The Hospitality Sector Today

CATCHING UP WITH TRANSFORMING CUSTOMER EXPECTATIONS

Introduction

Thanks to rapidly evolving technology, the hospitality industry is more competitive than ever before. According to the World Travel and Tourism Council, the industry accounts for 10.4% of global GDP and the creation of one in five new jobs.

During a preliminary wave of digital transformation, hospitality organizations began moving toward cloud, mobile, big data and social media to achieve greater operational efficiencies, develop better business insights and build deeper customer relationships. Today, those companies must build on that foundation to extend the value of their earlier investments, while streamlining their processes, improving service and boosting satisfaction and loyalty.

Today's tech-savvy guest has more options than ever. Now, they expect a hospitality provider to deliver the relevant, personalized experiences they've become accustomed to receiving across the modern digital landscape. Guests now expect the information and experiences they want, when they want them and on the platforms of their choosing.

It's a huge demand. And the ability to offer what today's customers expect will be key to success.

HOSPITALITY SECTOR TRENDS

Advances in technology and changes in customer expectations certainly have upsides for hospitality companies going forward. But, to make the most of the dynamic, organizations must keep pace with several trends impacting the industry.

TREND 1

Consumer Expectations are Evolving

Today's traveler is increasingly adventurous and more willing to consider remote destinations, authentic experiences that feature interaction with locals, and even "retro" travel such as luxury trains. While the hospitality industry is rooted in the concept of personalized service, advanced CRM systems and other innovations make it possible to provide an entirely new level of personalization. Those capabilities can shape the unique travel adventures customers seek.

Additional customer-driven changes impacting the hospitality industry include a boom in global tourism driven by increased GDP in emerging markets, rising participation in virtual communities (TripAdvisor in particular) and an increasing sensitivity to environmental and social issues. Importantly, any hospitality company working to shore up their social and environmental responsibility credibility must be able to back up their claims. As one industry respondent in a study conducted by EHL explained, social responsibility "has to be considered in branding, but beware of 'green-washers.' Consumers are now well aware that window-dressing exists, and they will not buy it."

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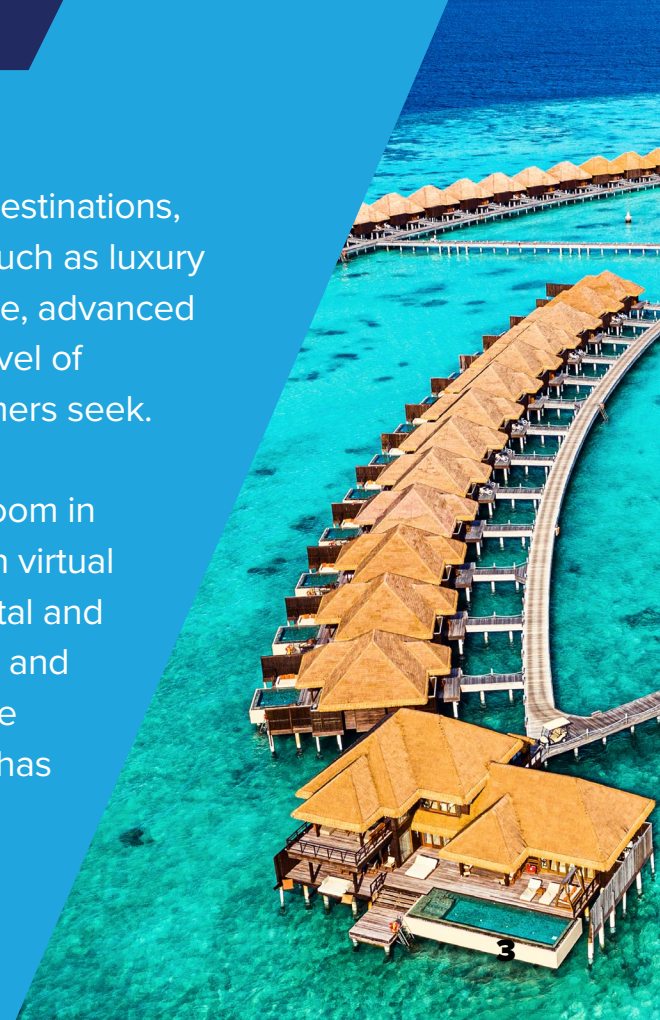
New Competitors are Disruptive, Nimble and Digitally Native

In today's hospitality environment, the barriers new entrants historically faced are now substantially diminished, or even completely eliminated. Unencumbered by legacy technology and entrenched processes, highly innovative and agile start-ups can step into the fray more easily, and achieve success and scale at a pace previously unthinkable.

The technology native to these new entrants, including AI, chatbots, AR/VR and IoT give them the power to provide better experiences for customers, and set new standards and expectations.

Hospitality industry disruptors are also launching with an ingrained understanding that a standardized experience is increasingly unappealing to today's traveler. It's critical to personalize services to each customer's preferences and needs throughout the experience.

The rise of private rentals, through Airbnb, Vrbo and others, is particularly disruptive to the traditional lodging sector. But, for all of their success they may actually provide legacy brands with an opportunity. As explained in Deloitte's 2019 US Travel and Hospitality Outlook, "...rentals can often lack the amenities, consistency, and service quality of the traditional hotel experience. With some creativity, hotel brands have an immense opportunity to combine the best of both worlds and create something new. Some hospitality players are already experimenting, fusing new rental inventory with hotel-style amenities such as concierge services, elevating product quality with more stringent host selection processes, and even integrating rentals into loyalty programs."

Today's Business Model Demands New Focus

While the hospitality sector has already recognized the value of technology in improving the guest experience, they're now fully embracing a digital transformation with the goal of boosting speed and efficiency while providing an even better experience for guests, many of whom are digital natives with high expectations.

Hospitality has moved to a mobile-first approach for everything from researching options to opening a hotel room door. Today, a potential guest's first encounter with a hospitality brand is likely digital, making the website the modern equivalent of the hotel lobby. Therefore, hospitality brands must deliver equally exceptional experiences online and offline.

According to a study by Google and Phocuswright, 57% of U.S. survey respondents want brands to personalize experiences and information based on their personal preferences or past behavior. To offer the personalized services today's traveler expects, hospitality companies must develop a detailed understanding of their preferences, interests, concerns and more. Building buyer personas for ideal customers can help build insights that maximize interactions.

CHALLENGES FACING THE HOSPITALITY SECTOR

While digital advancements and behavioral changes undoubtedly present significant opportunities to hospitality brands, those opportunities aren't without their unique challenges.

Aligning Operations Internally

When it comes to hospitality operations, "front of house" and "back of house" often exist in separate worlds. But the successful development, implementation and integration of new technologies depends on both elements being connected and in step to deliver on expectations. If front desk staff aren't able to explain the value of a new feature to a guest and assist with basic issues, even the most innovative technologies can turn a positive experience into a negative one. And, in today's social-media-focused world, those disconnects can be broadcast immediately, compounding the damage.

72% of hotel guests are likely to return to a property when the tech they want is available.
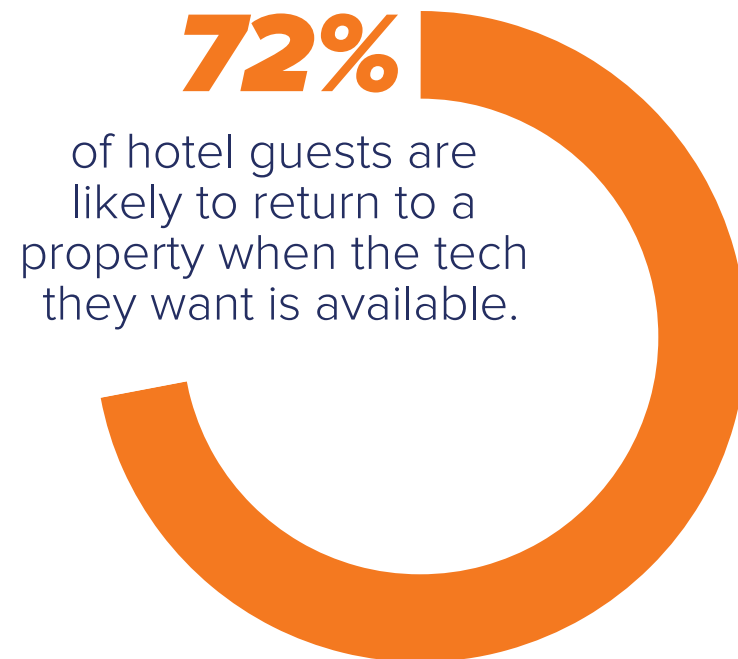
Utilizing Marketing Operations and Analytics to Support Customer Expectations

A successful digital transformation entails implementing tools that enable a hospitality organization to develop a deep understanding of what matters most to customers, even as that changes. Then, they must act on that understanding to deliver an experience that stands out from competitors. In the current wave of transformative technology, providers can offer robust mobile apps and comprehensive in-room connectivity that interlaces with back-office data analytics to improve the overall guest experience. This combination can extend the value of the initial investment, while streamlining processes and increasing satisfaction.

Data analytics can help hospitality companies understand what customers want and don't want. That,

in turn, enables them to provide more personalized experiences to guests, such as assigning a preferred room location. These seemingly small efforts can have a large impact on satisfaction and loyalty, and help organizations define customer segments, create targeted marketing campaigns and propose relevant offerings.

Analytics can power personalization, cross-selling and upselling, while also identifying the factors that lead to the highest quality guest experiences. Additionally, analytics shine a spotlight on high-value customers, who tend to spend more on dining and other amenities and may be more likely to return, providing increased value over time.

"**Companies that focus on customer experience actually outperform their competition by almost 80%. These businesses manage to achieve higher revenue growth, improved brand preference and can charge higher fees for their products. Most important, they also have higher customer retention rates.**"

Chameleon Collective, "Why Better Customer Experience Is The New Loyalty Currency For Travel And Hospitality"

Ensuring Availability of Technology and Skilled Staff

Today, technology is becoming the center of the hospitality experience before, during and after a trip. Throughout the cycle, hospitality organizations often struggle to strike the best balance between services offered by technology and those provided by people. Using technology to better equip and prepare employees to offer the most personalized and efficient service possible, at each touchpoint in the guest experience, may be key to finding that crucial equilibrium.

Increasingly, hotel companies are placing an emphasis on mobile technology to enhance the guest experience. Functionalities can include mobile check-in and check-out, mobile payment and location-based information services. These customer engagement technologies can provide both a positive guest experience and a high return on investment based on the business value generated.

Of course, the need for humans to develop and deliver these services remains. And the travel industry is facing a substantial labor gap. According to the U.S. Bureau of Labor Statistics, in 2018, the leisure and hospitality sector had 1,139,000 open jobs. Rapid industry growth and an evolving workforce are key drivers of the gap. Attracting fresh talent, improving employee retention and utilizing technology to power a smart workforce are all avenues to fill the need.

58%
OF DINERS

66%
OF HOTEL GUESTS

will pay more for technology they deem important

TO GROW AND THRIVE, HOSPITALITY MARKETERS MUST PRIORITIZE:

1.

Customer Acquisition and Retention

Today's travel experience increasingly begins with the online experience, where consumers have a world of information, reviews, price comparisons and options at their fingertips. To attract and keep their loyalty, marketers must provide a tailored, interactive experience that provides the information and services they seek, instantly. Customized recommendations on when and where to go and package deals to consider, live chat functionality and the ability to create a uniquely personal experience are all part of the current expectation.

Digitally native millennials 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. To remain in the consideration set, hotels and other hospitality providers must communicate that they offer the robust connectivity and high-quality online presence this demographic expects. This generation is also likely to combine business travel with leisure activities—a trend sometimes referred to as "bleisure" travel—giving hospitality companies an opportunity to provide features and services that serve both types of guest and potentially grow business.

Millennials, who have also officially overtaken Baby Boomers in the U.S. workforce, now demand the brands they interact with go green. According to Diana Verde Nieto, co-founder and CEO of Positive Luxury, "Millennials are twice as likely to support brands with strong management of environmental and social issues, and expect brands to not only manage their impact but communicate it."

2.

Providing a Brand Message and Experience that Meet Demands

The travel customer's journey has transformed from selecting a pre-planned trip to creating a potentially once-in-a-lifetime adventure that is tailored to their preferences, budget and even ambitions. Hospitality brands today must communicate their ability to provide that experience, and ensure the end result meets or exceeds expectations. The widespread reach of social media platforms gives both travelers and brands the opportunity to broadcast the realities of an experience to an increasingly larger audience.

A hospitality organization's ability to manage its online reputation on social media, travel review sites and other entities is increasingly crucial. According to a survey cited in Hotel News Resource's blog post, "How a Hotel's Online Reputation Impacts Revenue," 49% of travelers will not make a reservation at a hotel with no reviews. Bringing customers into the process—by encouraging them to contribute opinions and ideas to co-innovate products and services—may lead to important positive impact in the social travel ecosystem.

"People come to our resorts to be entertained, to be wowed, to be inspired, to be delighted. The opportunity to retell their stories on social media, the opportunity to inspire them to have great fun and experiences and make lifelong memories, that's the absolute best part of my job every day."

Beverly Jackson, VP of Social and Content Strategy, MGM Resorts International

PLUS, HOSPITALITY *IT PROFESSIONALS* MUST PRIORITIZE:

1

Investing in the Right Technologies to Drive Business and Remain Competitive

New technology can help address common complaints and remove friction from the guest experience. Voice search enables customers to book hotels entirely through smart home devices. Voice technology services such as Amazon's Alexa for Hospitality can also be utilized within hotel rooms to provide local information, control lights and room temperature, and even order room service—all of which can be promoted as a customer benefit. Disney World's MagicBand technology sets another prime example for CX-focused effort. The system leverages personalized data to build seamless experiences, such as enabling restaurant hosts to greet guests by name, as well as unlocking hotel room doors, purchasing merchandise, and more—all hands free.

Implementing the new technologies guests really want may pay off in multiple ways. According to a 2019 study by Hospitality Technology, "More than half (58%) of diners and 66% of hotel guests indicate they will pay more for technology they deem important." Additionally, the study found, "72% of hotel guests are likely to return to a property when the tech they want is available."

While the benefits of investments in new technologies can be substantial, hospitality companies face several economic threats. Rising operating and fuel costs, labor pressures, and real estate appreciation are forcing brands to cut costs and rein in expenses.

2 Maximizing Data Security

Data security is top of mind in any industry. With the Marriott/Starwood data breach, which exposed the data of 500 million customers, it's especially pertinent in hospitality. Hospitality companies have access to customer data from a wide range of sources: reservations and payments, loyalty programs, handoffs between booking sites and hotels or airlines, and more. That expansive amount of data gives companies the ability to deliver the personalized interactions today's demanding customer expects, and provide them with offers relevant to their interests. But positive customer experiences can backfire if there are problems with data. All of which means data governance is vital.

Strong data governance can help prevent breaches and control incidents to more quickly identify the scope and impact—an important part of limiting damage. When executed correctly, a strong data governance strategy is integrated throughout an organization's business processes and enterprise architecture. It enables the organization to understand the quality, value and relevance of data, and how it can be utilized by people and applications.

FINDING THE WAY: HOW ACQUIA CAN HELP

Savvy hospitality organizations aren't asking whether or not they need to transform their customer experience. They're figuring out what level of investment they need to put into digital marketing platforms, personalization tools and better methods of engaging with existing and potential customers.

Moving ahead, hospitality marketers must offer a more intuitive, personalized digital experience, while gaining better control of their brand's digital assets and effectively using analytics and insight to drive the most efficient journey for customers. Digging for data and insights to understand the true effectiveness of each effort is key. Knowing what's working, what's not, and where the gaps lie are all vitally important.

Acquia is the pioneering partner that can help build those experiences and relationships—on an organization's own terms.

"Today's guests crave autonomy but expect personalized interactions—an expectation that may seem impossible without digital transformation technologies."

Comcast Business, "The Next Phase of Digital Transformation in Hospitality"

Our suite of DXP solutions has empowered leading brands to create the world's greatest digital experiences. We help organizations establish the more intuitive, personalized digital experiences today's customers expect—all using open-source technology, all with the required security.

Acquia enables hospitality organizations to gain control of digital assets, deliver the right content at the right time, and tap into the data and insights that lead to an understanding of what works, what doesn't and why, so they can meet prospective and current customers with what they need at every step of the journey.

For more information about how we're transforming the digital experience in the hospitality sector, visit www.acquia.com/solutions/hospitality.

CONTACT ACQUIA

To learn about how Acquia can help you deliver a customer-first experience, please contact us at sales@acquia.com.

United States
888-922-7842

France
+33 01 79 97 25 70

United Kingdom
+44 1865 520 010

Australia
+61.2.8015.2576

Canada
647-953-4270

ACQUIA