

Hospitality Technology:

02. Frictionless Experience 2019

 **DataArt**

What 'Frictionless' Means for Hospitality/ What is Friction
for a Guest?/ Hotelier Friction/ Technology Strategy/
Conclusions

What 'Frictionless' Means for Hospitality

Frictionless (adj.) – effortless, smooth, and with no difficulty.

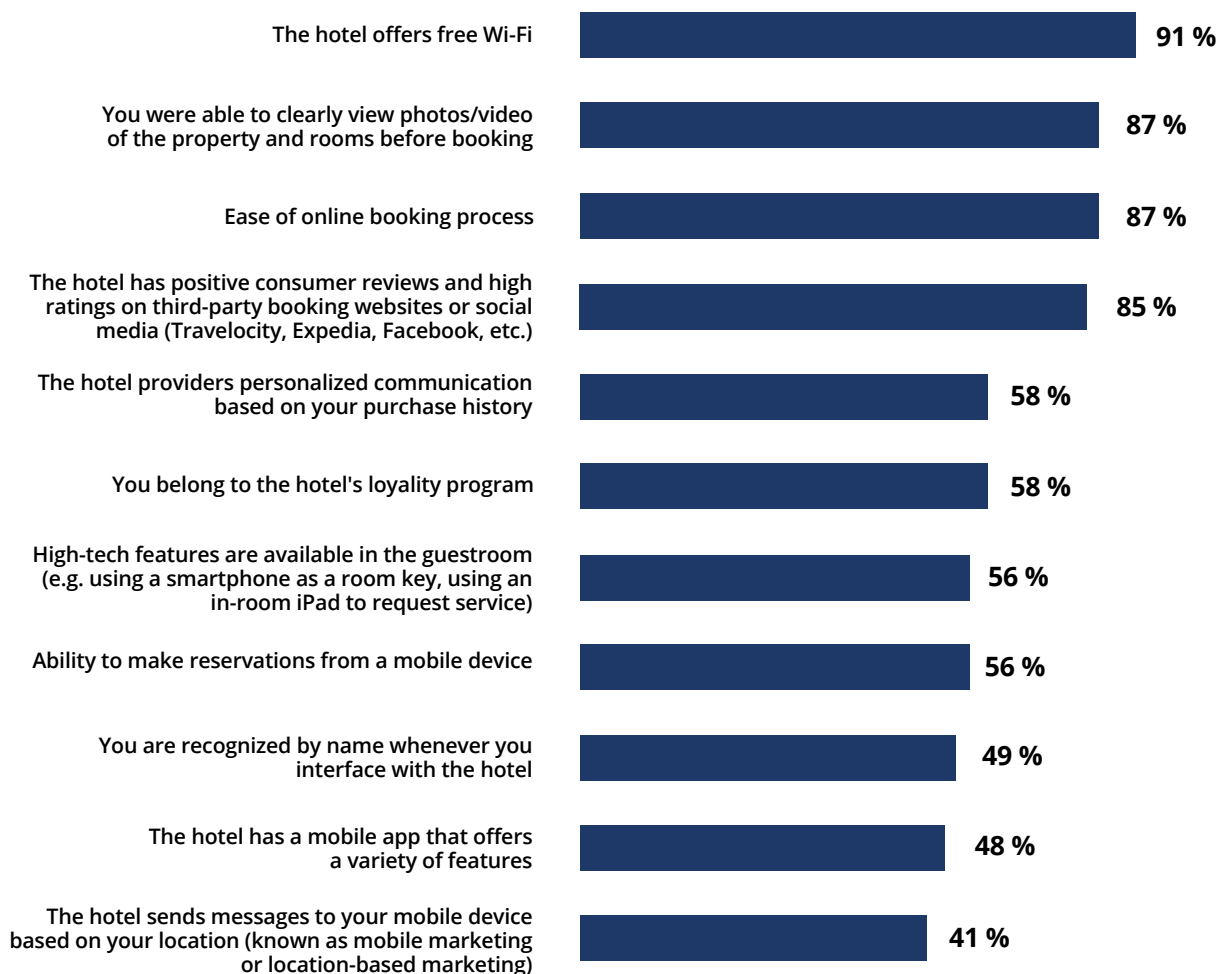
Frictionless' is 2019's biggest customer experience buzzword among a variety of industries, including travel and hospitality. In an age when markets are teeming with equally brilliant products, the question is no longer "Who does it better?" but "Who delivers it better?" A few years back, the travel industry spotlight was on the brands that led in innovation. Impressive products were what made customers happy. Of course, good products will always be of indisputable value, but today consumers expect product quality to go without saying. Since the market is saturated with outstanding products, people have begun to look past what brands can offer and are now placing more value on how products are being offered. The approach is moving from product-centric to consumer-centric and experience-focused, and hence more holistic.

The brands that are truly revolutionizing the consumer experience are the ones that are the most proactive. These brands anticipate customer needs and address those needs before customers even realize they have them. In doing so, these companies create a "frictionless" experience—hassle-free and effortless. Notice anything similar among these companies? They don't offer new products. What they offer is a different and much more convenient way of doing things. They focus on the customer journey and provide an easy way to get customers from point A to B. In doing so, they deliver a frictionless experience.

In hospitality, delivering a frictionless experience means removing "friction" from guests' interactions across all parts of the property, all touchpoints (both physical and digital) and all phases of the guest journey. It's about recognizing preferences and enabling relevant and personalized interactions that make guests feel special and appreciated. It's about recognizing their differentiated value and responding immediately to their requests. When issues arise, it's about resolving them as efficiently and effectively as possible.

Talking about the booking experience, few – if any – hotels can describe their booking processes as frictionless, whether considering the process from the guest perspective or internally. Hoteliers know simple and convenient booking is critical as it becomes a differentiator for potential guests when making decisions on where to stay. In fact, **87% of guests admit that an easy booking experience will influence hotel selection**, second only to free Wi-Fi, according to [HT's Customer Engagement Technology Study 2016](#).

Which technologies influence a consumer's hotel selection?



*Hospitality Technology "Customer engagement technology study 2016"

A great guest experience today means more than a comfortable bed. Today's customers expect hoteliers to make use of the abundance of customer data available to improve their experiences and interactions. Harnessing customer data and related insights allows hotels to structure content and experiences around the needs of individual customers.

Among the top goals for hotel technology are improving digital engagement and enabling seamless reservations. This speaks to a large omni-channel trend we've been charting in hospitality. To create a completely frictionless experience for guests from all touchpoints and across different phases of the guest journey, a collaborative approach between IT, marketing, management, and sales staff is required to foster an omni-channel guest experience strategy. Omni-experience is an integrated approach to putting the customer's preferences first through a comprehensive blend of digital and physical channels. The goal of omni-experience is to develop a consistent experience at every interaction with the brand. The omni-experience seeks to attract and retain loyal customers through seamless interactive experiences that complement their preferences and habits.

What is Friction for a Guest?

Customer friction is explained by NTT DATA as ‘any aspect of the customer interaction that has a negative impact on the customer experience’.

Friction does not have to be tech-related—waiting in a long line is also considered a source of customer friction; however, technology is particularly vulnerable (think broken links, sites crashing). Today’s consumers use technology to buy almost everything, from airline tickets to bedroom sets, and a bad experience with one site can quickly send them to another. According to research, 43% of US customers say they experienced an unsatisfactory interaction with at least one company in a 12-month period.

Some qualified examples include:

Travelers are spending 25% more time researching and booking hotels than flights.

58% of travelers would be likely to call a hotel if the call capability was available in a smartphone search, but a lot of hotels are creating friction by removing this option in key parts of the booking process.

Other common issues include:

- Making the guest switch communication channels to resolve an issue
- Informing the customer of a problem without a ready solution
- Technical difficulties

Types of friction

NTT DATA suggests that every industry experiences the same customer friction across five broad categories, which we have adopted:

- Engagement (seeming distant or uninformative to your guests)
- Process (complicating or delaying the booking and check-in/out process)
- Technology (slow website or too many page views to click through)
- Ecosystem (lack of automated information and confirmations)
- Knowledge (failing to provide an appropriate amount of detail about your property)

The world is moving in a digital direction with more and more processes becoming self-service and based on automation. Guests want everything to be as quick and easy as possible. If you aren’t providing this convenience, your competitors will be.

Instant booking on mobile devices is an immensely valuable feature to remove friction, and something as easy to implement as a click-to-call button can make a huge difference to the number of conversions a hotel website will drive. The absence of one is likely to create an annoyance the customer won't bother to overcome.

Functionality on apps and other smartphone technology are making things simpler on different stages where guests may encounter friction such as in-stay services or feedback after departure.

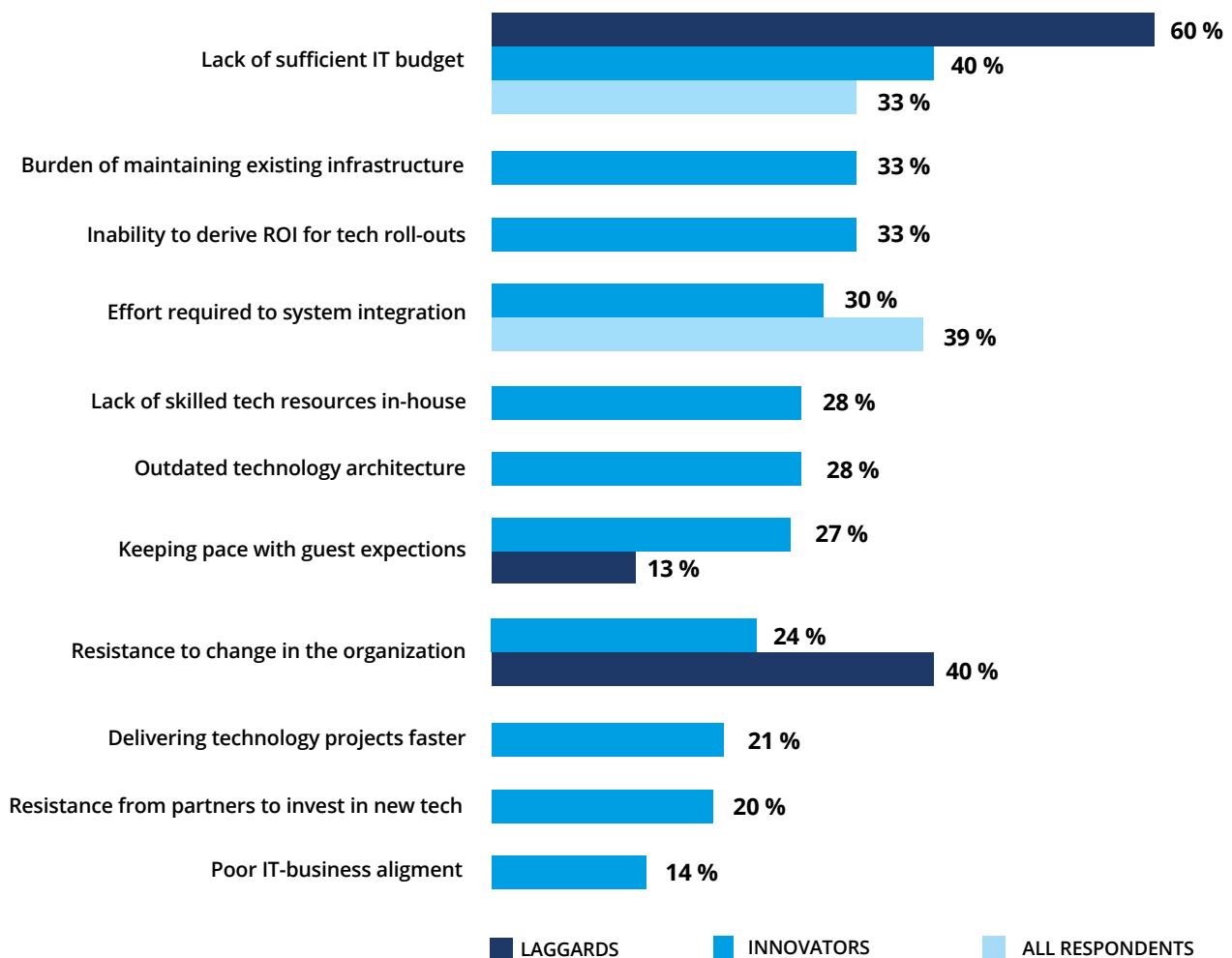
If your hotel is using this technology, you need to ensure it includes:

- Automatic notifications
- An intuitive interface
- Stored information
- Seamless functionality
- A guest-centered perspective

Hotelier Friction

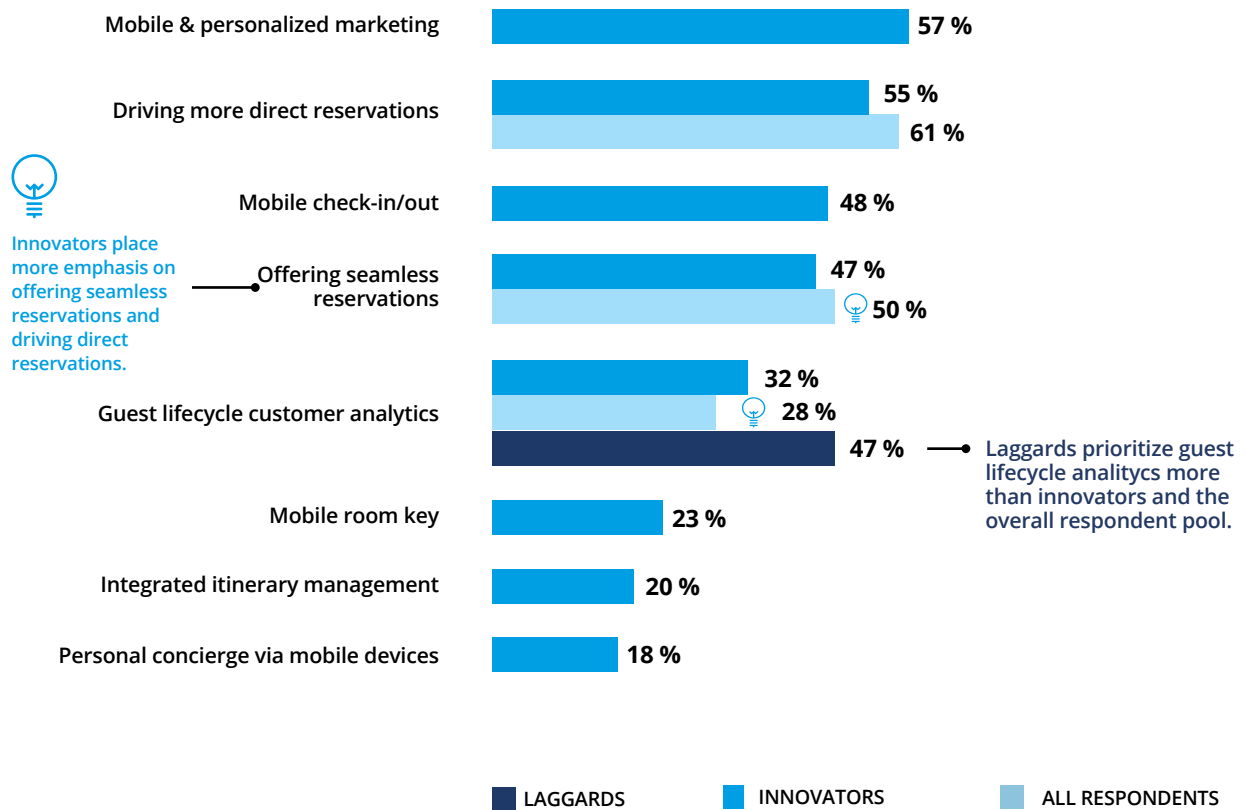
According to the Lodging Technology Study, hotels identify inadequate budgets as the top challenge. This is despite the fact that in 2017 IT budgets increased over 2016 and executives planned to spend more on technology in 2018. Looking back to when average hotel tech budgets peaked at 6% of overall revenue, insufficient IT budgets still came in as a top-three challenge. The second biggest challenge in 2018 was the burden of maintaining existing infrastructure (36%). This will be a core focus as better access to data becomes a priority. Delivering ROI went from a low-tier challenge to the top of the mid-tier. Integration also moved from 24% to 30%. Interestingly, companies that identify as innovators named the effort required to integrate systems as their top challenge (39%) followed by lack of budget and deriving ROI.

Top Friction Points Impacting Hotel Technology



* WWW.HOSPITALITYTECH.COM • 2018 LODGING TECHNOLOGY STUDY

Rounding out the top five investment areas for empowering guests, hotels will focus on driving direct reservations (55%), offering seamless reservations (47%), and guest lifecycle analytics (32%). Examining areas of differentiation between companies that identify as technology leaders and laggards, we see that innovators place higher priority on offering seamless reservations (50%) and driving direct reservations (61%). Interestingly, laggards are more likely to invest in guest lifecycle analytics (47%) than innovators (28%). Budget and deriving ROI.



* WWW.HOSPITALITYTECH.COM • 2018 LODGING TECHNOLOGY STUDY

For hoteliers, challenges exist concerning visibility of data across platforms. It's hard to get to data from disparate systems. If each type of system could talk to the others without the current clunky process of getting there, it would be a huge win for the industry.

Technology Strategy

According to [HT's research](#), hotels are now squarely focused on enabling digital customer engagement (46% said it's their top strategic goal for technology), improving digital customer engagement/guest loyalty (31% said this is their top BI goal), and enhancing payment and data security (28% said it's a top goal). The formula of delivering exactly what the customer wants, when, how and where they want it must also be the central tenet of innovation in hospitality. **According to Gartner: "the success of the digital giants implies that leveraging data and analytics, as well as global scale, is the way to win in digital. There will be challenges to the giants that have scale and data, and they will need to invest heavily in innovative technologies."** The omni-experience is already taking shape, and hotels will continue to lead to disruption in how consumers find and book rooms, where they go to rate properties and tell personal stories about their stay, and what they consider true personalization. In an industry desperate to recoup direct reservations, analytics will be the key.

TOP 12 TACTICAL TECH OBJECTIVES

Improving digital customer engagement/guest loyalty	46%
Improving business & customer analytics	31%
Enhancing payment and data security	28%
Reduce cost of managing technology	27%
Increase employee productivity	27%
Enhancing guest room technology	26%
Enabling seamless reservations across all channels	25%
Support new business models/revenue-generating opportunities	23%
Enhance bandwidth	18%
Migrate solutions to the cloud	18%
Keep up with competition	18%
Keep up with owner/operator expectations	14%

* WWW.HOSPITALITYTECH.COM • 2018 LODGING TECHNOLOGY STUDY

Mobility has become increasingly important to offer frictionless, omni-experiences to guests.

- Mobile payments: According to Hospitality Technology's 2018 Lodging Technology Study, 12% of hotels are looking at enabling mobile payment in 2019. As hotels roll out mobile payment initiatives, the key is keeping cardholder data off hotel systems. Card information needs to be captured by a secure, hosted environment and not the booking engine or web servers. The new breed of travelers will likely be biased toward mobile booking over all other forms, so it's also important to keep on top of the preferred payment methods of this demographic. They may tend to use non-standard forms of payment rather than traditional credit cards. Hotels with international travelers should also consider enabling dynamic currency conversion, which allows travelers to see and pay in their home currency. These small gestures let guests know that you are sensitive to their needs and value their business
- Mobile check-in/out saw a sizeable jump in precedence for hoteliers. The technologies, which ranked as lower priorities in last year's study, moved to the top tier with 48% of hotels ranking them as a major investment area to offer a frictionless experience to guests. If this planned trajectory comes to fruition, hotels will be closer to meeting consumer demands as reported in HT's 2017 Customer Engagement Technology Study. The research shows that the majority of hotel guests want mobile check-in (55%)/ check-out (57%), but the technology was offered by fewer than one out of three hotels.
- UX: Hospitality technology must be more than just a pretty interface. It needs to be frictionless and functional, guiding users toward what's important without oversimplifying, while integrating data from diverse sources without overcomplicating. Brian King, chief global digital officer for Marriott International, said "Any time the customer has to fight with technology, you've failed the customer. It's the responsibility of hoteliers [to make sure] the UX is elegant and human-centered."

Digital signage displays can utilize touch screen overlays to encourage guest interaction throughout the property for directions, meeting information, service information, weather reports, flight information, news feeds, local attractions and much more. Hoteliers can also combine their hotel app with beacons and near-field communication (NFC) to push personalized, relevant messages and special offers to guests' mobile devices, or even display the messages on a nearby signage screen. These technologies offer a new degree of service to expand the ways a hotel can meet guest needs and promote amenities, upsell, cross-sell and build loyalty.

Laying the Back-End Infrastructure: Removing friction requires tight integration among many moving parts. Connectivity and bandwidth are also big themes, ensuring guests aren't frustrated by buffering and poor handoffs from one system to the next as they enjoy everything a property has to offer. Consumers embrace technologies that allow them to navigate their experiences with less friction and more control.

Revenue management solutions: Enabling seamless reservations means that shoppers must be able to see the appropriate selection of available products with the right prices at the point of booking — according to the needs of the customer without an overwhelming number of choices. From a revenue management perspective, offering the optimal product/price combination for that specific consumer autonomously and in real time, while dynamically adjusting prices as bookings materialize, is critical. Any system that requires manual intervention will not support the goal.

Making a hotel guest experience seamless and personal requires that hotels leverage a range of **integrated technology solutions** to both collect data about guest patterns and preferences and deliver the customized experience that data analysis suggests. Endpoint technologies such as staff-facing mobile devices, guest phones, and the Internet of Things (IoT) must all tie into a central platform where guest data can be collected, analyzed and made available in near real-time to each of these devices. Mobile and display devices then become ideal interfaces for delivering personalized communication and services. A growing number of properties are also leveraging messaging via staff- and guest-facing devices — guest smartphones or tablets provided in the room — for dialogue between the hotel and the guest. With IDC forecasting that worldwide revenues for big data and business analytics will grow at an 11.7 percent CAGR, reaching more than \$203 billion in 2020, it's clear that analytics will drive the future of business. Hotels are feeling the pressure, and know that establishing the integrated technology solutions they need to collect, analyze and act on data via smart devices will quickly become must-have for delivering the frictionless guest experiences that are key to future growth.

Biometric authentication allows for consistent and seamless customer transactions that enable users to leave immediately after a restaurant meal with the confidence that their bill was paid automatically without the need for waitstaff or pay terminal interaction. Due to infrastructure, security requirements and the complex way credit card processing systems work, this ability may take some time to evolve

Conclusions

1

Consumers now expect a frictionless hotel guest experience when they travel.

To achieve this goal, hotels will need integrated technology solutions that include granular data collection, on-demand analytics and an elegant user experience across an array of smart devices so they can anticipate and respond to each guest's needs seamlessly across their stay. Data and analytics are increasingly becoming important assets for hospitality companies.

2

Frictionless omni-experience

Hoteliers have realized that in order to give customers the seamless, personalized experiences they want from booking to check-in/check-out, heavier investment in analytics is warranted. More hotel CIOs are prioritizing digital customer engagement this year ([46% in 2018 compared to 32% in 2016](#)). This leap in priority suggests that hotels intend to invest in experiences, which is what sells. Going one step further - the frictionless omni-experience will be what sells most effectively in 2019 and beyond.

3

Talented technology teams

Talented technology teams and technology partners will be critical components in tackling the challenges this industry faces in 2019- 2020. The ability to drive direct reservations will be dependent on analytics. Data scientists and digital-savvy IT leaders will need to collaborate to deliver the frictionless omni-experience that guests now expect with every transaction.

4

Technology investment

Bringing this vision to fruition is easier said than done. It requires organizational commitment. It also requires technology investment — which hotels are increasingly willing to make.