Digital Transformation 2.0:
The Next Phase for Hospitality

In the hospitality space, customer experience is everything. Ensuring guests are delighted is crucial to success in a market that is increasingly competitive and where poor customer reviews can be disastrous for a brand.

Technology is a major component in helping hotels provide optimal guest experiences, from the moment a reservation is made until a guest checks out. Everything in between—from the ease of connecting to the hotel's guest network to the temperature of the guest room when entering for the first time or even the delivery speed of a room service order—has the potential to be enhanced by the right technology.

Hotels have long recognized the importance of technology in improving the guest experience, and are now embracing digital transformation to increase the speed and efficiency of their processes and provide an even more customer-centric experience for its guests, many of whom are digital natives and expect services that support their lifestyle, such as high-speed internet and mobile check-in. Today's guests crave autonomy but expect personalized interactions—an expectation that may seem impossible without digital transformation technologies.

Companies of all sizes understand the impact of digital transformation and are investing major

dollars to implement or expand their digital transformation initiatives. By the end of 2019, spending on digital transformation is predicted to reach $1.7 trillion worldwide.[1]

What's more, hotel brands large and small are recognizing the impact digital transformation can have in helping to increase guest satisfaction and guest loyalty. In fact, many companies reported their top tactical tech objective in 2018 was improving digital customer engagement and guest loyalty.[2]

Now, as hotels move into the second iteration of their digital transformation efforts, many are expanding their initiatives to further improve the guest experience and create even more opportunities. The drivers, technologies, processes and mindsets that drove digital transformation 1.0 have evolved.

Digital transformation 2.0 uses current technologies in new ways to deliver high-quality services to guests while also embracing new technologies that enable more personalized services and extend brand reach and reputation. Digital transformation 2.0 efforts are composed of more robust and services-rich mobile apps, comprehensive in-room connectivity technologies and back-office data analytics working to improve the overall guest experience. These endeavors extend the value of hotels' initial investments, as well as streamlining their processes, improving service quality and increasing customer satisfaction.

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Drivers for Transformation

Today's travelers are digitally savvy, relying on their smartphones and mobile devices to perform a multitude of tasks. 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 of total guests by 2020.[3] 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 interaction.

Ensuring a solid online presence is especially critical as travel spending continues to increase— domestic travel is expected to grow 2.6 percent through 2019[4], with U.S. hotel occupancy rates hovering at about 73 percent in the third quarter of 2018.[5]

The need for a first-rate online and mobile presence is becoming ever more critical: 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.[6] 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.[7]

The number of travel sites that allow consumers to both book and 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.[8]

Transformative Technologies Changing the Hospitality Landscape

The first phase of digital transformation focused on technologies that helped companies work smarter and more efficiently. Cloud, mobile, big data and social were the cornerstones on which many digital transformations were built, enabling brands to achieve greater operational efficiencies and better understand their guests through personalization and business insights.

The second phase expands on those accomplishments to focus more directly on the guest experience through expanded and more efficient use of technology. Mobility is a major driver of digital transformation 2.0 efforts in hospitality, as hotels recognize not only the importance of mobile devices in guests' lives but also their role as a critical tool in making or breaking a brand's reputation.

Mobility: Crucial Table Stakes in Digital Transformation

As noted earlier, the importance of mobility in the hospitality industry cannot be discounted. Guests have high expectations when it comes to mobility and connectivity. Hotels, therefore, must not disappoint.

Hotel guests increasingly want to perform certain tasks, such as choosing their room location, on their own. 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.

Mobile apps can have an impact on both customer-facing and back-office operations, helping hotels gain and retain customers through easy-to-use self-service capabilities that also capture valuable data for use across multiple systems. Mobility also enables personalization, a feature guests have come to expect in today's digital environment, whether it's enabling them to choose their own travel perks or only receive relevant communications from the hotel.

In operations, mobile apps can help housekeeping and maintenance departments keep track of guest requests to ensure their needs are filled quickly and efficiently, track which rooms are occupied and need servicing, and ensure employees are working most productively. Such apps also can help managers review bookings on the fly and access detailed

reports on information, including average length of stay, guest satisfaction ratings and comments to pinpoint areas of improvement.

Connectivity: Driving In-Room Comfort and Productivity

In the hotel room, connectivity technologies are enabling an expanding palette of smart technologies that guests can operate via in-room controls or the hotel's mobile app, either on hotel-provided tablets or the guest's own device. Lighting, thermostats and window shades can be controlled by either touchscreen or voice-enabled AI assistants, which also can be employed to manage in-room comforts, set alarm clocks or request housekeeping or maintenance services, for example. In addition, AI assistants can be used to make reservations, book spa appointments or golf tee times, or even provide information about local attractions, such as hours, location or customer ratings.

Guests' entertainment tastes are changing, as well, thanks to the ubiquity of streaming media. As such, in the hotel room, the traditional TV offering is giving way to an entertainment hub that offers a multitude of offerings including access to the guest's streaming video accounts, games and music channels, in addition to cable TV and movies on demand.

For business travelers, high-speed wireless internet provides optimal connectivity, enabling them to videoconference, stream presentations and collaborate virtually with co-workers from the comfort of their hotel room, without fear of dropped or poor connections.

Data: The Lifeblood of Transformation

Data analytics has shown to be critical in spotting business trends, realizing operational efficiencies and understanding customer sentiment. In the second phase of digital transformation, hotels are harnessing data analytics further to push customer engagement and loyalty, critical elements in establishing and maintaining brand reputation among consumers.

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. Such services may seem trivial at first glance, but such little touches can go a long way to securing guest satisfaction and loyalty, especially if offered directly upon check-in.

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Data analytics also can be used to analyze local and national occupancy and average room rates, to determine whether the hotel's room price is competitive. Such data could provide the necessary insight to enable on-the-fly changes to room rates based on external factors such as weather patterns or upcoming events, or to provide special room rates to particular loyalty program members.

Hotels can also use data analytics to schedule upgrades to hotel rooms based on occupancy trends (both historical and predicted), the most appealing décor type (traditional, contemporary, no-frills), or most pervasive type of traveler (business, leisure or both).

What's more, 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. With 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 2.0

As with the first phase of digital transformation, the efforts of Digital Transformation 2.0 can't be sustained on legacy network and IT architecture. To reap the benefits of emerging technologies, including deeper customer engagement and stronger brand reputation, hotels need sufficient bandwidth and smart, software-defined architecture to enable more capacity, flexibility and control of business applications running across an enterprise from brand headquarters to the edge (location level).

As hotels strive to move into the second phase of digital transformation, they need an environment that supports that goal from every point on the network. Hybrid cloud and network environments, SD-WAN and high-speed broadband are just some of the technologies that enable companies to better manage their business applications across all locations, while networking components such as WiFi and unified communications ensure employees and guests alike have a high-quality connectivity experience.

To help hotels as they move deeper into digital transformation without overly stressing their current network and to help streamline processes for IT managers, managed services help tie disparate systems together and "fill in the gaps" both as hotels update their current infrastructure and after networks have been upgraded.

Working with a network service provider can help IT leaders reimagine how to build a modern network and IT infrastructure that's capable of handling all aspects of digital transformation 2.0. By working with a network services provider, hotels can leverage virtual and physical private Ethernet connectivity to assure there are no issues regarding network performance and availability for critical applications at all locations. 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.

Conclusion

The first wave of digital transformation enabled hotels to utilize technology to work smarter and more efficiently. The technologies that drove such transformations—cloud, mobile, big data and social—provided a platform for brands to achieve greater operational efficiencies, better business insights and deeper customer engagements.

In the second iteration of digital transformation, hotels are building upon the foundation laid with their initial digital transformation efforts to extend the value of their initial investments, further streamline their processes, improve service quality and increase customer satisfaction.

To learn more about how Comcast Business can help, click here.

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