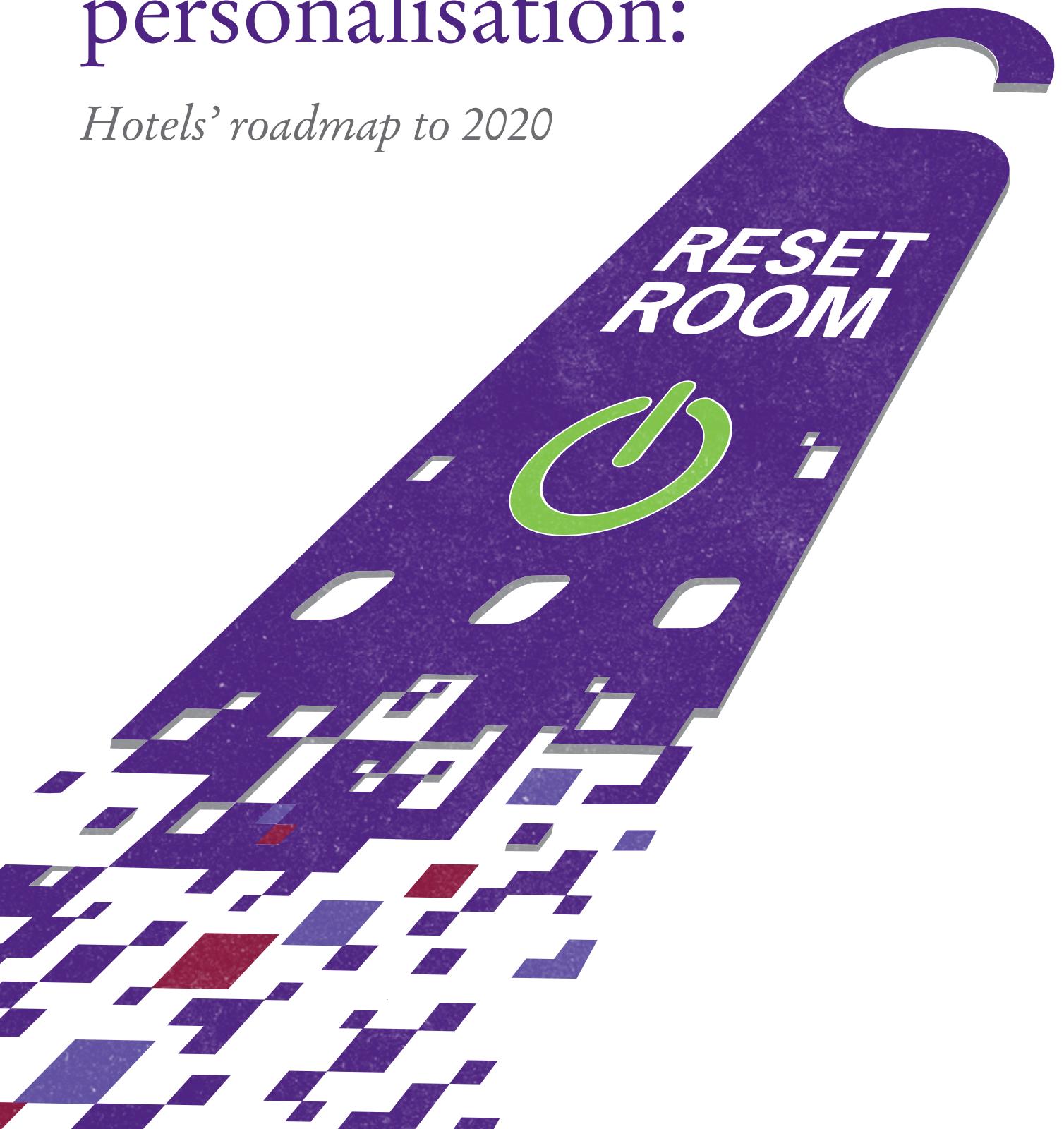
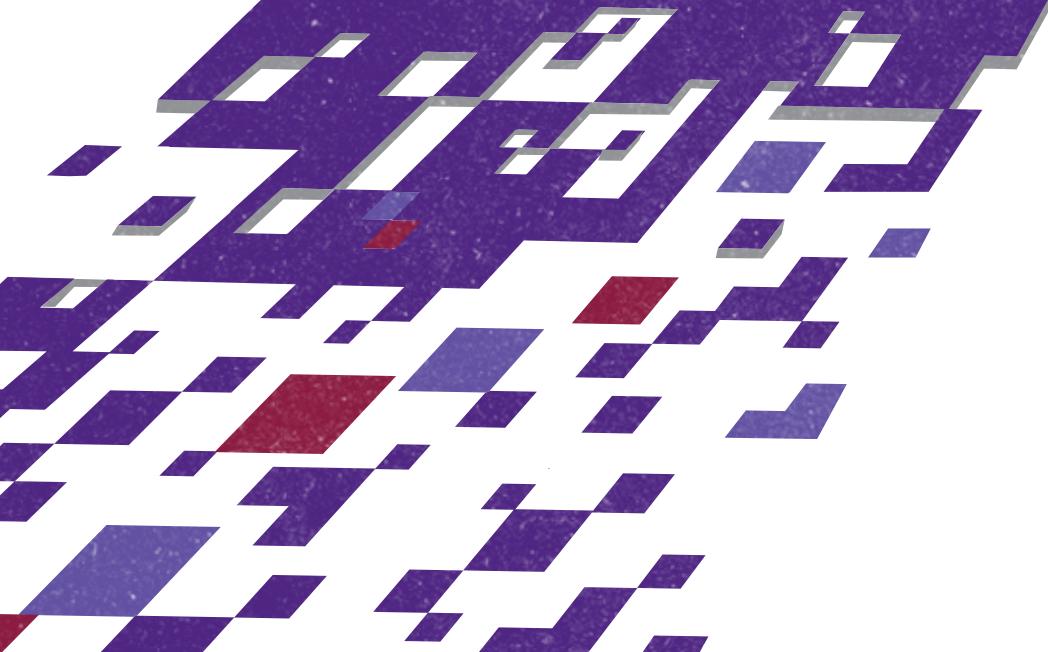


The power of personalisation:

Hotels' roadmap to 2020



**RESET
ROOM**



Personalisation: why now?

Hotels are under pressure. Airbnb and other sharing economy providers are growing in popularity. More and more guests are booking through online travel agents (OTAs) that take substantial commissions. And when guests do arrive, they expect the same immediacy of service and control they get at home and at work through their smartphones.



Personalisation is one answer for hotels looking to maintain or grow their market share in this challenging environment. By meeting guests' individual needs, hotels can win greater loyalty. From online check-in, to the app that customises the mini-bar, personalisation helps hotels stand out from the crowd.

Personalise or perish should be the mantra at the heart of hotel companies' efforts to build their brands and lay platforms for long term-success. But many are struggling to make the necessary inroads to remain relevant to the guests of tomorrow.

At Grant Thornton we believe that digital innovation is creating bold new opportunities for hotels to personalise the guest experience. In this report, the first of three in our series for hoteliers, we draw out examples of hotels leading the way and outline a way ahead for others.

Gillian Saunders

Global leader of travel, tourism and leisure

Don't get left behind

When it comes to personalisation many hotel groups remain uncertain how to proceed. They have not embraced technologies that store and retrieve previous booking and stay information, which can provide considerable data and insight into what guests want. And rarely do they interact with guests through mobile.

At the same time, they worry how to balance technology with face-to-face contact. And they have yet to forge partnerships that could enrich their customer relationships before and after the stay.

GETTING IT RIGHT

But some hotels are getting it right. In this report we explore instances where hotels have successfully incorporated personalisation, and provide guidance for others around how to integrate it in their offering.

"Over the next ten years, hotels will empower guests with incredible levels of hyper-personalisation through mobile devices. They will provide an utterly tailored experience."

Nikhil Gupta
Director, Hotels
Skyscanner

¹ 'Transforming the guest experience,' Samsung, 2013

² 'Guest preferences for technology use in hotels: Industry view,' Software Advice, 2015

³ Janrain, 2016



How to deliver a personalised experience

Get to grips with data

The key to personalisation lies in data that shows what matters most to different guests. Business travellers will have different needs and preferences than leisure guests. Factors like age and cultural background also make a difference. Obtaining and tracking this information must be the first priority.

Hotels need to build data management facilities that capture information about guests as they interact with the business. They also need to develop more detailed profiles over time, as the relationship develops. Not all data will necessarily come from such interactions; external data sources like social media will also be valuable.

PERSONALISATION VERSUS PRIVACY

As hotels move towards data-enabled personalisation, they need to prioritise data security and privacy. Not only is the legal fall-out increasingly serious – in the EU, for example, companies will soon face penalties of up to 4% of global turnover – the reputational damage will also be severe⁴.

Beyond meeting formal data privacy requirements, hotel groups moving towards personalisation will need to show sensitivity and judgement. Understanding customer attitudes – which vary wildly across customer demographics and market segments – will also be important. Some guests may be much less open (or even downright hostile) to any perception that they are being tracked or monitored.

“The hotel sector may become a pioneer in data management, and that's where the challenge lies. Every company should be required to have a department devoted exclusively to implement the changes that are occurring in the market.”

Amancio López
President
Hotusa Group

“Greater personalisation means sharing more data and increased cyber security risks. Hotels need to ensure they have robust monitoring processes in place to mitigate the risk of attacks and data breaches. In time, I think we will see more compliance directors in hotel businesses to manage the three ‘Rs’ – Risk, Responsibility and Reputation.”

Adrian Richards
National leader of consumer products
Grant Thornton UK

⁴ Breaking news: EU agrees 4% fines for breaching data protection regulations,' SC Magazine, 2015

Hotel groups leading the way

While some hotels have been flat-footed when it comes to data and personalisation, others have started to embrace it. They understand that personalisation means happier and more loyal guests.

1 Hyatt's Andaz Hotels group has replaced check-in desks with personal hosts who welcome guests and remain a point-of-contact during the stay⁵.

2 Holiday Inn has developed an app with Samsung that enables guests to control their in-room televisions, lighting and air conditioning⁶.

3 The Bratislava Sheraton researches guests' publicly stated 'likes' on social media and presents them with a small but appropriate gift on arrival⁷.

"Do guests pick a hotel purely on personalisation? No. They pick it more on service, location and quality. But if there is that personal touch, connected to the experience? That scores the hotel up."

Alvin Wade

National managing partner of hospitality
Grant Thornton US

4 Guests at Starwood Hotels can use their smartphones to programme their lighting, playlist and even the start time to brew the morning cup of coffee⁸.

5 The Barcelo Group gives guests a choice of scents (including none at all) for rooms ahead of arrival⁹.



"The real magic, we believe, is not technology, but how technology enables our associates to connect with guests and deliver great experiences. Starwood's next frontier is fusing high-tech and high-touch in our hotels."

Hassan Ahdab

Vice president & regional director – Africa & Indian Ocean
Starwood Hotels & Resorts Worldwide

⁵ 'Five-star hotels revolutionize luxury check-in: Andaz, Auberge, Four Seasons Hotels,' Forbes, 2014

⁷ 'Sell experiences not rooms: 3 examples of hotels going the extra mile' Fiz, 2015

⁶ 'The 3 technology trends for hotels in 2016, you can't afford to miss,' LinkedIn, 2015

⁸ Starwood hotels, 2016

⁹ 'Personalise your hotel room experience,' Flight centre, 2015

Invest in people and technology

Many hotel groups have barely scratched the surface of personalisation. They can learn from market leaders that have developed apps enabling guests to personalise and control their stay at the hotel. They will also need to find new ways to listen to their customers, engaging through social media and other online forums.

Maintain the human touch

New tools and technologies allow hotels to provide targeted services that lead to stronger relationships with customers. However, it would be disastrous to forget the importance of human interaction. Technology can help here, too. Automation frees up staff to spend more time with guests, helping them connect personally.

A mix of channels will be appropriate for hotels to reach their guests. While many guests consider their smartphone or tablet as the ideal touch point for a personalised experience, not everyone will embrace this digital-first approach. Hotels should prepare to engage with guests through a variety of digital, digitally enabled, and traditional channels.

Hotels should also consider what they can gain from these touch points and use them as an opportunity to collect guest data, which can then be used to deliver a personalised experience.

"Hotel groups around the world have much to learn from Asia," says Ken Atkinson, executive chairman of Grant Thornton Vietnam. "People working here in the service industries have amazing memories for people. I used to stay in a hotel in Hong Kong in the days before I had a smartphone. On one occasion, I requested a fax machine in my room for work. Seven years later, I went back to that hotel and they'd put a fax machine in my room – just in case I wanted one again."

"We need to learn from manufacturing in hospitality: we have not yet looked at mass customisation strategically in hotels. Either we're very standardised or we're trying extreme personalisation. We need to figure out which part of the offer needs to be customised."

Rohit Verma

Singapore tourism board, Distinguished professor Cornell school of hotel administration and Executive director, Cornell institute for healthy futures



CLOSE THE SKILLS GAP

Hoteliers need to reconsider their workforce. Many are not currently employing staff with the expertise to bring in new personalisation technologies or operate them on an ongoing basis. Equally, some hotel roles may become redundant. Recruitment and redeployment may be necessary to address these issues, and training will also be important here. Frontline hotel staff will need new technical expertise – while many hotels will need to make a more fundamental, cultural shift. Irene Janti, Brand director at Pop! Hotels, Tauzia hotel management says: “The way we recruit our staff is different: we don’t make it a priority that they come from a hotel school – we look for people with a talent to express themselves individually so that guests feel different when they come to the hotel.”

“You must be guest centric: you should be providing a service to one person which is absolutely relevant to that person, but it may not be at all relevant to someone else.”

Jean-Pierre Soutric
Senior vice president of sales & marketing Oetker Collection

“The advent and penetration of the internet has forced the travel industry to adapt from the traditional way of selling to dozens of markets of millions (of people), to selling to millions of markets of dozens.”

James Kaplan
Senior vice president
Minor Hotel Group

How Coast Hotels uses CRM to stay flexible

Mark Hope, Executive Director of Brand Development at Coast Hotels believes that customer relationship management (CRM) technologies are transformative. They enable hotel groups to target potential guests to pinpoint accuracy, and constantly adjust personalisation strategies to optimise results.

“We’ve invested heavily in CRM and we track everything we can,” he explains. “It’s about big data – looking at where and how customers have stayed with us. We can slice and dice the data so that we can get, say, this subset of guests to stay with us on a leisure rate that is all about food and beverage, or a better parking deal, or whatever is important to those specific guests.”

The key, Hope adds, is to have reliable data and people with the skill to analyse it. Get that right and the results will be impressive. “Traditional marketing was always about reinforcement. You had to sit and let it build,” he says. “Now, we put out an offer. If it works, we build on it. If it doesn’t we move on to a different type of offer right away.”

The seven stages of personalisation

So what does personalisation mean in practice? In simple terms, it comes down to ‘know your customer’. But while hotel groups have always sought to understand what their guests want, they must now apply this knowledge – while giving guests the power to take more control of their stay.

There are seven key points in a guest's stay when hotels could personalise their offering.

“It sounds like a small thing but, in a typical hotel, you might move the chair to where you want it, and then the maid will move it back where she was told it belongs. As a matter of practice, we don't do that.”

John Wagner
Development director
Cycas Hospitality

SEARCHING ONLINE

Evolving search technologies let hotels personalise their offering before guests have decided where to stay. As retailers use ad-content algorithms to show customised offers to customers based on searches, hotels can target previous guests with advertising based on stay history and recent searches.

BOOKING A PLACE

At the point of booking, or early in the guest journey such as at online check-in, guests should be able to define preferences and provide more information about their visit. Hotels can then offer everything from tailored room amenities and local excursions. They should also have previous preferences displayed for confirmation or re-selection. On top of this, they should be able to pick which channels to use for subsequent contact, whether mobile, email or voice.

GETTING THERE

Hotels could take a bit more of the pain out of their guests' journeys. By partnering with travel providers, they could provide personalised journey options to make the experience easier – such as a choice of pick-up locations, in-flight wifi notifications, or support in the event of disruption.

ROOM PREFERENCES

Guests expect to be able to say what they do and don't want in their rooms - for example, what type of bedding, toiletries, and TV channels. They also want to be able to personalise the environment by controlling room temperature and air conditioning. Guests may even want to customise the room lay-out. Hotels should start to think about how they can enable guests to make small changes like these to tailor their rooms.

5

CHECKING-IN

Hotels can take away some of guests' frustrations about checking-in by letting them access their rooms using apps on their smartphones which act as a door key. Providing a choice of luggage management options may also be valuable here.

6

AROUND THE HOTEL

Making a personal connection with guests should be a priority: notifying staff on their smartphones of the guest's name so they can address them personally. Hotels should also offer a customisable stay, whether through food and drink, advice on restaurant menus linked to known preferences, or information on local attractions. They should also consider providing tools, such as tablets, to give guests more control.

7

AFTER LEAVING

Personalisation doesn't end at check-out. Customers may have preferences about accessing invoices and expenses. Check-out is also where the 365-days-a-year relationship begins. Hotels could invite guests to co-create social media content – whether videos, photos or reviews. If they keep track of what they know about customers' preferences, they can maintain the connection for the future.

"The best groups, especially in Asia, are light years ahead. They use data received in advance to improve check-in, luggage handling, airport pick-up and to plan guest activities."

Doug Bastin
National hospitality leader
Grant Thornton Canada

Why Virgin Hotels put a mythical creature in a guest's mini-bar

When Virgin Hotels wanted to give guests greater control of their stay, it focused on using technology that they would already be familiar with. "Our smartphone app allows you to check in, check out, control the entertainment in your room, and to monitor and control its temperature," explains Allie Hope, the company's head of acquisition and development. "Rather than developing something new and having to teach the guests how to use it, we built technology so people can plug and play."

Virgin also sends guests questionnaires to help it personalise each stay in advance, while introducing an element of fun. "Guests only complete it if they want to. We ask things like whether they're afraid of heights, whether they want to be away from the elevator, and what they want in their minibar. But we can also spin it around – we ask people what they wouldn't want to find in their minibar too. When someone said they'd be horrified to discover a dragon, we put a toy one in there for them to find."



The future of personalisation

What's coming next?

The hotel landscape is changing fast. There is increasing pressure to innovate and create a uniquely personal experience for guests. Here we outline some of the possibilities yet to come.



Full-service apps giving guests control over every element of their stay – picking the room to checking-in; customising the mini-bar to ordering additional services.



Why should room service be confined to the room? An app that allows guests to order food or drink wherever they happen to be in the hotel or complex.



Hotel groups shouldn't be afraid to harness the sharing economy. What about building communities of locals happy to show guests around?



A new app from Apple/IBM sends business travellers personal itineraries and connects them with contacts who are also travelling.



An app for business travellers that routes expenses information directly to employers for settlement.

Our experience with hotels

Our team has a broad range of hands-on experience in the hotel and broader hospitality sector, bringing insight and in-depth knowledge of sector trends to projects. With specialist teams in over 130 countries we can help you develop and

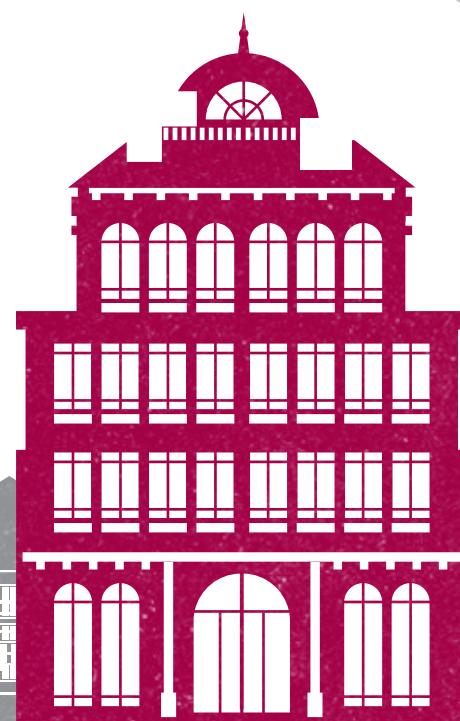
implement strategies that will surprise and delight your guests - and keep them coming back for more. To learn more or connect with a specialist in your country visit: www.grantthornton.global





? Six questions for hotel groups

- 1** If we invest in better data management technology, how will we measure its impact on guest satisfaction?
- 2** Do the personalisation tools we offer guests, from checking-in to buying hotel services, add real value and drive repeat visits?
- 3** Do our guests receive a seamless experience across all online and offline channels when they talk to us – before, during and after their stay?
- 4** Are we getting the balance right between data harvesting and respecting customer privacy? Do we know what that balance looks like?
- 5** Are our investments in the human aspects of personalisation in line with our investments in technological solutions?
- 6** What can we do immediately to give guests a more personal experience?



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