

Getting Personal with Digital

Mastering the digital revolution
in the lodging industry



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Hoteliers find themselves preparing strategies for a new era—one of optimistic global growth but also one of unprecedented change in the global economy and the technology landscape.

As lodging companies prepare for the future they will have to contend with a business landscape characterized by growing commoditization, increased competition, and economic, geographic and demographic shifts. At the same time, many businesses sense the world is mastering new technology concepts and innovating at a pace never seen before. We agree. Now is the time for hoteliers to evolve their technology strategies and take advantage of the impact technological advances can make on the business.

New strategies and initiatives are needed to not only keep pace in this new world, but also to stay competitive, become differentiated and meet today's unique and more complex guest expectations in an increasingly buyer-driven market. Competitive forces are driving the need for innovation and new offerings to complement and enhance overall brand equity. To move forward, hoteliers will need to work on many fronts at once. They will have to build analytics capabilities, keep up with advances in mobility and optimize existing touch point channels in order to apply technology strategically to create differentiated customer experiences.

Accenture believes it is time for hotel companies to focus on technology as a driver

for growth and make the bold decisions needed to move beyond the constraints of their existing IT—constraints that make it too difficult to change, too costly to pursue new opportunities. The property technology landscape has been the biggest barrier to innovation, specifically legacy property management solutions, varying point-of-sale systems and lack of consistent connectivity models to the central enterprise systems. The flexibility of new technologies and architectures is enabling hoteliers to rethink how they can harness IT to make it easier for their organizations to innovate, and position themselves to provide new offerings and meet the needs of guests.

Technology will be more important than ever to delivering the tailored and

personalized experience. Technology is the key to managing a guest's experience at all stages of a visit—from the moment that a guest plans a trip to when they check in, are on property, check out, and even after they have walked out the door. It will also be central to supporting one of the major trends in the lodging industry—a shift from management of the room to development of the total guest experience. Such a shift will enable hoteliers to capture guests' total revenue potential, not just room revenue. Technology will also be key to better managing operations and maximizing overall performance, enhancing sales and marketing approaches, increasing efficiency and reducing costs.



Where should lodging companies begin?

Accenture's experience with leading industry players and companies in similar consumer-driven industries has enabled us to identify three action areas for hoteliers as they develop their business and supporting IT strategies:

1

Develop analytics

A transformational phenomenon that will give hoteliers greater ability to customize the guest experience—both on and off premise.

Building an advanced analytics capability is not easy, but now is the time to move beyond one-off initiatives and build a foundation of adaptive technology that enables better informed decision making and refined explanations for business performance. An advanced decision-making capability will drive greater understanding of customers and markets, resulting in more innovative products, better customer targeting, improved pricing and superior growth in revenue and profits.

2

Keep up with mobility

To truly engage and convert the “now consumer”—a highly mobile, always-connected individualist—hoteliers need to embrace the technology these consumers use.

Lodging companies will need to address mobility holistically to determine ways to effectively integrate both guest and employee demands into their enterprise and property IT architectures and to manage them across the guest life cycle. For some areas of mobility, well-established solutions exist; for others, solutions are limited or nonexistent.

3

Optimize digital channels

Guests today want relevance online, on the go and on property, and marketers must evolve to orchestrate it across all guest touch points.

Faced with a proliferation of communication channels, hoteliers need to determine how to become relevant to guests to help build brand loyalty and increase incremental revenue.. What is needed: Embracing contemporary marketing and transforming the function into a discipline centered on meeting guest needs. Orchestrating it all will require harnessing the skills of the organization's IT innovators and savvy marketing visionaries.

This paper provides leading ideas from Accenture on these innovative areas of technology that forward-thinking hoteliers must consider as the world advances in embracing and mastering technologies. These technologies will enable them to seize opportunities, manage challenges and build effective strategies that position their organizations for the future.

Develop analytics

A transformational phenomenon that will fundamentally change how business discourse will be conducted and decisions made

Many companies across industries have analytical capabilities in a few pockets of their organization. The ambitious ones are incorporating analytics more broadly. They are redesigning how analytics and fact-based insights get embedded in key processes, leading to smarter decisions. Analytics drives insights, insights lead to greater understanding of customers and markets, and that understanding yields innovative brands, better customer targeting, improved pricing, and superior growth in both revenue and profits.

Over the past few years, hotel companies have been investing in reporting and business intelligence technology solutions to improve decision making. More recently, a number of companies have been designing strategic initiatives to move toward a more consistent use of data across the enterprise. But few companies have developed an analytical capability to manage the vast quantity of information available.

Accenture believes hoteliers can simplify their approach by focusing on the use of analytics in three key areas:

- Examining the decision factors that attract a specific customer type to buy into the hotel, enabling hoteliers to better develop targeted offers
- Leveraging past purchase behavior and preferences to present appealing offers once guests are on property (including gathering of third-party external data points, such as TripAdvisor)
- Capturing and evaluating property data to identify areas of operational improvement

The development of an enhanced analytic capability will impact revenue management in a fundamental way—how room rate yields and associated offers are calculated and evaluated. As a result, the revenue management function will need to develop models that allow a hotelier to look at total revenue as the overall value of a guest rather than calculating it by room rates as is currently done.

Analytics drives insights, insights lead to greater understanding of customers and markets, and that understanding yields innovative products, better customer targeting, improved pricing, and superior growth in both revenue and profits.

Meet Jane Traveler



37 years old



Non-smoker



Home Owner



Drinks 2 cups of coffee per day



Prefers to shop at major retailers



Rents Cars on trips



Dines out 3 times a week



Likes to save money

Harnessing data

Over the past decade, the ability to use quantitative data to shape decisions and outcomes has become a key source of competitive advantage. With information technology practically ubiquitous, companies of any size can harness data to get smarter about customer behavior, offer development, supply chain, talent management, and other areas of business. Data is proliferating in volume and type, including video, audio, and Web data, that was not readily extracted even five years ago. In the lodging industry, for example, there has been the rise of online forums such as TripAdvisor for hotel feedback, Yelp and Hipmunk.com.

Every hotelier will have different objectives in how they want to leverage existing data, acquire new data, and use it in combination for improved results. But for most hoteliers data remains an underused and underappreciated asset. Hoteliers capture loyalty information, for example, but few go beyond loyalty tier in how they consistently view and take action with their guests. With analytics, hoteliers can use the data they capture to go beyond their traditional loyalty programs and deepen their knowledge of guests—to develop a more granular understanding of segment behavior, needs, and expectations; identify profitable customer segments and their buying preferences; and identify opportunities to attract new guests.

Analytics can also be used to evaluate the benefits and further leverage the social media channel. For example, the shopping experience has evolved through sites like Hipmunk, which converge a variety of data sources, such as location, price, customer reviews and layers in heat maps based on what guests might be looking for (e.g., tourist sites, family activities, nightlife). Some leading lodging companies are already beginning to integrate third-party information sources, such as TripAdvisor, directly into their websites—to enable guests to glean real customer feedback about ratings, amenities, and the like.

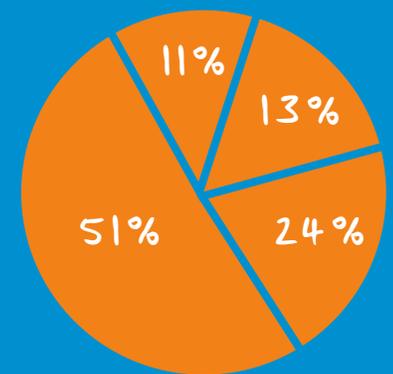
Beyond booking, hoteliers need to decide how to capture and integrate these types of data into their current intelligence platforms. Lodging companies are beginning to monitor social media channels in real time to view how their hotels are faring and how the brand is faring. Analytics will further allow hoteliers to link these types of feeds with their own internal hotel and guest data for broader analysis. The challenge will be identifying the source or sources to leverage, with third-party sites likely requiring agreements to establish the necessary interconnectivity, and internal sites requiring investment and holding potential risks compared to the more well-established third-party sites.

Accenture believes that successful hoteliers will take analytics a step further—using guest insights to proactively tailor interactions across channels, such as digital and mobile, and enable new services and products to provide differentiated guest experiences. Enabling successful initiatives in these areas will depend on capturing data from these channels and requires more sophisticated analytics to generate insights and offers from it. Advanced analytics requires not only knowing and understanding all your enterprise data, but also leveraging the massive amounts of data that may not originate or ever get captured in one's enterprise systems.

Jane's Profile



Works at Company ACE



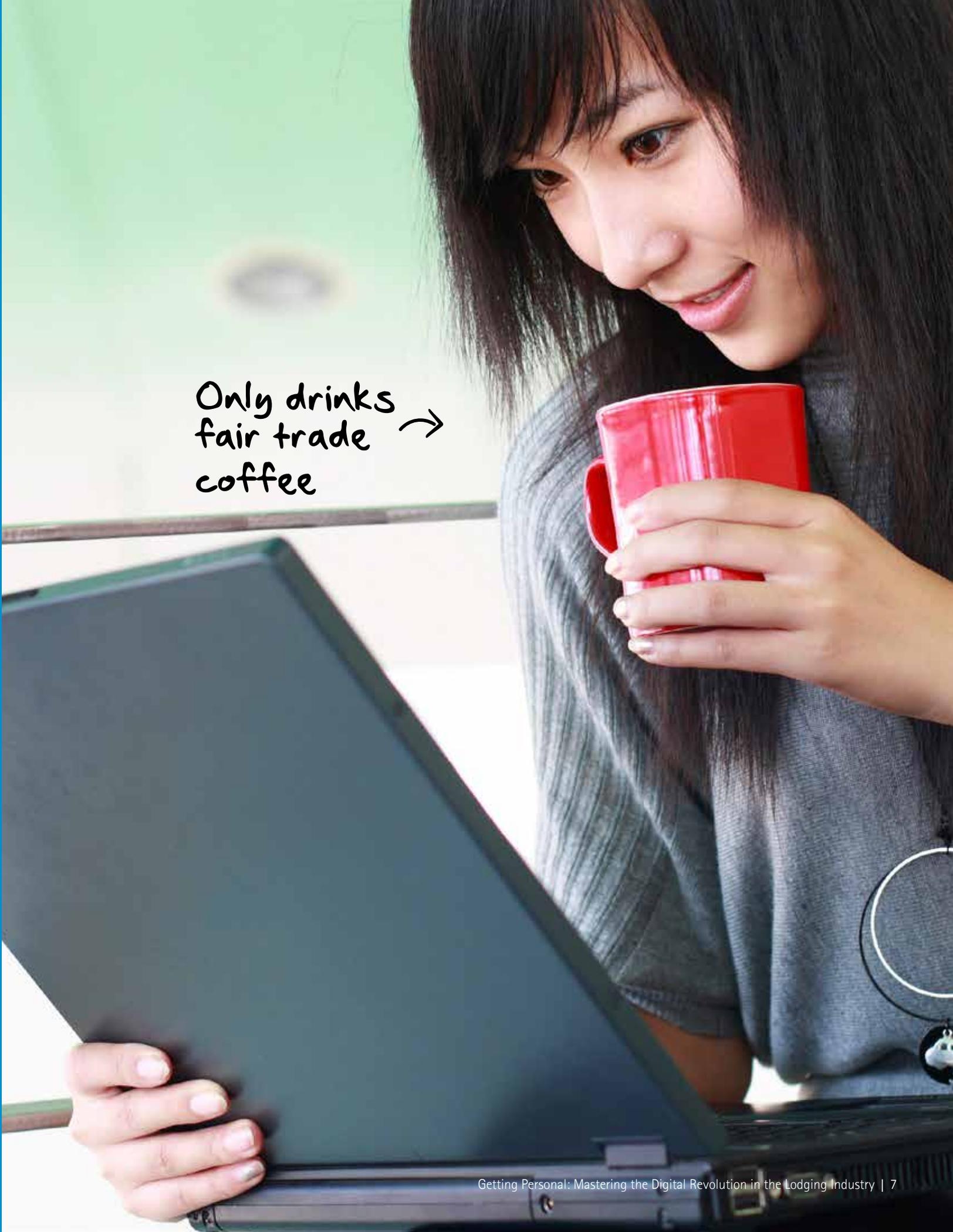
Breakdown of stays by property



Number of nights per stay



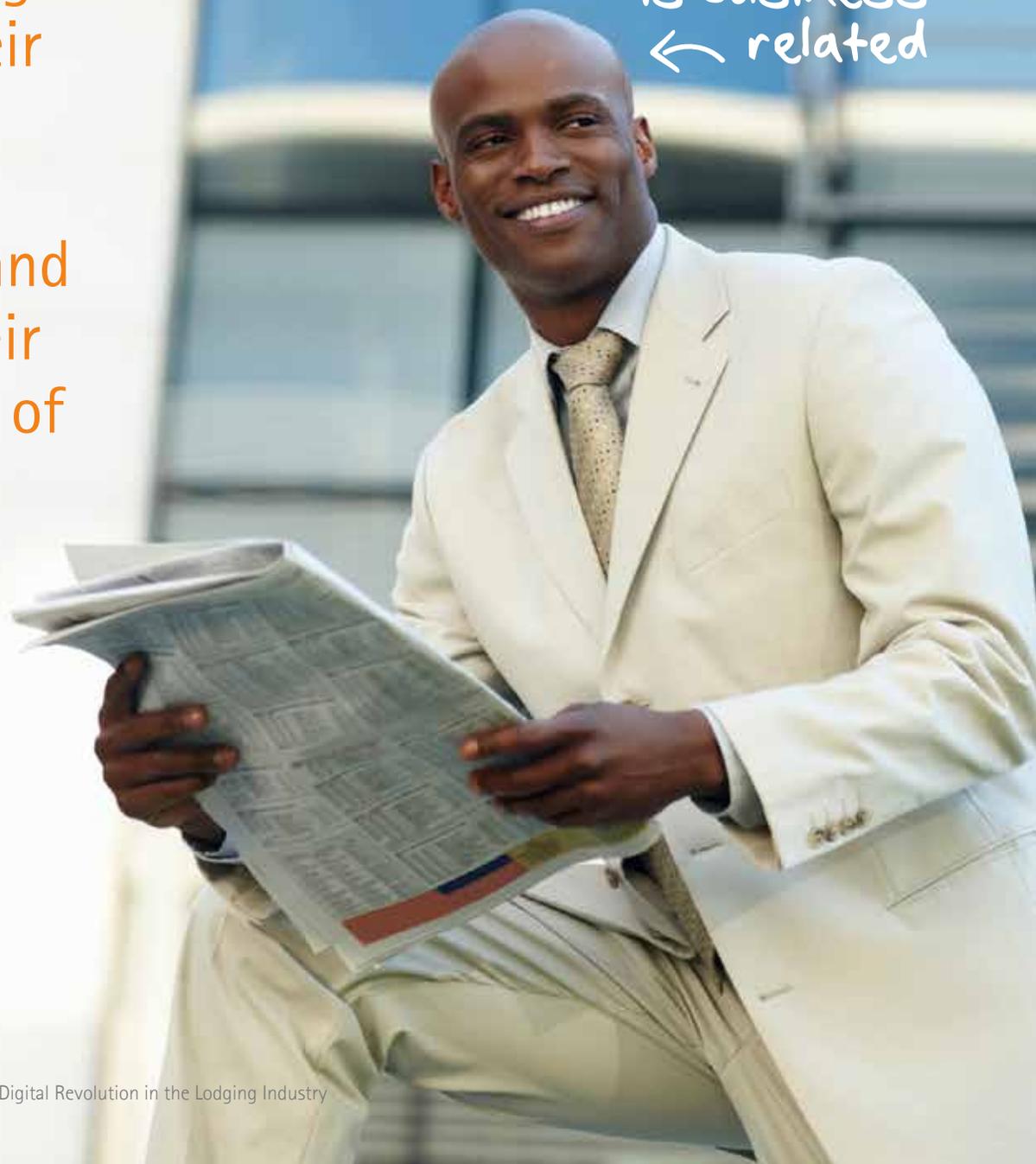
Participation in ancillary services



Only drinks
fair trade
coffee →

With analytics, hoteliers can use the data they capture to go beyond their traditional loyalty programs and deepen their knowledge of guests.

73% of travel is business
← related



Many companies, particularly in the retail and consumer goods industries, are already reaping the benefit of an enhanced relationship with the consumer through mobile technology. Accenture believes that hotel companies can use mobility solutions to deliver benefits to guests in three key areas:



Better guest experience that aims to increase RevPAR (revenue per available room)

- Deliver mobile solutions that can manage/connect the guest throughout the entire stay life cycle
- Provide point interaction-relevant services and information
- Drive innovation through guest empowerment (e.g., self check-in, mobile room key, virtual concierge, point-of-experience surveying, etc.)
- Enable "Georelevance" and location-based intelligence
- Improve guest experience relevant to preferences and location
- Enabling mobile guest analytics



"Smart" ancillary offers intended to enhance Guest Satisfaction Index (GSI) and loyalty

- Deliver personalized, location-based promotions on property for the guest or non-guest
- Track what was redeemed, by whom, when and where
- Incentivize intelligently based on loyalty preferences and prior usage history, to drive non-room revenue
- Create real-time digital marketplace
- Discover new avenues for promotions and offers



Point-as-a-currency and mobile payments to help expand payment options while lowering operational costs

- Enable digital payment and other offer redemption seamlessly as NFC (near-field communication)/mobile payment goes mainstream
- Strengthen loyalty points by enabling spend for non-room items with points
- Remove paper couponing
- Strengthen payments and conversion of offers

Figure 1. The Stages of Analytical Maturity

Stages	Stage 1 Analytical Novices	Stage 2 Localized Analytics	Stage 3 Analytical Aspirations	Stage 4 Analytical Companies	Stage 5 Analytical Competitors
People	Analytical skills do not exist	Pockets of isolated analysts (may be in Finance, Supply Chain Management or Marketing/ Customer Relationship Management, etc.)	Analysts in multiple areas of business but with limited interaction	Skills exist, but often not aligned to right level/ right role	Highly skilled, leveraged, mobilized, centralized, out-sourced grunt work
Process	Analytical process does not exist	Disconnected, very narrow focus	Mostly separate analytics processes. Building enterprise level plan	Some embedded analytics processes	Fully embedded and much more integrated analytics processes
Technology	Missing/poor quality data, multiple defines, un-integrated systems	Recent transaction data un-integrated, missing important information. Isolated business Intelligence/ analytic efforts	Proliferation of BI tools. Data marts/data warehouse established/expands	High-quality data. Have an enterprise BI plan/ strategy, IT processes, and governance principles in place	Enterprise-wide BI/ BA architecture largely implemented
Organization	Limited insight into customers, markets and competitors	Autonomous activity builds experience and confidence using analytics; creates new analytically based insights	Coordinated; establish enterprise performance metrics, build analytically based insights	Change program to develop integrated analytical processes and applications and build analytical capabilities	Deep strategic insights, continuous renewal and improvement

Source: Thomas H. Davenport and Jeanne G. Harris. "Competing on Analytics: The New Science of Winning" (Boston: Harvard Business School Press) 2007, pp 46-47. Also: Thomas Davenport, Jeanne Harris, and Robert Morison, "Analytics at Work: Smarter Decisions, Better Results," Harvard Business School Press, January 2010.

Analytics Road Map

When evaluating your journey to maturity in analytics the stages above detail the characteristics that will help determine where your organization is and what lies ahead (see Figure 1).

Analytics novices, those at Stage 1, should focus on improving the quality of data and technical tools. Poor quality of underlying data remains a major problem worldwide, and investing in analytics while the underlying master data management is not in place is typically an investment with little return. In these circumstances, it is essential to determine what the highest-priority data is for executing the core strategy, and then to validate, clean, and consolidate that data through likely

a master data management plan. Stage 1 or 2 organizations also tend to lack people with advanced analytical skills, the specialists who can make a huge difference. These organizations should set about hiring selectively or exploring how to outsource some of their analytics function.

More advanced companies have already improved the quality of data, brought analytics specialists on board and incorporated analytics into decision processes. But even these firms have mostly concentrated on functional point solutions. Few have moved to the next level by joining up these capabilities—embedding analytics in all of their business and decision processes. For them, the

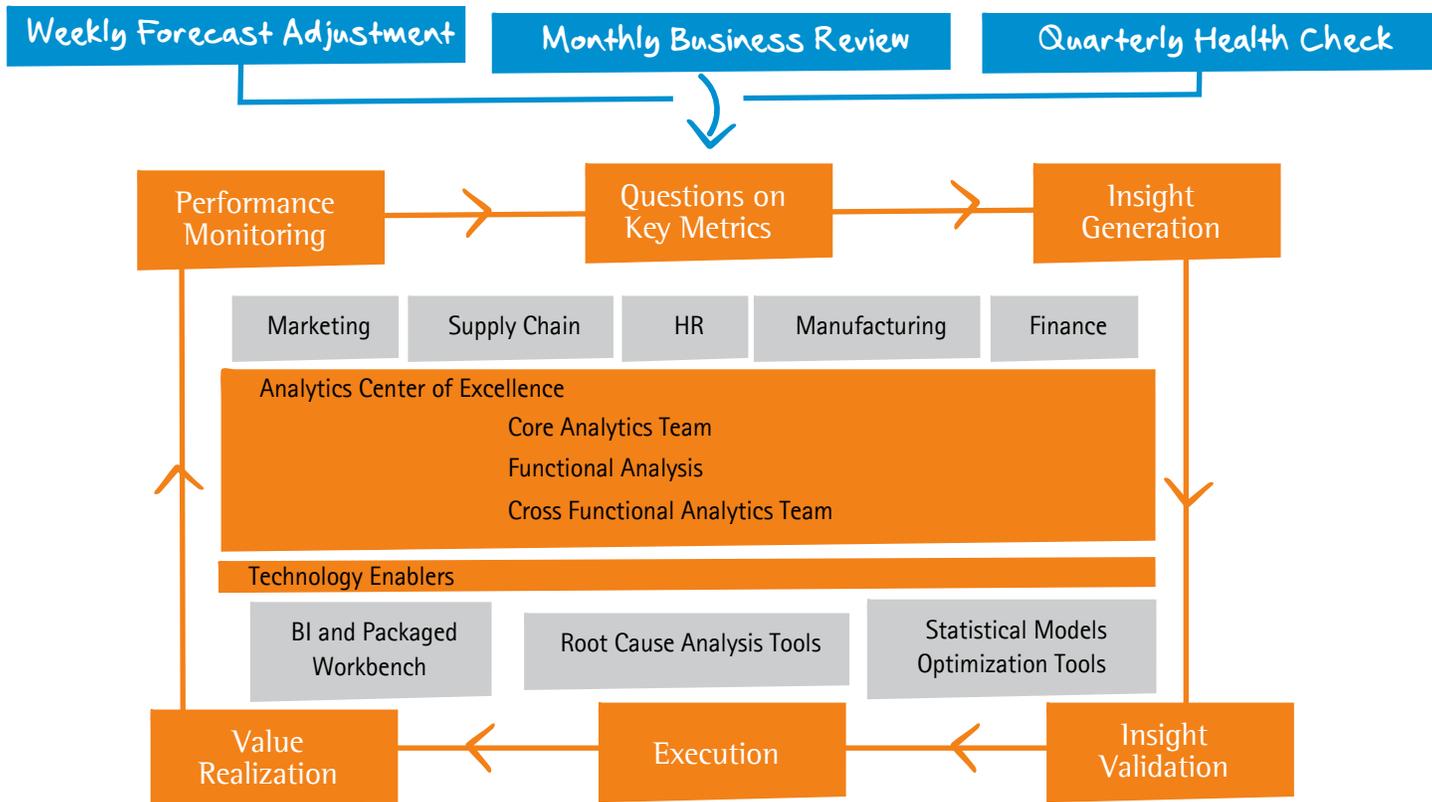
greatest gains will come from expanding analytics across functions wherever possible, obtaining external data on their brands, aligning specialists to the highest-value projects and the right roles.

In mature organizations, analytics is an ongoing capability that generates a virtuous closed loop. As shown in Figure 2, performance monitoring supports questions on key metrics that then generate insights. These insights are then validated, enabling organizations to execute on them and ultimately realize value. Underlying this process is a blend of a core analytics team, functional analytics team and cross-functional analytics team, all supported by technology enablers.



Does 64%
of her shopping
← online

Figure 2. Closed-loop decision-making process



Our observations of high-performing companies suggest that effective analytics are built on a three-part foundation: disciplined processes to ensure that valuable insights and recommendations are generated, acted on, and their effectiveness measured; the right people with the right skills, organized in the right way to put insights to work; and technology that supports data integrity, quality and accessibility. For most companies, technology has received the lion's share of attention, with the process and people aspects getting short shrift.

To progress on their analytics journey, hoteliers will need to focus on ways to generate insights from their technology investments, connect the insights to the relevant processes, and then link them to

tangible business outcomes. They will also need to determine how to transfer data to property owners so that they can use it as they desire. As hoteliers become more fluent in analytics, they can advance to more sophisticated analytics stages.

The end game

The proliferation of data and more powerful computing technologies to crunch the data are propelling analytics to a more prominent role in business. But technology is just part of the story. Data becomes valuable only after it is shaped into insights, and when those insights inform the key decision processes that lead to better outcomes.

The end game should be an enterprise analytics capability, where the piece parts

combine to solve problems and where analytics shifts from being an occasionally ancillary activity to being a consistent, routine, and natural part of doing business. No doubt this may require more effort at first, more sponsorship from the senior ranks, and buy-in from more people. But enterprise-scale results—in revenue growth, profitability, return on capital, customer loyalty, or other measures of value—make the effort worthwhile.

What's more, it's important to think long term in terms of building analytics capabilities. Accenture views analytics as something much more than a technology with an ROI; it's a transformational phenomenon that will fundamentally change how business discourse will be conducted and decisions made.

Keep up with mobility

To truly engage and convert the “now consumer”—a highly mobile, always-connected individualist—hoteliers need to embrace the technology these consumers use

More than one billion of the world's more than four billion mobile phones are now smartphones, and three billion are SMS enabled.¹ There are now 1.2 billion mobile Web users worldwide.² And it is projected that by 2014, mobile Internet usage will overtake desktop Internet usage. Already, more than 50 percent of all “local” searches are done from a mobile device.³

Mobility is pervasive in everything we do and the way people use mobile technology is changing dramatically, with customers leading the change faster than hoteliers. Today all things mobile play an integral role in how people interact and buy. To find and buy what they want, today's digital consumers are better informed, super connected and fully engaged across all channels—from smartphone, PC, stores, tablet, social networking and more.

These trends will continue as technology becomes more sophisticated. Customers expect to use mobile devices to interact with products or services in new ways; employees look for mobile solutions to improve their productivity. Hoteliers will need to

address mobility holistically to determine ways to effectively integrate both guest and employee demands into their enterprise architecture and across the guest life cycle.

Lodging companies are already making inroads with incorporating mobility at varying points across the guest life cycle. A lodging study conducted by Hotel Technology magazine cited that the majority of hoteliers surveyed currently provide, or have plans to provide, guest-facing mobile apps for check-in and on-property experience management.⁴ Many hotel companies have released mobile apps enabling users to search and explore hotels using location-based technology, and to book/modify their reservations. Mobile apps also offer loyalty account integration, property concierge and pre-arrival check-in services. A mobile user in New York City, for example, can receive a message to make a reservation at a hotel with location-specific offers. Separately, mobile phones are using smart technology to become multipurpose devices that can be used as digital keys to guest rooms.



← The new room key

¹ <http://www.digitalbuzzblog.com/2011-mobile-statistics-stats-facts-marketing-infographic/>.

² *ibid.*

³ *ibid.*

⁴ “Lodging Technology Study: Hotel Technology in 2012,” Supplement to Hospitality Technology magazine, www.HTMAGAZINE.com.

Mobile challenges and technology gaps

Hoteliers have an opportunity to create additional value and lower operating costs by adopting mobile technology solutions. Given the relatively early days and rapid evolution of the mobility domain, however, it is not surprising that most hoteliers' plans to implement solutions are disjointed.

To enable the guest benefits that mobility can offer, Accenture believes hoteliers need to address four key challenges: Guest mobile applications, mobility architecture and governance, mobile couponing and loyalty, and mobile testing.

Guest mobile applications

Hoteliers have all taken different paths to serve their guest to achieve bookings, ancillary spend, loyalty, and in some cases, on-property integration. They now need to determine the best feature set to offer guests via mobile applications, whether there is a single or multiple app solution, and examine what competitors are doing and what results are they achieving.

Mobility architecture strategy and governance

Mobile architecture will need to serve both enterprise and consumer-based solutions and foster standardization

of platforms and toolsets, consistency and reuse of enterprise services, and security. It is important to determine what key components make up an enterprise mobility architecture solution. A plug-and-play approach needs to drive a standards-based mobile architecture that enables hoteliers to innovate and onboard third parties quickly.

Mobile couponing and loyalty.

Business-to-guest mobility has become the new norm for reaching a guest at all points of their stay. Hoteliers will want to look at how to differentiate their loyalty program from their competitors and how

they can target their guests better throughout the life cycle of their stay. With digital couponing on the verge of being huge to all industries, as lodging companies consider how it will play into loyalty programs they will also need to contemplate how they will track digital coupon redemption—who is redeeming, when are they redeeming and does it drive additional spend? Digital couponing will also add a new channel to harvest data for the analytics engine.

Mobile testing.

The testing of mobile solutions and Web presented on mobile solutions is growing in complexity with multiple

What is top of mind among hotel executives regarding mobility?

Accenture polled key industry executives on four questions around mobility. Here is a summary of how they responded:

1. Do you have a strategy for implementing mobile websites for existing Web-based (desktop) applications?

- Main work has been done around providing accessibility to Web content via mobile websites.
- For those lodging companies that have or are considering mobile applications the main focus is around:
 - Planning functionality – hotel/room search
 - Reservation/booking functionality
 - Loyalty functions

2. Where do you see the biggest application of mobility in your organization?

- Most important is guest-facing – the complete life cycle
- Prior – Search for hotels and book room
- In-house – On-property services
- Post-stay – Marketing feeds

3. Do you see a demand from your guest population to enable additional on-property

functions via mobile devices? If so, what are the top three?

The following are the top on-property functions:

1. Advance check-in functionality and bypass the front desk and use mobile device as digital key
2. Check-out functionality
3. Location-based services – Send guest messages based on where they are in the hotel
 - Recognize guest arrived at the hotel
 - Interactive offers based on guest location (e.g., spa service while at gym, offers for drinks while at pool/bar, etc.)
4. Self-service concierge services:
 - Order room service
 - Order food/drinks at the pool
 - Set up wake-up calls
 - Request parking valet service
 - Information about the hotel, local attractions, local restaurants, etc.

Additional on-property functions raised:

- Using guest mobile devices for entertainment/ Download own movies and music to in-room devices
- Electronic/digital currency – Purchase of services and products using mobile devices

4. What are the key issues that you focus on as you seek to develop and implement your

mobility road map?

1. Developing something that is platform independent with changing technology
 - Choosing platforms to develop (e.g., Android, Apple, BlackBerry, etc.), choosing between smartphone, tablets; gaining biggest market share
 - User interaction variations per device
2. Security around PCI compliance and capturing credit card payments
3. Integration – Enabling legacy systems to work with the mobile devices in a secure and structured way
4. Investing in features that are going to be the most valuable to the guest
5. Speed to market to ensure by the time a function is deployed it is not obsolete
6. Bandwidth impacts to be able to support demand
 - Guests now bring multiple mobile devices and want to interact with on-property devices (e.g., TV, stereo system, etc.)
 - When outsource service to phone company now, have security issues and data sharing on carrier side on top of bandwidth issues

platforms, networks and devices. The key questions to ask here are: What do I test? How do I test? Can I do it at scale?

As hoteliers respond to these challenges, they face a fragmented industry landscape in terms of incorporating mobility apps. For some areas in the guest life cycle well-established solutions exist; for other areas, solutions are limited or nonexistent. In our experience, however, we do not see any solutions that enable a hotelier to manage the guest experience through the entire stay life cycle. In our opinion, we see the industry falling short in leveraging the full power of current marketplace mobile capabilities. To maximize

success, hoteliers should take an end-to-end view of the guest life cycle and evaluate how a single application or mobile experience can serve as a tool for the guest, from booking to checkout and everything in between. Otherwise, lodging companies are losing the guest at the most critical point of the lifecycle—on property (the stay).

Shaping strategies

As hoteliers look to serve guests with mobile capabilities, they need to develop strategies that look at engaging guests across the guest visit life cycle in new and compelling ways. The mobility domain, however, presents challenges similar

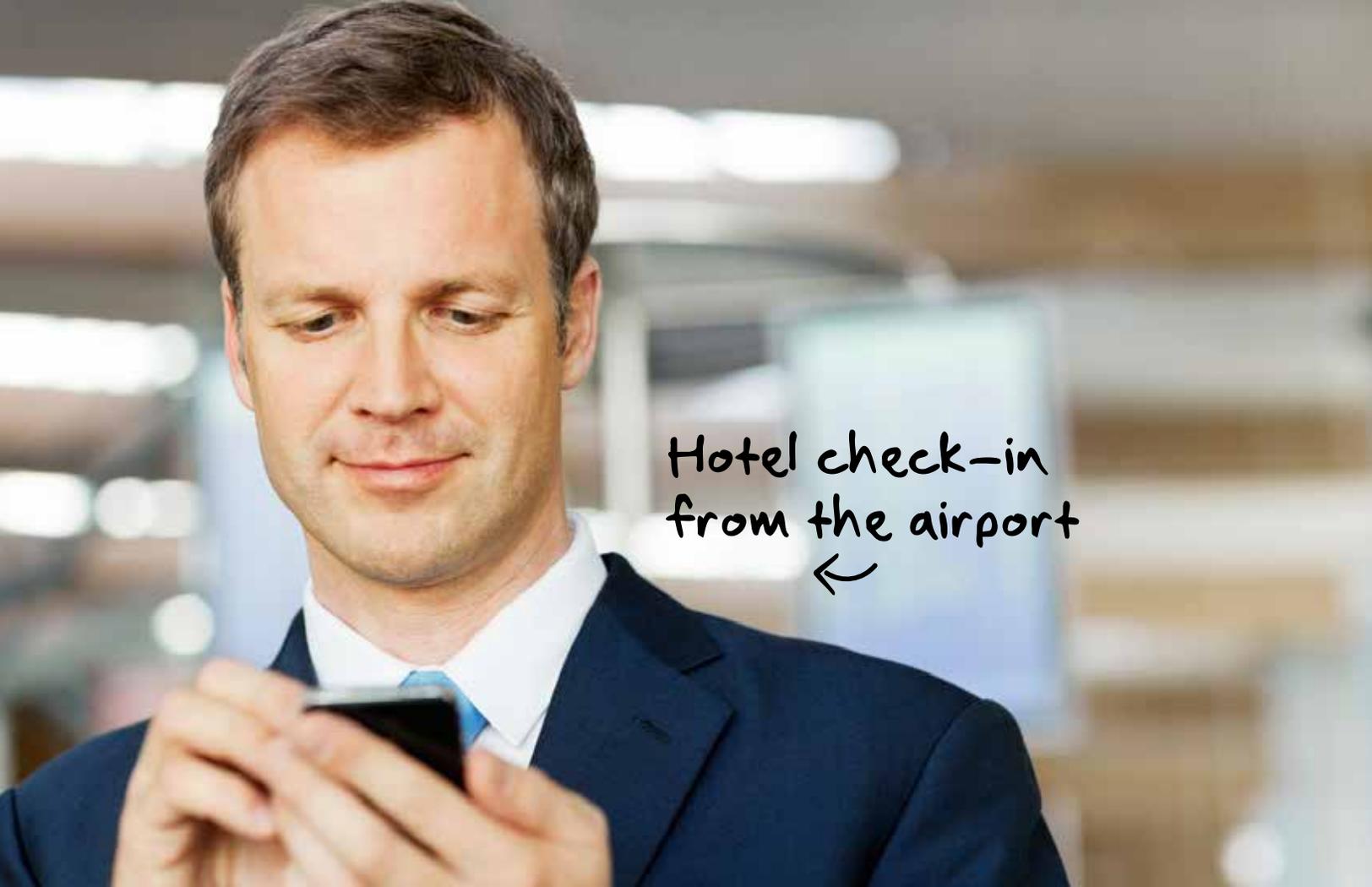
to those as the Web or other key enterprise solutions. With the proliferation of platforms and integration needed with network operators, device manufacturers, business partners, and application developers, the world of mobility can be overwhelming.

To move forward with a clear direction, hoteliers must begin with an overarching mobility strategy. Strategy development should evaluate the entire enterprise's landscape of functions and subsequently prioritize a hotelier's areas of focus particularly along three lines: 1) where to adopt mobility to stay relevant in the industry, 2) how to apply it to gain a strategic advantage over the competition, and 3) how

to leverage it to enable new business models. Accenture finds the best approach is to evaluate the highest-value areas of focus from both business and technology perspectives, determine how to solve the technical challenges, and "sell" the programs internally. Based on each hotelier's enterprise and current mobile capabilities, the areas of focus and priority will vary as will the plans to implement them.

Too often the decisions around mobility focus on technology. In our experience, a hotelier's strategy and plan need to start with a clear understanding of the value drivers desired and the strategic goals the organization wants to achieve with its guests and employees.





Hotel check-in from the airport

←

The breadth of what is possible with mobile is immense and thus a company's mobility scope needs to be carefully planned to grow as the organization matures in its mobile enterprise structure and capabilities. By defining the business objectives for mobile, the organization can understand what can be addressed based on the current enterprise structure and what needs to be revamped or created from new.

Ideally, mobility is one of three key elements of an overall digital strategy along with a hotelier's Web and social media activities. Underpinning the digital strategy is the understanding and use of

analytics. And key to analytics, in our view, is the need to look at what is feeding a hotelier's "analytic data store," that is, the warehouse, and to build an analytics toolset on top that can interoperate the stored data. What mobile brings to analytics is to enable new sets of guest data that a hotelier may have never had (e.g., location-based info from mobile, where is the guest interacting with your services, what have they redeemed from their phone [digital couponing], etc.). These mobile avenues enable a "new intelligence" for analytics.

A clear mobile strategy can help hoteliers achieve the potential

business and productivity benefits while minimizing the challenges inherent to any mobility endeavor—from security and deployment to manageability and cost control. From there, the organization can implement and continually adjust its strategy as needs change and mobile technology evolves. The good news is that the industry is in a position to take advantage of third-party ideas, use plug-and-play and industry-specific applications, build platforms that enable vs. inhibit, and reduce complexity and innovate quickly with fast speed to market. The challenges of integrating mobility with property management systems

(PMS) and various points of sale need to be addressed early on to avoid creating roadblocks later on.

The world of the mobile guest continues to progress. As more and more industries respond and adapt to the mobile consumer, lodging companies will find themselves urgently keeping up with consumer expectations. Hoteliers who are able to innovate and deliver a differentiated experience via mobility will build better brand loyalty and trust, surpassing competitors.

Optimizing digital channels

Consumers today want relevance online, on the go, and on property, and marketers must evolve to orchestrate it across all consumer touch points

Market forces in the consumer space are driving new expectations for how guests interact with hoteliers through a seamless array of digital channels and personal interaction points. The Internet remains the primary channel through which guests reserve at hotels. Yet other channels are growing in importance. Faced with a proliferation of communication channels, lodging companies will need to determine how to most effectively become relevant to consumers. With multiple channels and consumers often switching among them, hoteliers must tightly manage consumer experiences across all channel investments to maximize value.

Moreover, hoteliers must manage these experiences in a digital world that is trending toward consumer relevance. Google, Amazon, Apple and Facebook have built their reputations and business models with a singular focus on consumer relevance. These first movers are taking over the digital landscape with countless products that attract consumer interest.⁵ Such companies are transforming daily life. What's more, they are blurring the traditional lines between marketing and business functions so much so that the status quo in marketing no longer applies. Getting relevance right is what appears to drive these companies' performance, leadership and category-defying innovation. Masters of intent marketing, they get the right content to the right people at the right time consistently across all channels. Lodging companies would do well to leverage practices from these leaders.

Achieving relevance

A common element of these leading companies' success is the ability to benefit from the full potential of consumer relevance at scale. Achieving consumer relevance at scale is the ability to consistently unleash relevant experiences across all channels (digital, social, mobile, traditional and in-person), consumer intent segments and geographies. Doing this means cost-effectively scaling every essential function—channels, actionable data insights, segmented content, enabling technologies and more—while continually monitoring performance in real time and rapidly responding to new consumer insights. Companies with relevance capability are dynamic, precise, intentional and agile.

Achieving relevance does not mean creating more campaigns, websites and costs to appeal to each consumer segment. It is about using the economy and flexibility of scale to make relevance affordable and effective at every moment of truth, every time.

It means that less is often more—smartly putting data and technology to work to ensure that each campaign precisely targets the right visitors and each experience is directly relevant to each target's intent. Hoteliers have the opportunity to get timely and relevant offers to guests by blending customer functions and digital strategies in new ways.

For hoteliers, marketing organizations are generally the function that must evolve and lead the charge to change. In the digital era, marketing is about moving away from dated views of "traditional" marketing and, increasingly, about improving and sustaining business performance while controlling costs. It is about remaining present and relevant to prospective customers at multiple moments of truth while justifying budgets and demonstrating quantifiable return on spend.

Transforming marketing—and business

Hoteliers need to embrace contemporary marketing and begin taking steps to transform the function into a business discipline centered on meeting guest needs to drive business performance. This new discipline involves breaking down organizational silos to merge other functions—direct and indirect marketing at the corporate, brand and property levels; group sales, and the IT organization—into a new organization focused on guest experience management. Whether hoteliers take a transformational or phased approach to reinventing, developing consumer relevance begins with several essential building blocks:

Rethink your operating model

To become consumer relevant, hoteliers will need to dismantle traditional siloed customer and marketing functions and reshape their operating models to create an organization that is holistic, guest-centric and embraces digital.

Connect the dots

Relevance requires integration across guest interaction points so that experiences are truly relevant at every moment of truth. The key differentiator is not just a strong presence in every channel, but a fully connected and cohesive experience that allows relevance to cumulate and coalesce from one touch point to the next, creating a clear integration. This is the experience that customers have with Starbucks, a multichannel leader that connects the dots among in-store, online, mobile and social media environments with a common language, look-and-feel and philosophy, and a commitment to personalization and intent-based options.

Yet this integration is difficult for many companies—lodging included—because they are not set up to operate in this consumer-centric way. Instead companies operate in functional silos—from online and call center to marketing and guest service—that may manage each channel independently. What results are discordant experiences as guests move among touch points (see Figure 3). This might be a landing page that does not support a search query, a front-desk receptionist unaware of an online offer, or a price discrepancy across two channels.

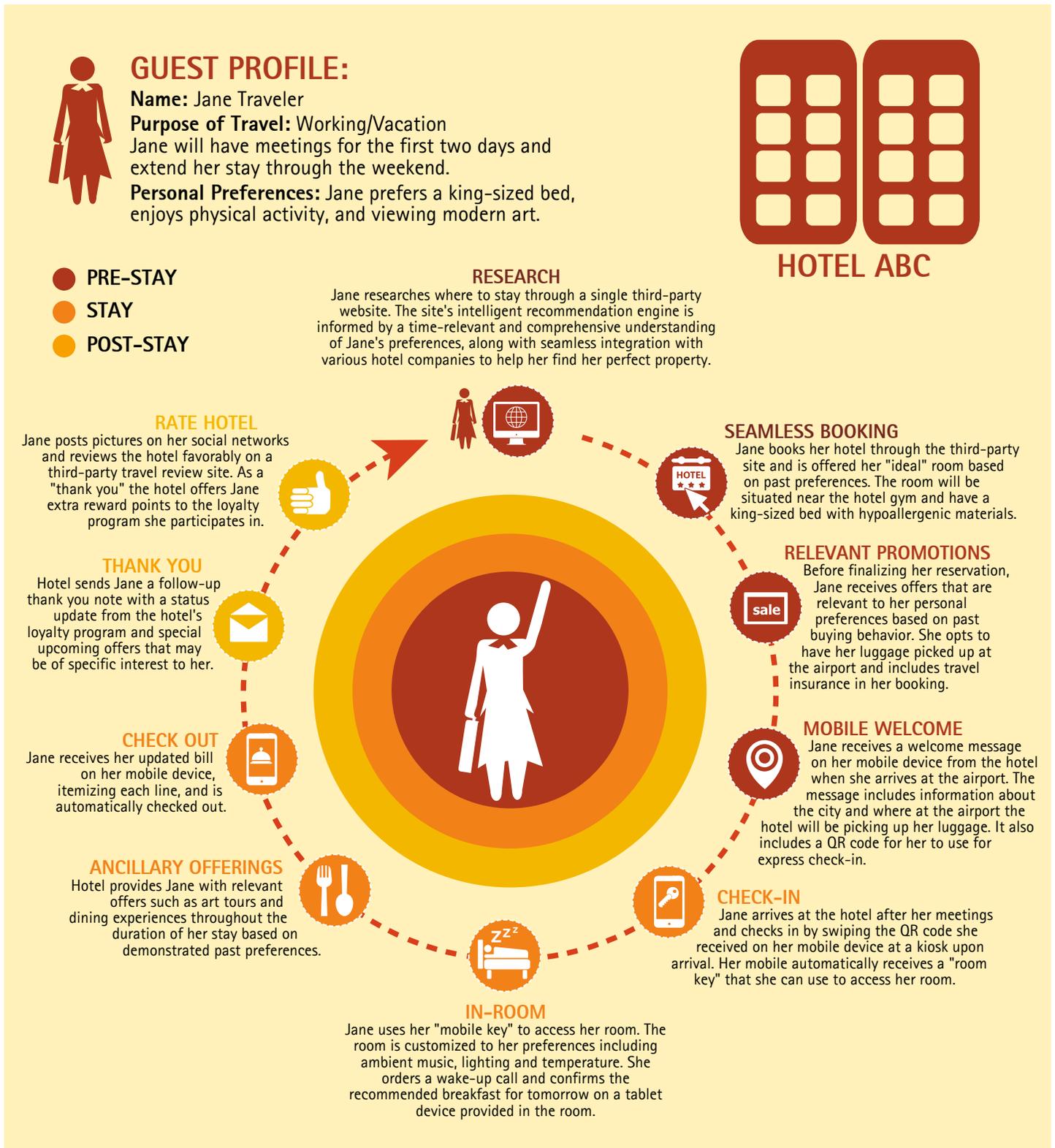
⁵Sucharita Mulpuru, "Google, Amazon, Apple and Facebook: What eBusiness Executives Need to Know for 2012," Forrester Research, Inc., February 7, 2012.

"I really appreciate the 24/7 hotel shuttle service..."



Social media is fast becoming a core channel—one that can be used as a marketing tool, to assess guest experience, to glean what consumers candidly say about hotel properties, and to be leveraged to influence consumer behavior.

Figure 3. Life cycle of guest touchpoints



While it cannot happen overnight, creating connectedness demands that hoteliers drive a significant shift in organizational culture where guest relevance at scale becomes a key operating principle shared by corporate marketing, global and property-based sales, and on-property operations, services and other departments that impact the guest experience. This can happen if companies appoint a conductor who is accountable for the orchestration of guest experiences across touch points. We believe that this is a new and critical role for the chief marketing officer in the era of relevance—where marketing goes beyond building awareness to embracing and driving the full life cycle of the guest experience.

Decipher big data

Building contextual understanding of target guests will entail leveraging internal and external data. At the heart of achieving relevance is having the ability to gather and act on target guest context and intent in precise and nuanced ways. Hoteliers should invest in knowing their audience—not passively through personas or static segmentation models, but actively and continuously through real-time segmentation models that consider how guest intent changes and what guest attributes drive decision making at every step of the journey.

Creating a blueprint of guest data is a good starting point. Continuously collecting and managing this data requires integration across multiple data sources—those housed within the brand and those offered by third parties. A phased approach to developing a virtual database or data cloud of guest intent and context, collected across multiple channels, is the technology that will support the move from intuition to data-driven insight.

Connect fragmented data

Having an analytics mindset and core capabilities are also essential to a hotelier's ability to act on data. One of the biggest challenges to a sustained analytics culture is connecting fragmented data from independent functional siloes, and multiple disconnected services providers—from media agencies to technology providers—that have no interest in enabling data integration. The more unified an organization can become, the better positioned decision makers from marketing and sales to the C-suite will be to appropriately synthesize and act on fragmented data. In addition, hoteliers must strive to look to the tools they have in place—from CRM to content management systems—to help them get ahead of the data tangle.

Social media

Posting on social media sites about companies, products and services is growing, and trust in those comments is increasing. Moreover, guest posting of compliments or complaints to company social pages is increasingly being viewed as a customer service channel with responses expected.

Social media is fast becoming a core channel—one that can be used as a marketing tool, to assess guest experience, to glean what consumers candidly say about hotel properties, and to be leveraged to influence consumer behavior (see Social Drive IT sidebar). To achieve the full potential, hoteliers must make social media operational—bring this channel into the organization, placing it alongside traditional channels and building disciplined processes and tools for managing it. The key challenge for lodging companies is to determine how to monitor and use social media in a structured, effective way. One approach is to set up a centralized center of excellence around social media that involves both brands and properties monitoring, using, responding, testing and continuously learning. With a formalized function, brands and properties can better push promotions and offers and conversely consume and monitor social sentiments.

An advantage of social media is the ability to initiate dialogues with consumers—conversations that are valuable to both the consumer and hotelier. That can mean encouraging customer-generated innovation and co-creation in the way that luxury goods company Coach and MyStarbucksIdeas.com do with online brand-centric communities, or identifying and rewarding Facebook fans with coupons or other incentives. Starwood Hotels, for example, gives points to loyalty programs when guests link the rewards account to that individual's social networking page.⁶ Hilton gives discounts to individuals when they check into their own networking account.⁷ And during December 2011, Marriott Rewards gave away five million points to members who "Liked" its new Facebook page.⁸ These approaches sustain dialogues among consumers and their friends and followers that cast the hotelier in a positive light and translate into deeper loyalty. They also provide hoteliers with insight into what is important to their guests.

⁶ <http://www.spgpromos.com/socialcheckins/>.

⁷ <http://www.spaathiltonsuites.com/Promotions/check-in-on-facebook-or-foursquare.html>.

⁸ http://hotelmarketing.com/index.php/content/article/marriott_rewards_rewarding_members_for_liking_its_facebook_page.

Social-driven IT

Facebook, LinkedIn, Twitter, and other forms of social media are not just new communication channels to customers. They are powerful catalysts that are changing the ways hotel guests, employees, and partners use technology to interact with the world around them. Most lodging companies have yet to catch up to that reality, and almost none take full advantage of it. They must.

The social media trend has swept across the world with breathtaking speed—and with astonishing impact. In the United States, Facebook is largely supplanting e-mail and text as the primary tool for communicating with friends. Social media has become de rigueur for businesses too—although mostly as an add-on marketing tool. And in more and more instances, online forums and Twitter feeds are becoming valued sources of insight for marketers and product developers eager to learn what consumers really think.

But that is not the only way that social platforms will be used by businesses in the future. The social media phenomenon has not just created a new channel to communicate; it has fundamentally changed the ways in which people communicate. Looking at the broader impact, Accenture predicts that leading organizations will soon start applying social platforms and social design mechanics to manage interactions across all communication channels to consumers, fostering greater intimacy with their customers, more efficiently, and with better outcomes. They will also see value in using enterprise social platforms for connections with and among employees—and even among enterprises.

The opportunity is to capture, measure, analyze, and exploit these social interactions in new ways.

It means that social media must be seen as much more than a new “bolt-on” channel; it has to be viewed as a catalyst for revisiting everything that touches a company’s customers and, increasingly, other communities of stakeholders. It provides pathways to convey to the rest of the organization what has been learned by listening to consumers. The most immediate implication is that a company’s call center applications, its Web presence, its customer relationship management (CRM) applications, its mobile experience, and other consumer channels all need to be integrated with each other and be “social enabled.”

The challenge for lodging IT managers will be to revisit business processes and the systems that implement them. They will need to look across channels to define interactions. They must look at new forms of data generated by those interactions and evaluate the potential insights they can get from them. They will be obliged to revisit the organizational structures that perpetuate the separation of channels. They will have to think in terms of industrializing social platforms. And they are likely to have to update the metrics that define success for customer interactions.

No business is going to be able to exclude social. Those that dismiss its rising influence as a fad—or worse, as a preoccupation only for the young—will be doing their organizations a gross disservice. They will be effectively removing themselves from the conversations that their consumers are already having about them and ignoring the new conversations that consumers are looking for. If they fail to engage with social, enterprises will essentially be encouraging their organizations’ potential customers to be lured away by competitors that are increasingly interacting with those customers in the ways that the customers want to communicate.

Source: Accenture Technology Vision 2012, www.accenture.com/technologyvision.



Getting more personal

As technology continues to evolve, consumers expect companies across all industries to create and deliver a relevant and personalized experience. Technology developments will continue to evolve away from mass marketing and products and in the direction of personalization and individual choice. Already, today's guests have high expectations for bandwidth access, television technology and tablet devices. Based on our experience in the lodging industry, Accenture sees growing expectations from guests in the following technology-enabled areas:

An integrated, full self-service website that serves as a direct portal for the guest.

Consumers go to the Web for all aspects of commerce and communication. Accordingly, they expect lodging companies to offer websites (in the local language) that allow them to make and modify reservations; book on-property or near-property services such as spa appointments, entertainment and dining/room service; facilitate purchase of amenities or merchandise; and print or e-mail copies of bills.

Check-in solutions. Hoteliers are looking at new and innovative ways to allow guests to check in without going to the front desk. Potential solutions include mobile check in and digital near-field communication key distribution.

Connectivity. A recent study by Hotelier Middle East reveals that to many guests, a good Internet connection is more important than breakfast.⁹ Just as hoteliers thought they had made the appropriate investments in guest room Wi-Fi networks, the rise in popularity of the iPad and other tablets has placed huge demands on these networks.

In-room/on-site tablets. The use of tablets by guests and staff alike holds enormous potential for interacting with hotel guests in a variety of full-service and self-service applications, empowering guests while reducing the hotel's operating costs. Tablets in rooms, lobbies, and throughout a property that are pre-loaded with guest-facing applications can be used to enhance food and beverage presentation and ordering for rooms, restaurants and bar, as well as for hotel amenities and services. They can also be used for reconciling guest accounts and streamlining account management. Guest-facing applications, which typically integrate directly to the hotel's property management system (PMS) and/or property website, form the basis of a data warehouse of aggregated information ripe for data mining. Such factors as guest preferences, purchasing habits and service requests can be tracked and analyzed.¹⁰ The hotel industry has been a leader in the many possibilities of tablets, and that trend will only continue to skyrocket.

In-room interactive entertainment centers/Internet via TV. Standard room televisions are being transformed into fully connected interactive entertainment centers and virtual concierges. Guests can use their TVs to access a range of offerings, including interactive entertainment, hotel services, local information and features that go beyond what guests expect today. The technology holds the potential to enable guests to stream a movie from their Netflix accounts, place a room service order or housekeeping request, book a local tour and browse the Internet to visit popular sites, manage and print documents, among other options. Properties can also use them to welcome guests with a personalized greeting and mood-setting music. Meeting and group planners will also be able to use the service.¹¹

These and other technologies are what will enable hotels to differentiate themselves, strengthen guest relationships and generate new revenue streams. Technology will redefine the guest experience in terms of how hoteliers and guests communicate with each other, how guests manage their on-property experiences, and how hoteliers promote new and ancillary products and services to generate new revenue streams and more revenue per room.

Moving ahead

To maximize value and achieve relevance from digital channels today, hoteliers must take a well-defined approach to reshaping their marketing organizations and understanding, reaching and engaging travel consumers. Expectations from consumers in being able to interact through multiple touch points of various contact channels will only continue to grow. Accordingly, strategies need to include the capabilities and technologies required to track and improve the guest experience across channels. In addition, all direct and indirect sales, marketing and service channels need to be effectively leveraged in a coordinated manner as well to be "guest centric."

Accenture research indicates that companies must measure brand value in terms of cumulative consumer experience.¹² This evolving concept will push many hoteliers to rethink current marketing approaches and organizational structures to develop relevant guest offers across digital channels. Technology is driving fundamental changes in the way companies interact with their guests.

Globalization and the decentralized nature of the relationship between corporate and franchisees and owners will challenge lodging companies further. Those that focus on moving forward and create new capabilities to adapt to the changing marketplace hold the potential to create value for themselves and enhance guest interactions and loyalty.

⁹ "Internet in hotels more important than breakfast," March 12, 2012. Hotelier Middle East <http://www.hoteliermiddleeast.com/13795-internet-in-hotels-more-important-than-breakfast/>.

¹⁰ "T-Commerce: Innovative Guest-facing Applications," by Michael Kasavana. Hospitality Upgrade Magazine, Fall 2011. http://www.hospitalityupgrade.com/_magazine/magazine_Detail-ID-686.asp.

¹¹ <http://www.businesswire.com/news/home/20120313005161/en/Hyatt-Transforms-In-Room-Television-Connected-Interactive-Entertainment>.

¹² "Got the R Factor: Driving breakthrough performance in the Era of Relevance," Accenture Interactive point of view article, 2012.



The path forward

The continuing wave of change in business and technology represents an opportunity for hoteliers to place a relentless eye toward the future and make strategic technology investments to extend the reach of a brand in the pursuit of delivering a personal, and more easily integrated, experience to the guest. Whether these investments involve using analytics to know and satisfy guests' expectations before they are explicitly stated, pushing the possibilities of mobility, incorporating consumer technology, or developing capabilities in relevance, technology can play a key role in enabling better service and stronger operations. What is clear is that technology will continue to radically evolve. Stand still and one risks being left behind. Act now by determining where to target investments in digital capabilities that will make the biggest impact and your organization will be better poised for competitive differentiation in an increasingly buyer-driven market.

Wake-up call

Room near the gym

Loyal customer

For more information on
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www.accenture.com/gettingpersonal

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