Revinate + Skift Present:

The Changing Nature of Hotel-Guest Relations

In the highly competitive hospitality space, hotels are increasingly looking to improve the guest experience pre-, during- and post-stay with data-driven communication solutions aimed at creating and sustaining meaningful relationships with customers.

Skift Team + Revinate

If you have any questions about the report please contact trends@skift.com.
InGuest includes the industry’s leading solution for measuring and optimizing the guest experience by bringing together all reviews, survey data and social media mentions into a single, integrated system.

Learn more at www.inguest.com
About us

Revinate

There is no industry more reliant on customer satisfaction than the hospitality industry.

Revinate offers easy-to-use, web-based software that allows hoteliers to engage with guests pre-, during, and post-stay. The company’s core products include inGuest, a comprehensive CRM and marketing automation platform powered by rich guest data, and the Guest Feedback Suite, a powerful solution for hotels to capture, measure and optimize the guest experience by bringing together all reviews, survey data and social media mentions into a single, integrated system. Revinate has raised over $30 million in venture funding, backed by leading venture funds including Benchmark Capital, Formation 8 and Tao Capital. The company is headquartered in San Francisco, with offices in New York, Amsterdam, Singapore, Dubai and Sydney. Revinate counts 24,000 of the world’s leading hospitality customers.

To learn more, please visit www.revinate.com or email info@revinate.com.
Executive summary

Here’s an idea:

Instead of seeing your hotel as a building with 200 rooms, consider it a business with 50,000 customers.

That’s the thinking behind data-driven guest management. In today’s ultra-competitive look-to-book landscape, it’s more important than ever to harness guest data to establish and maintain meaningful relationships with customers. This is especially true of the hotel industry, where communication and service are at the heart of the guest experience. Used correctly, data can inform hoteliers of customer preference and desire, allowing them to identify and nurture their guests at every point in the travel journey.
Table of contents

About Us 3

Executive Summary 4

Table of Contents 5

Introduction 6

The Way Hotels Are Expected To Interact With Guests Is Changing 8
  Shifting Toward One-to-One Communications
  Why Building a Guest Database is a Must

Continuous Communication Throughout the Guest Lifecycle 11
  Pre-Stay
  During Stay
  Post-Stay

What To Know Before Implementing Your Guest Database Strategy 14
  Identification of KPIs
  The Importance of unifying data in a single platform
  Plan for integration with legacy software systems

Drive Revenue with Guest Lifecycle Management 16

About Skift 18

Further Reading 19
Introduction

The competition for hotel guests is fierce, with rising customer-acquisition costs, price-sensitive travelers, and falling brand loyalty at play.

Established OTAs and metasearch sites like Expedia, Priceline and Kayak, joined by startups like Hopper, gained 10.4% of total hotel bookings in North America’s top 25 markets in 2012, up from 9.5% in 2011. Though hotel websites accounted for a 26.7% market share in 2012, that number rose just a half a percentage point YoY, eMarketer reported.¹

### Transient* Hotel Reservations in North America
by Channel, 2011 & 2012
% of total

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Brand Website</td>
<td>26.1%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Direct</td>
<td>23.3%</td>
<td>22.5%</td>
</tr>
<tr>
<td>GDS</td>
<td>22.8%</td>
<td>22.7%</td>
</tr>
<tr>
<td>CRS</td>
<td>18.2%</td>
<td>17.7%</td>
</tr>
<tr>
<td>OTA</td>
<td>9.5%</td>
<td>10.4%</td>
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</table>

*Individual business and leisure travelers
“Hotels are under a lot of pressure these days to own the customer,” says Kelly McGuire, Executive Director of the Hospitality and Travel Global Practice at SAS. “A lot of that is coming from the situational landscape and the power of the OTA like Expedia. Now you’ve got Google in the picture and everyone wants a piece of the puzzle. The distribution costs are growing faster than rates are growing. To acquire a customer via an OTA is much more expensive than through an owned channel. So if you can attract and retain a guest database then you are sending guests through a cheaper channel.”

Couple these costs with virtually non-existent brand loyalty (just 8% of 4,000 travelers surveyed by Deloitte in 2012 said they were loyal to the same hotel brand and the playing field becomes even more challenging.2

To succeed, hotels need to create a guest experience that stands out. Today’s tech-savvy, mobile-first travelers are looking for more personalized service that keeps up with their on-the go, up-to-the minute lifestyles. And, they’re looking for marketing messages that are relevant, not generic.

“

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”

Hotels can do that by taking advantage of countless opportunities to engage with their guests throughout their journeys – from booking and pre-departure to check-in, stay, and post-stay. On-brand, fun and relevant messaging can help increase guest engagement, and create opportunities for upselling and loyalty-building. Hotels that adopt this database-driven, customer-centric position will gain a market share advantage in a hyper-competitive industry, and they won’t be paying OTAs for the same guest again and again. With true knowledge of the guest comes real customer ownership.
The Way Hotels Are Expected to Interact With Guests Is Changing

Thanks to speedy, user-friendly sites and well-designed mobile apps, travelers today can search for and book a hotel stay in a matter of minutes.

In fact, 86% of U.S. Internet users research their trips before buying, with 73% of them logging back in to purchase, according to a 2012 “Consumer Barometer” survey conducted by Google, the Interactive Advertising Bureau (Europe) and TNS Infratest.3

While these sites and apps allow the traveler to complete the look-and-book process on one platform, they aren’t particularly good at engaging her on a level that’s individually meaningful. A father of four looking to book his family’s Spring Break trip to the U.S. Virgin Islands is likely to be served the same list of hotels as a couple exploring honeymoon options. Chances are, the honeymooners aren’t too keen on sharing the pool with swimmers under the age of ten, while the father is going to need a hotel with kid-friendly amenities.

Once on-site, the honeymooners dine at the hotel’s beach-side restaurant nightly, enjoying $150 bottles of wine with their prix-fixe meals. On their third evening, they are greeted with a server who asks if it is their first time at the property. Well-meaning, but not very personal.

A better way to engender goodwill? Greeting the couple with a complimentary glass

<table>
<thead>
<tr>
<th>US Travel Buyers* Who Research vs. Purchase Travel Products Online</th>
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</thead>
<tbody>
<tr>
<td>May 2012</td>
</tr>
<tr>
<td>% of respondents in each group</td>
</tr>
<tr>
<td></td>
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<tr>
<td><strong>Hotel Stays</strong></td>
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<tr>
<td></td>
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<tr>
<td><strong>Package Holidays</strong></td>
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<td></td>
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<tr>
<td><strong>Leisure Flights</strong></td>
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<td></td>
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<tr>
<td><strong>Total Travel</strong></td>
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*who have purchased travel products online in the past 12 months

[source: eMarketer (2013)]
“To get a loyal customer and make sure they continue to choose my brand is to uniquely understand what their preferences are at all stages of their travel journey and try to create specialized offers,” says Professor Rohit Verma, professor of service operations management at the Cornell University School of Hotel Administration. “The only way to do this is to try to collect data on the guests from booking all the way to arriving at the hotel.”

**Shifting Toward One-On-One Communication**

On-point messaging like this is crucial, and consumers are coming to expect it.

Forty-five percent of online shoppers prefer websites with tailored recommendations, and personalized emails have a 25% higher open rate and a 51% click rate, according to reporting collected in December by Formstack, a data collection and management service.4

It makes sense that a traveler would rather be communicated with in a way that appeals singularly to them, rather than given a one-size-fits-all message. That executive with a conference room booked at 7am the next morning? Instead of a generic “welcome” email, Hilton Hotels might send him a message before check-in inviting him to log onto the hotel’s app and order a meal ahead of time. This way, he can have a cheeseburger waiting in his room upon arrival at the hotel, avoiding a needless trip to the lobby bar and grill the night before a long day of meetings.

“The ways hotels are leveraging what they know about the guest is to more effectively surface content,” says McGuire. “For example, knowing past stay behavior you can do a better job of anticipating what the guest is looking for and surfacing that content to them make it easier for the guest to do business with you. If it’s easy they are going to convert more easily through the channel. The second piece is if you are being clever you can push the guest toward product you want them to buy.”

**Why Building A Guest Database Is A Must**

Of course the only way to achieve this is to pull together robust customer data and effectively analyze it.

“When the guest fills out any kind of survey we use that information,” says Larry Seligman, VP of Strategic Analytics for Intercontinental Hotels Group. “When the guest makes selections about room types, where they stay, we use that information. It gives us some kind of hint into what the guest might be interested in. We don’t want to send them communications that are irrelevant. We want to be respectful of the attention that guests and prospective guests give us. The data gives us clues as to what those relevant communications might be.”

Information like the kind IHG and many other hotels collect runs throughout the lifecycle of a guest’s trip, from data contained in reservations and guest profiles, to check-in
of a guest’s trip, from data contained in reservations and guest profiles, to check-in and check-out dates, to spend history. If a couple signed up for several afternoons on the tennis court, a smart hotel might invite them to an annual tennis clinic. First to swipe his room key at the gym every morning? An offer to place free weights in-room might incentivize him to choose one hotel over another.

Measuring customer data can be a complex task, and it starts with effective collection, followed by smart software that makes analyzing and disseminating information easy. With travelers increasingly using mobile technologies to research and book their stays, hotels need to provide them with sophisticated ways to engage with a brand wherever they are. Though mobile is a priority for hotels this year, only 46% of hotel-branded mobile apps allow users to make reservations, 41% give guests loyalty program access and 31% and 28% allow for mobile check-in and check-out, according to Hospitality Technology’s 2014 Customer Engagement Technology Study. What’s more, only 51% track revenue generated, 42% track loyalty sign-ups, and 36% don’t measure anything.

Those in the industry say this needs to change. That’s because a direct-to-guest relationship allows hotels to avoid paying for guest acquisition, identifying and nurturing most profitable guests through higher-quality, loyalty-making interactions, and personalize post-stay marketing.

“There’s a two-pronged purpose for the database,” says McGuire. “The first is the ability to market to those folks directly. The second is, the more you know about those customers, their needs, their behaviors, the better you can service them throughout the entire guest lifecycle.”

### Features Available on Hotel Mobile Websites vs. Mobile App

<table>
<thead>
<tr>
<th>Feature</th>
<th>Mobile Website</th>
<th>Mobile App</th>
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</thead>
<tbody>
<tr>
<td>Make room reservations</td>
<td>75%</td>
<td>46%</td>
</tr>
<tr>
<td>Hotel search using GPS</td>
<td>51%</td>
<td>43%</td>
</tr>
<tr>
<td>Loyalty program access</td>
<td>49%</td>
<td>41%</td>
</tr>
<tr>
<td>Property maps</td>
<td>37%</td>
<td>28%</td>
</tr>
<tr>
<td>Retrieve bills</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Mobile check-in</td>
<td>20%</td>
<td>31%</td>
</tr>
<tr>
<td>Mobile check-out</td>
<td>16%</td>
<td>28%</td>
</tr>
</tbody>
</table>

*SOURCE: Hospitality Technology (2014)*
Continuous Communication Throughout the Guest Lifecycle

The Mohonk Mountain House in New Paltz, NY, is a Hudson Valley resort with a mix of traditional and modern rooms and suites, and outdoor activities like hiking and biking to enjoy the nearby Catskill Mountains. It also has an award-winning spa that draws both long weekenders, and vacationers looking for rest and rejuvenation.

But say a longtime guest arrives on a peak weekend to discover that every timeslot available for the Warm Stone Massage she’s been looking forward to is booked. Understandable, but avoidable.

“If we know that we have a guest who is staying, and we know from prior stays that they have had spa treatments,” says Cindy Estis Green, Co-founder and CEO of Kalibri Labs, a firm that helps hotels evaluate revenue performance, “we can let them know it is going to be a busy time, and ask, ‘Should we make that massage appointment ahead of time for them because then they would be sure to get it when they come.’

By knowing this stuff,” she continues, “it’s anticipating what somebody needs and improving the merchandising experience.”

This not only provides the guest with what they want, but increases the spend per stay by sending them the right message at the right time.

Pre-Stay

Most hotels send a reservation confirmation email once a guest books his stay. With the right data collection and analytics in place, that email might include more relevant messaging. The couple arriving on a Friday may get an email including information on weekend activities in the area, or special offers not listed on the website, like afternoon wine tasting. Families may be notified of kids’ activities, babysitting services, or other amenities that need to be booked ahead of time.

Other emails might include a link to the hotel’s mobile app, which a guest can use to check-in, view her preferences and request upgrades, connect with the concierge, make service requests and order room service or meal delivery anywhere on the property.

Of course, many travelers opt to check in with the front desk, making data dissemination to staff vital to a hotel’s hotel-guest communication success.

Say a guest looked at both standard rooms and suites during the online look-to-book process. Those at the front desk should be alerted to this, and if the suite is available, use that information to offer it for a minimal charge, or gratis for loyalty club members.

“I might have looked at a bunch of suite rooms and not booked them,” says McGuire, “so when I get to the front desk maybe there is an offer: For X amount extra you can upgrade to a suite. That’s kind of a cool thing. On the flip side they’ve checked and they are not going to sell the suite anyway. They can reward me or try to sell it to me. They get a little bit of incremental money and I am happy because I got access to the suite.”
During Stay

Guests are in the door. Now what?

Small favors – an invitation to a wine pairing lecture by the in-house sommelier might please a foodie, and crayons and a coloring book delivered to a family with connecting rooms may delight parents – but what many guests really appreciate is control over their stay.

A business traveler spending one night in the City Center doesn’t want to arrive the evening before a day packed with meetings and have to think about finding a laundry service before it closes, or wait for room service to deliver a meal. Smart hotels allow her to take care of that on her own time, when it’s convenient for her. Hilton’s Conrad Hotels Concierge app allows her to use her phone to book a time to have her suit pressed, order dinner and the next morning’s breakfast, as well as set her wake-up call up to weeks ahead of her stay, allowing her to focus exclusively on her work when she checks into her room.

Young executives returning from a day of meetings may receive push notifications for happy hour in the lobby, while the spa-goer may get a 20% off a second treatment offer as she approaches the welcome area.

In July, Marriott rolled out its “Local Perks” program to select guests using Marriott’s Mobile Guest Services app. Those that opted in started receiving personalized offers – including spa and fitness deals and food and beverage discounts – depending on where there were on the property.

Of course, this begs the question: Isn’t everything from push notifications to front desk agents knowing your past issues with the hotel a little unsettling?

Measuring customer data can be a complex task, and it starts with effective collection, followed by smart software that makes analyzing and disseminating information easy.

“Consumers like it because it is more convenient,” says Verma. “It gives more control to the consumer. The more control the consumer has the more power. While you are doing all these things, on the other end the hotel is collecting all the data and analyzing this data. If I made my golf outing three weeks in advance, they know I will be there. If they want to give me another offer to upgrade now they have three weeks to do that. It is data with advanced information, and on the consumers’ end, they have piece of mind.”

Virgin Hotels’ new mobile app, Lucy, lets users not only book spa appointments, it also works as a remote control, streams content to in-room televisions, allows guests to remotely adjust their room’s temperature and incorporates a livechat feature with hotel staff.

“These types of interactive experiences are key both to making a guest’s stay easier, and collecting data to act on it the next time she visits.”

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Post-Stay

The use of data doesn’t end once the guest walks out the door. On the contrary, it plays a crucial role in maximizing messaging to incentivize the guest to return.

Perhaps no one does this better than Vail Resorts. Via its Epic Mix app, which tracks distance skied, elevation scaled, and runs taken, skiers can also connect with nearby friends, compete on leaderboards and access photos taken by on-mountain staff photographers. They get weather reports and trail grooming information. Everything is recorded in the app for the guest to visit long after her stay.

Epic Mix users also produce a lot of data, which Vail can use to personalize its post-stay messaging. If it knows you skied a specific part of the mountain, Vail may highlight a new ski-in, ski-out on-mountain restaurant near your favorite runs, or notify you of a new double black diamond trail.

It can also use the data to inform its own operations, says McGuire.

“They have to gather more info about their guests both for better, more targeted marketing, while looking at operations.”

Hotels can take a page from Vail’s playbook in their use of post-stay, email-based surveys, which are not only important for feedback collection, but offer an opportunity for direct management response, which can help further cultivate that guest-hotel relationship.

Rather than subject guests to lengthy, boilerplate forms left in-room, hotels should rely on digital surveys to engage with their guests, using personalized questions specific to each guest’s stay. Rather than ask if they visited the spa, a better setup might be: Did you find the spa was open at a time that was convenient to you? That person may then be sent an email six months later when they are likely planning a potential return letting them know of extended spa hours, with an offer for a discounted treatment.

Cornell’s Verma cites Expedia’s surveys as a great example. They’re timely, brief, personalized and fun.

“As soon as the trip is over immediately I get an email,” he says. “On a mobile device it is very quick. Three questions and depending on the context, it’s a smiley face or a sad face. It’s more customized, immediate feedback.”

Building Lasting Relationships

While hotels and those in the hospitality industry focus on innovative solutions to improve guest satisfaction and retention, and as a result, revenue and profits, it’s important to remember the importance of good, old-fashioned face-to-face contact.

Indeed, for a hotel to excel in guest satisfaction, its staff needs to maintain a knowledge level and attention to detail no software system can provide. That includes one-off, highly individual requests that may be out of the purview of an in-room operating system. And that’s on top of qualities like maintaining a sense of humor, following through and one-on-one assistance.

McGuire says it could be if hotels aren’t careful and very selective about the messaging they put forth. Staff training is also important.

“If you’re giving something but don’t teach them what to do with it, it’s a fail. So the hotels that are going to win there are the ones that are able to deliver those recommendations in a manner that doesn’t make the guest feel like they have crossed the line.”
What To Know Before Implementing Your Guest Database Strategy

A May report by Yahoo called “The Balancing Act: Getting Personalization Right” found that twice as many consumers described personalized ads as more “relevant to me” than general ads. What’s more, 54 percent of consumers found personalized ads more engaging, and 52 percent found them more educational.

The argument is pretty strong for personalization. The next step? Implementing your strategy.

Identification of KPIs

Jay Ashton, CEO of Revinate, says there are a handful of metrics that will make the most sense to those in the hotel industry. They include email open rates, click-through rates, number of unsubscribes, reports as spam and revenue per send. The key? Each metric needs to be tied to each campaign’s booking revenue, since those marketing performance metrics are ultimately connected to the capacity of each hotel to drive direct revenue results.

He cites room upgrades as an example. Software can be tapped to monitor inventory and simultaneously target the right guests with the right offers to maximize potentially lost upgrade-driven revenue.

“One of the more valuable campaigns drives room upgrades,” says Ashton. “If the hotel has room inventory they want to upgrade, we can automate that. We monitor the inventory at the hotel and make targeted offers to inbound guests, based on the rooms that are available. We can then track the upgrades that are attributed to those campaigns.”

VIntegrate With Legacy Software Systems

Software like Revinate’s is valuable since it provides hotels with an automated process to boost revenue through targeted, personalized emails. But chances are you already have software you’re not able – or perhaps even willing – to throw to the curb.

The good news is that, depending on the software provider you use, you can marry new, data-driven software with the processes you have been using.

That may mean sending booking confirmation emails through one PMS (editor note: Property Management System) and sending pre- or post-stay offers through another system driven by personalization software.

“We can sit on top of almost any existing scenario and provide specific value beyond it,” says Ashton. “Then over time the hotelier can simplify by relying more on our software and getting rid of others.”
The Importance Of Unifying Data In A Single Software System

Of course to drive the best results, a one-stop shop is key to a marketing campaign’s success.

Data siloed across multiple systems is best used when it is aggregated and centralized. By pulling data into a centralized system, it can be cleaned, de-duped and organized to best fit into any number of revenue- and loyalty-driving campaigns.

“Hotels find having a central mission control is incredibly valuable,” says Ashton, “so they may start with one or two campaigns and then over time they can start to consolidate where all their communication with guests is managed with one, single software system. As they learn, they can also become increasingly sophisticated in their use of targeting to reach the right customers at the right time in the right way.”
To successfully deliver targeted marketing, hoteliers need to think about the lifecycle of a guest, to really get into their shoes and understand what their needs are, through their entire experience with the property.

This cycle starts with inspiration, even before the guest books with your property. Once the hotel is booked, they’re planning the rest of their trip and soon arriving on property. After they’ve checked out, they’re providing feedback and writing online reviews.

When discussing Guest Lifecycle Management, there are three important things to remember.

First, the guest journey doesn’t just start with booking and end with check-out. There are opportunities for a hotel to engage with guests after the stay.

Second, guests are sharing their experiences on social media throughout this entire process. From inspiration, to booking, to stay duration, to check-out, and even to the post-stay period, guests are constantly evaluating their experience with the hotel, and influencing their entire social networks.

And third, the most important thing to remember about Guest Lifecycle Management is, the guest lifecycle is not a linear, end-to-end experience. Instead, the goal is to begin to think about the guest stay as a cyclical experience. Guest Lifecycle Management is all about using the information gathered on a guest to build relevant communications and keep guests engaged with and personally connected to your brand.

Success in guest lifecycle management happens when a hotelier can get a specific guest to book with their property or brand again, or get influential guests to inspire others to come stay with them. When this happens, the guest lifecycle becomes cyclical, rather than linear, which ultimately increases the lifetime value of each guest.
Another thing happens when hotels succeed in winning repeat bookings: When a guest develops an affinity for a brand or property, he or she is more likely to book directly with the hotel rather than with an OTA.

We’re not saying that hotels should try to compete with OTAs. OTAs are a great way to get new guests in the door. But, once the guests makes the booking, it is the hotel’s responsibility to build a direct connection while the guest is on property, and continue that communication after the guest leaves, so that the guest establishes an affinity with that hotel or brand. If a hotel can encourage this guest to book directly with you the next time he or she books a hotel, that hotel has succeeded in cutting out the middle-man and turning that OTA commission into bottom line profit.

Josh Steinitz,
VP of Global Business Development
About Skift

Skift is the largest industry intelligence and marketing platform in travel, providing news, information, data and services to all sectors of the world’s largest industry.

Based in New York City, Skift has deep experience in identifying and synthesizing existing and emerging trends, in its daily coverage of the global travel industry, through its Skift Trends Reports and its data insight from SkiftIQ competitive intelligence service. Skift is the business of travel.

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212-564-5830
Further Reading

Footnote 1:

Footnote 2:
http://hotelmarketing.com/index.php/content/article/customer_loyalty_in_the_hotel_industry_traveler_survey_findings

Footnote 3:

Footnote 4:

Footnote 5, Page 11:
http://hospitalitytechnology.edgl.com/research