sector are focused on technologies that improve the guest experience, from check-in to check-out and everything in between.

Today's travelers are digitally savvy, using their smartphones and mobile devices for a multitude of tasks. They expect a high-quality connection throughout the property and the ability to perform certain tasks from the hotel's app, such as checking in and choosing their own room. They expect in-room entertainment beyond basic cable and in-room digital devices they can use to order food, book a massage or control the lighting, for example.

› INTRODUCTION: THE NEW ERA OF HOSPITALITY

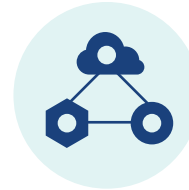
Digital transformation technologies are helping hotels meet the expectations of these technologically savvy guests, providing a sense of autonomy that guests crave while promoting the human touch through personalized services, which can help improve guest satisfaction and increase guest loyalty. In fact, improving digital customer engagement and guest loyalty was the top tactical tech objective for companies in 2018, according to one survey.¹

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cloud, software-defined networking and mobility. A growing number, however, are moving into the second phase of digital transformation, expanding on their efforts with



additional technologies that extend the value of their initial investments as well as further streamline their processes, improve service quality and increase customer satisfaction.



Market Forces Impacting the Hospitality Industry



It's no secret that smartphones and mobility in general have disrupted many industries, including hospitality. Millennials, the first generation to grow up with the internet and smartphones, now make up more than a third of hotel guests worldwide and are expected to account for at least half by 2020.² As such, their dependency on mobile devices requires hotels to have robust connectivity and a high-quality online presence, including sites that are optimized for mobile viewing and interacting.

In the United States, more than one-quarter (26 percent) of travel searches in the fourth quarter of 2017 were done on a mobile device.³ What's more, 80 percent of customers prefer

to self-serve to get the information they need, according to a recent survey from online reservations site Booking.com.⁴

The impact of social sites on a hotel's reputation also can't be discounted as a driver in digital transformation decision-making. According to a recent report by Oracle, 42 percent of respondents said they are more likely to trust recommendations by YouTubers rather than branded advertising or communications.⁵ What's more, 37 percent said recommendations by "social influencers" are more trustworthy than celebrity endorsements.⁶

› MARKET FORCES IMPACTING THE HOSPITALITY INDUSTRY

The number of travel sites that allow consumers to not just book but also provide feedback on hotels also have a major impact on a hotel's reputation and resulting success or failure. Peer reviews can make or break a hotel: According to one survey, 49 percent of travelers will not make a reservation for a hotel that has zero reviews.⁷

Ensuring a solid online presence is especially critical as travel spending continues to increase— domestic travel is expected to grow 2.6 percent through 2019⁸, with U.S. hotel occupancy rates hovering at about 73 percent in the third quarter of 2018.⁹ And a growing number of travelers are “bleisure” travelers — those who are combining business travel with

leisure. Bleisure traveling is up almost 40 percent since 2016¹⁰, with bleisure travelers taking a trip every two to three months.¹¹ These road warriors—and all guests, really—expect their hotel of choice to offer a seamless, connected experience, as well as a level of convenience that defines a high-quality guest stay.

Consumers in Control

Percentage of travel searches done on a mobile device (Q4, 2017)³

26%

Customers who prefer to self-serve to get the information they need⁴

80%

Consumer respondents who said they are more likely to trust recommendations by YouTubers rather than branded advertising or communications⁵

42%

Respondents who said recommendations by “social influencers” are more trustworthy than celebrity endorsements⁶

37%

Technologies Enabling the New Hospitality Experience



Considering the dependency on mobile devices by today's travelers, it's no wonder mobility is an important priority for hospitality providers upgrading technology capabilities. Beyond high-speed Wi-Fi and a well-performing website, a well-designed mobility program should include a mobile app that not only provides guests with valuable information but also the ability to perform multiple tasks in a self-service capacity.

Mobile apps have become table stakes in digital transformation initiatives, as hotel guests increasingly want to perform certain tasks on their own, such as choose their room location. In addition, the ubiquity of mobile devices affords hotels the

ability to include features in their apps that can improve the guest experience, such as keyless room entry, beacon mapping to direct the guest around the hotel property and concierge services through a live representative or an artificial

intelligence-enabled chatbot.

A hotel's mobile app can include its loyalty program so guests can easily access their account to view past and upcoming reservations, see personalized offers and collect and redeem rewards. The app could also store credit card information, providing guests the ability to simply scan their device to pay room and incidental charges during their stay.

For the most intuitive mobile experience, apps should be designed

› TECHNOLOGIES ENABLING THE NEW HOSPITALITY EXPERIENCE

and optimized for mobile devices. It's no longer enough for a site to look attractive on a smaller screen; mobile sites should interact with the user through a responsive interface and adaptive forms. Static sites don't hold user interest in the same way mobile-optimized sites do. Thus, hotels would do well to have a mobile application that not only provides necessary information but also engages the user.

In the hotel room, connectivity technologies are enabling an expanding palette of smart technologies that guests can operate via in-room controls or via the hotel's mobile app, such as lighting, thermostats and window shades. Voice-enabled AI assistants also can be employed to manage in-room comforts, set alarm clocks or request housekeeping or maintenance services, for example. They can also be used to reach concierge services to book a spa reservation, golf tee time or provide information about local attractions.

Also in the room, cable TV is giving way to an entertainment hub that offers a multitude of offerings including access to the guest's streaming video accounts, games and streaming music channels in addition to the ubiquitous cable TV and

Data analytics can be paired with social and other online sites to gauge customer sentiment and determine a hotel's strengths and weaknesses

movies on-demand. Plus, high-speed wireless internet provides a high-quality online experience, enabling business travelers to videoconference, stream presentations and collaborate virtually with co-workers from the comfort of their hotel room.

In the back office, data analytics are being integrated into various technologies to provide personalized experiences to guests, such as

booking them into their preferred room location based on previous requests or proactively asking whether they would like their favorite meal delivered to their room. Data analytics can also be used to determine whether a hotel's room

price is competitive with other hotels, and even provide the necessary insight to enable on-the-fly changes to room rates based on external factors such as weather patterns or upcoming local and national events.

Data analytics can be paired with social and other online sites to gauge customer sentiment and determine a hotel's strengths and weaknesses based on guest reviews and social media comments. Based on the information gleaned from review analytics, hotels can plan improvements to their operations to better improve the guest experience—and increase their revenue.

Building the Infrastructure for Digital Transformation



Hotels have many ways to use technology to enhance the guest experience. Those that understand the opportunities offered by digital transformation are embracing technologies that extend the quality of the guest experience even further. To do so, they need to ensure their networks are capable of handling the myriad devices and technologies necessary to provide a high-quality guest experience.

The ideal infrastructure environment is one that includes both on-premises and cloud, and networking technologies such as SD-WAN and high-speed broadband to ensure data flows freely and

provides the critical insights needed for personalized guest experiences. Networking components such as WiFi and unified communications ensure all users of the network can interact and transact using their

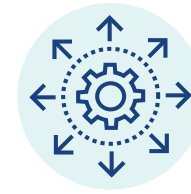
preferred method of communication.

To help ease stress on a hotel's current network—not to mention the daily burden on IT managers—managed services can be utilized to offer certain services without further impacting the network. Managed services are used to help tie disparate systems together and “fill in the gaps” as hotels update their current infrastructure and even prove useful after networks have been upgraded.

› BUILDING THE INFRASTRUCTURE FOR DIGITAL TRANSFORMATION

Working with a third-party network services provider can help ease the burden associated with building and maintaining a network capable of handling the bandwidth-intensive needs of various technologies today and in the future. By working with the provider, hotels can leverage virtual and physical private Ethernet

connectivity to assure there are no gaps in network performance and availability for critical applications. They also can receive all or some of their most critical connectivity functions as a managed service, including managed connectivity, WiFi, security, voice and business continuity, among others.



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