

5 Apps That Look to Steal Revenue From Your Hotel

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... and none of them are named AirBnB.

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Mr. Tossell

Apps: A Larger Threat Than AirBnB?

There are apps that have been stealing revenue for years from hotels -- perhaps even more revenue than AirBnB ever likely will. Enabling this reality is that 99% customers show up on hotels' doorsteps with their mobile devices in hand loaded with these apps.

Your customers' behaviors and expectations are changing -- and, unless you react, this is costing you money. You expect customers to pick up the phone, go and thumb-thru an (perhaps) outdated guest services book. Fewer and fewer customers conform to this behavior. This drives customers to pick up their mobile device and browse for information. And once on their mobile devices, the hotelier loses control over the guest experience.

In Part 1 of this article I will explore apps and how they are causing revenue erosion at full service hotels. Part 2 will discuss strategies of how hotels can fight this revenue erosion as part of their Digital Guest Experience strategy.

Revenue Erosion: Apps vs the Digital Guest Experience



Many hoteliers are considering the on-property “Digital Guest Experience” as they create their vision for the end-to-end guest experience. With perhaps the exception of conveniences such as mobile check-in and keyless entry, the guest is more likely to choose a hotel based on whether there is a Starbucks in the lobby vs does the hotel offer the ability to order room service via their iPad.

That apparent lack of high guest demand doesn't mean, however, that hoteliers should automatically prioritize their investment in a digital guest experience as something that can wait for future years.

During their stay when a guest picks up their mobile device, as in the example above, they are very likely to explore beyond what a full service hotel has to offer. Once down that path, that revenue likely ends up being spent off-property. Why is this revenue likely lost? Customers are using Google search, Foursquare, Urban Spoon to plan what they want to do and on-property options are rarely feature. Nearly every full-service property has experienced revenue erosion at the hands of these apps. And these hotels will continue to see more revenue go out the door as consumer adoption of these popular apps increases.

5 Apps and How They Draw Revenue Away From Your Hotel

1. Foursquare

Foursquare is a local search and discovery service mobile app which provides a personalized local search experience for its users. By taking into account the places a user goes, the things they have told the app that they like, and the other users whose advice they trust, Foursquare aims to provide highly personalized recommendations of the best places to go around a user's current location. ([Foursquare](#))

Number of Users: 50 million users worldwide.

How Foursquare Competes With Your Hotel

Foursquare users generally are quite loyal to the app as they like to accumulate “check-ins”. As a personalized local search service, Foursquare leverages both what they have learned about a user over time and combines that with the big data from their 50 million users. The theory behind this is that the results that Foursquare offers up are quite relevant. Additionally, merchants can offer Foursquare users discounts and promotions once they have checked-into a location.

2. Google+ Local

Google+ Local helps users discover and share places. Google's 5-point scoring system gives you detailed insight into businesses before you visit, and Zagat summaries of user reviews help you decide where you want to go.

With Google+ Local, you can:

- Get place recommendations based on your circles, your past reviews, and your location
- Publish reviews and photos of your favorite places
- Read Zagat summaries of user reviews for a place
- View the local Google+ page for a business to see reviews, photos, posts, and other useful information

Find reviews from people you know and trust highlighted in your search results -- ratings and recommendations. Tied to Google search results, Google Maps, Street View & navigation.

Number of Users: 300 million active monthly users.

How Google+ Local Competes With Your Hotel

Ultimately, the personalization technology behind Google+ local is the same technology that lets Google personalize search results and target advertising across Google Search, Google Maps, YouTube, Google Chrome, Gmail – you get the idea. Just take a look at search results that present [restaurant choices at the Gaylord Texan in Grapevine, Texas ([Google+Support](#)). The majority of the restaurants highlighted at the top of the page and on the map are near the resort. Google is directing customers away from a resort that has at least 4 restaurants of which only 2 Google is featuring.

3. OpenTable

OpenTable allows users to search for restaurants and reservations based on parameters including times, dates, cuisine and price range. Users can also receive OpenTable rewards points after dining and these points can be redeemed for discounts at member restaurants. ([OpenTable](#))

Number of Users: 15 million people per month book reservations

How OpenTable Competes with Your Hotel

While some restaurants at hotel accept reservations via OpenTable, where OpenTable flexes its muscle is via its dining rewards program that awards points for dining at OpenTable member restaurants. These points can be redeemed for discounts at member discounts. In June 2014 OpenTable was acquired by Priceline. This acquisition gives OpenTable an even wider audience to address and opening up new business possibilities for targeted marketing.

4. Yelp

Yelp publishes crowd-sourced reviews about local businesses and is effectively the evolution of the Yellow Pages in the digital age. Yelp incorporates features such as restaurant menus, hours of operation and other elements that provides value added data relevant to users.

Number of Users: 132 million monthly visitors

How Yelp Competes with Your Hotel

Yelp is the go-to application for many people to get information they would otherwise turn to the concierge for. Even many concierges use Yelp for their research. Hence, what is a great resource for a concierge is also what enables guests to bypass the concierge.

5. Uber

Uber is a ridesharing service based in San Francisco. The company uses a smartphone application to connect passengers with drivers of vehicles for hire.

*Number of Users: *Not disclosed – privately held company.*

How Uber Competes with Your Hotel

When it comes to disruption, Uber is to the taxi business what AirBnB is to the hotel business. If your hotel gets paid commission on limos and airport transfers, Uber is costing you revenue as its customers can order those services with ease. The location-based technology is remarkable, Uber's customers can see the location of various drivers on a map and how long it will take for them to be picked-up.

The List of Apps that Hotels are Losing Revenue to is Long

So far we have detailed five apps, the reach they have and how they draw revenue away from hotels. There are dozens upon dozens of apps that also compete for revenue from hotels, and, just as many startups also looking to take a bite out of hotels' revenue. They include:

- Fandango – helping guests go to the movies rather than watching pay per view movies in their rooms.
- Where – almost everything you would ask a bellhop or concierge about the neighborhood around a hotel – weather, Starbucks, movie times, Yelp content (for restaurants) gas, traffic information, car rentals and more.
- AroundMe – Similar to Where: banks, bars, coffee, gas, hotels.
- Urban Spoon -- similar to Yelp, but, focused on the dining category.
- TripCase – A Sabre powered app that provides itinerary aware recommendations and offers.

Revenue Leakage Caused by Apps is Not a New Issue

Clearly there is revenue lost and that revenue has likely been declining as long as Foursquare, Urban Spoon, Yelp, and similar apps have been around. Yes, it is quite difficult to quantify the amount of lost revenue as a result of these apps. Left unchecked, you can expect the total dollar of revenue only to increase – unless you take action with a strategy of your own.

All is Not Lost. You Can Slow Revenue Leakage Caused by Apps

By establishing a roadmap for your Digital Guest Strategy, you can leverage app-based technology to your advantage. With a well-planned and executed strategy you can start to recoup this lost revenue in your bar, restaurant, room service and spa revenue centers.

There are platforms – iRiS Software Systems “Valet” products, Fingi, Monscierge “Connect” products – that hotels can use to jumpstart their digital guest experience. In using these apps, the hotelier controls what the guest sees, and, can use them to influence guest behavior. This gives hoteliers leverage to keep the guest spend on-property and even drive growth in average guest spend.

Part 2: Developing Your Digital Guest Strategy

In part 2 we will cover these platforms in detail. We will also cover how leveraging apps that these platforms have to offer can drive increased on-property spend, higher guest satisfaction and perhaps ways they can help a hotel run in a more cost-efficient manner.

David Tossell started in the mailroom of his family's travel agency 20+ years ago and made his way across the industry working for companies such as Sabre, Travelocity and Virtuoso. David joined DataArt in 2014 as Vice President, Travel & Hospitality Practice, having most recently served as Vice President of Marketing for WMPH Vacations / iCruise.com. Mr. Tossell is a serial entrepreneur, with experience ranging from global product marketing & development, to marketing promotions, business operations, SEO/SEM, and email marketing. Over the course of his career, he led many start-up businesses, including the Sabre Rewards travel agent loyalty program, and APInet, the travel distribution industry's first extranet. Most recently, Mr. Tossell oversaw the creation of TimeshareAdvisor – a review website for timeshare owners. Mr. Tossell can be contacted at [**Extended Bio...**](#)