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See more. Do more. Earn more.
Building loyalty and contributing to the bottom line

Travel, Hospitality and Leisure Industry

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What's new?

> **Hotels, resorts, and the travel industry have been hard hit by the global economic downturn. The game has changed, and not for the better: the number of visitors and spend per guest are down, staff reductions and cost cutting are up. So, how can you turn the tables to your company's advantage? By giving guests a distinctive and immersive experience — an experience based on a 360° view of what makes each one happy — that's what service innovation is all about.**

Imagine this.

A valet in a resort casino checks in a VIP guest; he sees on his tablet's screen the guest's preferences. As a result, when the guest enters his room, the temperature is already perfect, the blinds are partially open and the lights on low, the refrigerator is stocked with his favorite drinks and snacks. The TV scrolls a personalized itinerary: special offers — say, for dinner reservations or tickets to a show — can be accepted with a simple touch on the screen. On the casino floor, the gaming tables and slot machines recognize the guest's loyalty status and constantly update his tally of points earned toward rewards.

This is service innovation at its best: a distinctive, immersive guest experience — technology-enabled and data-driven — designed to increase satisfaction, boost loyalty, and promote on-the-premise spending.

See more.

If a hotel or resort could really know its customers — could really see its guests in the totality of their desires, needs, and expectations — it could create an experience and an environment superior to any provided by competitors. Technology could be used to connect with guests at multiple moments, in multiple ways. Messaging could be customized, highly relevant, and targeted. In the end, reaching out with innovative service offerings may likely increase revenue and generate positive word-of-mouth marketing.

Until recently, scenarios of personalized customer service were speculative. But not anymore. Today's technology enables a 360° view of guests with which a hotel or resort could create richer and more compelling experiences. As service delivery mirrors a guest's interests and activities, spending (on shopping, dining, playing, gambling) becomes a natural part of a seamlessly enjoyable environment.

Do more.

Service innovation starts and ends with the guest. To provide truly personalized customer service, a hotel or resort needs to be able to touch guests with authentic, relevant communications, across all channels, all the time — when they begin to search for a vacation get-away or hotel room, as they make a reservation, during their stay, from check-in to check-out, and after they're home again. In such a full-cycle connection to a customer, touch points can be broken into two types of opportunities

- **Public:** The right signage (including digital), interactive displays, and a powerful, consistent brand drive curiosity, attract guests, keep them on the property, and increase pride in the relationship.
- **Private:** Intimate touch points can include the web (via membership accounts), in-room TVs, gaming machines (in the case of casinos), and one-on-one interactions with hotel staff or contact center agents. When these are personal and relevant, the guest feels greater pleasure in "belonging to the club."

Each touch point is enriched with the right data about the guest. And, in turn, each interaction with a guest contributes data to an ever richer profile.

Consider the way leading retailers use customer data to sell more goods and services and to keep customers coming back. When an online shopper makes a purchase, his/her profile is automatically updated, and future marketing messages are specific and personal, refined by the site's "view" of the shopper — a view that reflects expressed preferences and actual behavior. For a hotel or resort, such a view (a 360° view) of a guest could play out in multiple ways. Consider an example from a casino resort. While gambling at a slot machine, a guest could receive targeted marketing messages — suggestions of dinner, a stop at the spa, an evening at the nightclub, or a cocktail at the bar. All the suggestions would be based on the guest's own interests and past actions. Then, reservations could be made with a simple touch of the machine's screen, without the player leaving the game. Revenue is up, not just because the gaming continues but because the guest stays on the premise for post-play entertainment.

When the technology for delivering personalized marketing messages is integrated throughout a hotel or resort — in the guest rooms, in the restaurants and bars, in all the public and private places — the end result is service that's on-the-spot: responsive, seamless, apparently effortless, and relevant. This kind of data/marketing/service connection puts a loyalty program on steroids.

Earn more.

Service innovation is a differentiating strategy, and a loyalty program is an effective tactic for building a 360° view of the customer and then using that view to boost customer engagement. Loyalty programs increase sales, but they also make the brand resonate with a guest even beyond the visit.

If a loyalty program is truly integrated, all transactions (meaning every dollar spent in the restaurant, bar, nightclub, spa, or retail shops - any entertainment or game) would count towards credit in the guest's club membership. Guests may likely think twice about spending money at any other location, since staying on site adds up (literally) to more value per dollar spent.

When a hotel or resort has a 360° view, everyone benefits: the guest gets "more bang for the buck" in terms of rewards and recognition, while the company is positioned to get more revenue, more insights about the guest (with which to enrich its 360° view), and more data useful in target marketing, trend reporting, and performance analytics.

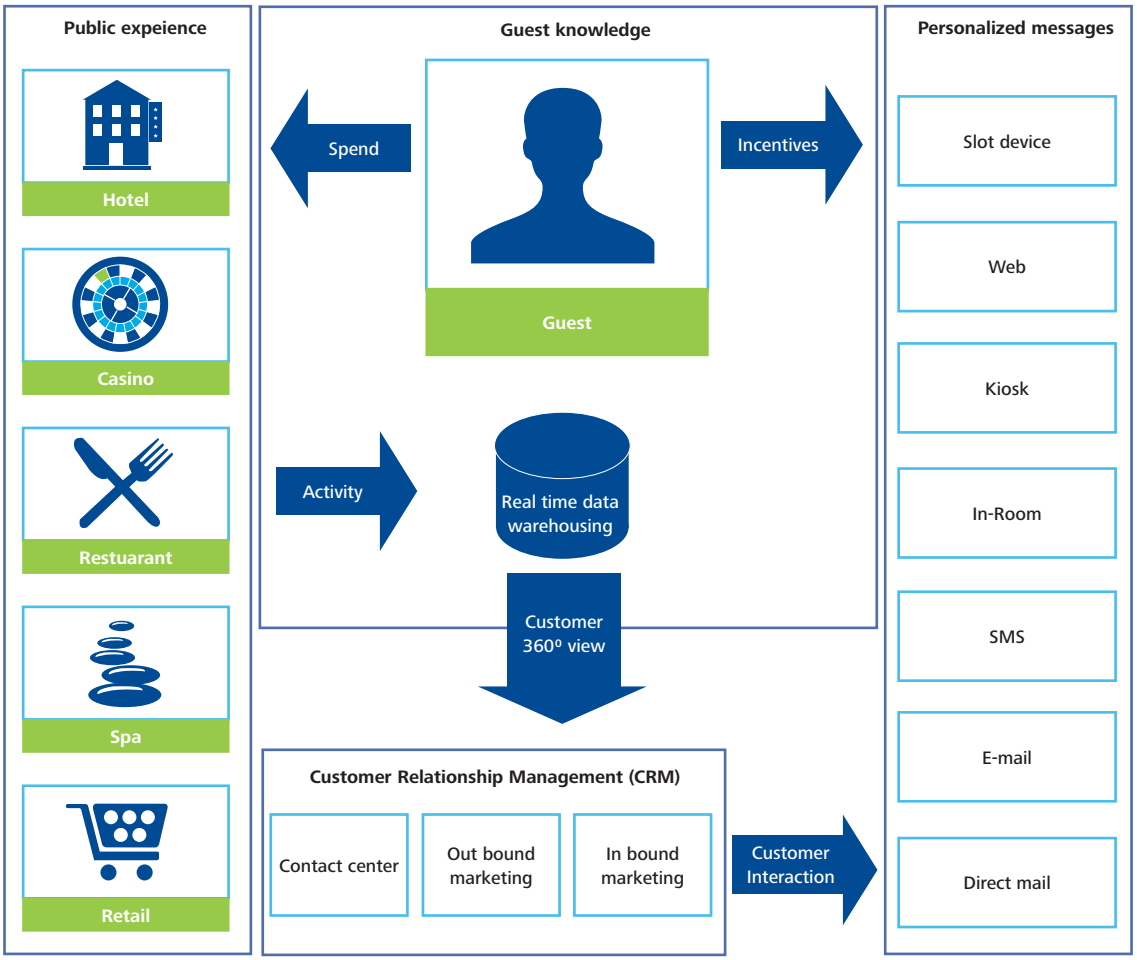
Guest loyalty and a better bottom line

A 360° view enables truly innovative service. Constructing such a view of each VIP guest gives a hotel or resort the insights needed to formulate personalized incentives which, in turn, promote spending and influence future activity.

The good news: the technology to gather, analyze, and exploit the data necessary for a 360° view is available right now. Data can be captured and acted on real time through channels such as in-room technology or interactive slot machines; intelligent systems can suggest "next best actions" to maximize the guest experience —— and spend — during his/her stay. All the data — stored in an enterprise data warehouse — can be bundled into a guest centric eco-system (chart A). Customer relationship management becomes a differentiating strategy, with its messaging being driven by a knowledge of the guest that's based on actual guest experiences, whether the marketing is inbound ("I have an offer, who should receive it?") or outbound ("I have a guest, which offers should I present?").

The service innovation that can result from a 360° view has three distinctive components that drive success (that is, loyalty and revenue): 1) intimate knowledge of the guest; 2) consistent, personalized communication through multiple channels; and 3) guest immersion in branded amenities and atmosphere.

Chart A.



Intimate knowledge of guests and their spending patterns

The first step in achieving a 360° view of a guest is to identify each as a person with unique desires, needs, preferences, and buying patterns. Not an easy task when guests are booked through travel agents and other third-party agencies! Also, property management systems are typically used as reservation tools rather than as guest-centric data warehouses. (Additional considerations for casinos: gaming systems are focused on player spend for rating purposes with little consideration for tracking an individual's behavior or spending habits).

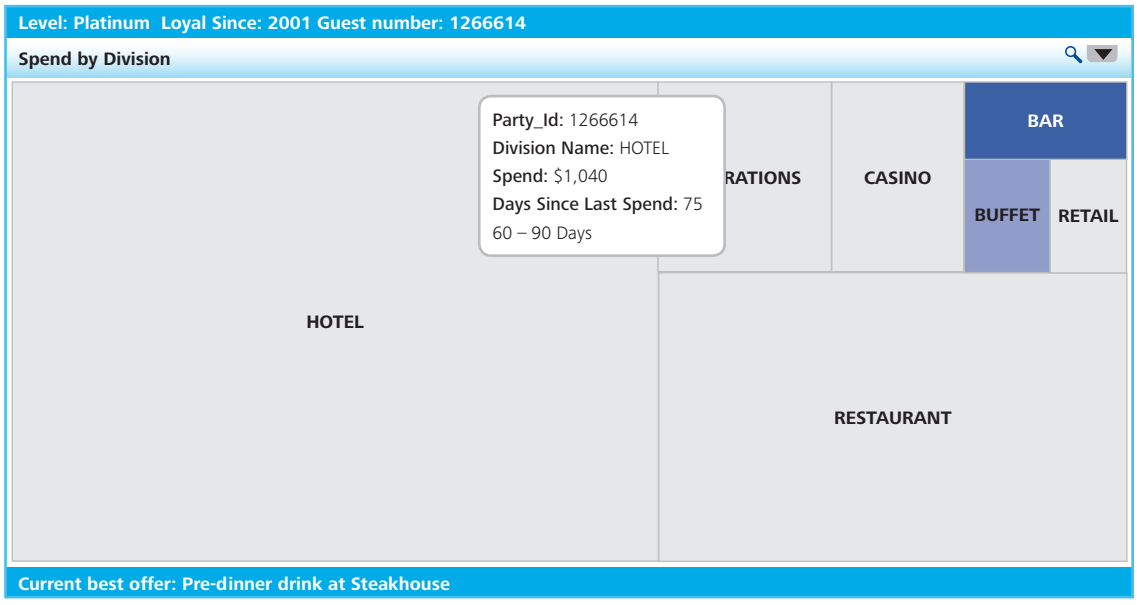
If a hotel or resort doesn't really know its guests, it cannot understand or influence their behavior. Actual behavior can be seen in transactional spend at each touch point, while planned behavior can be inferred from reservations for hotel stays, restaurants, events, and spa appointments. The important strategy here is to see patterns in guest-specific information to find opportunities for personalized selling and better service delivery. A few tactics are useful in executing this strategy

Identify each guest as a person. Baseline attributes include first name, last name, address, phone number, gender, birth date, driver's license number, loyalty card number, and social security number (some of this information may not be readily available). These data points can be stored and connected in a master data management (MDM) system, which serves as the guest record. Sophisticated "matching rules" recognize and resolve duplication, while "survivorship rules" can be applied to generate and maintain a single, unique master profile of each guest.

Consolidate guest information to one source. With a single source of guest data (the MDM system), the casino resort can retrieve profiles in real-time. This identification of a person when he/she is "in the moment" makes possible special treatment, an immediate targeting with relevant offers, and the overall recognition that enhances the guest experience.

Determine guest worth based on actual gaming and non-gaming spend. Transactional spend — from point-of-sale payments in restaurants, spa, and retail stores, from folio charges during a hotel stay, and from carded play on tables and slots — all contribute to the bigger picture of a guest's identity, as this behavior is tracked and stored in the guest's profile. The result is a point-in-time, guest-centric dashboard that can be retrieved on any device (chart B).

Chart B.



Obviously, the data gathering and subsequent guest profiles can get quite complex. Because having the right data architecture is crucial, it's important to keep these observations in mind:

- Transactional spend should be captured at the lowest level of granularity within specialized areas, such as room, food and beverage, spa domains, and game floor. Without this "best practice," the same transaction can end up in more than one domain (for example, when a restaurant purchase ends up as a room charge). In addition, not every transaction signifies a spend (for example, when a meal is "comped"). An intelligent aggregation layer needs to cross all subject areas and apply appropriate business rules to drive how data is recorded. While each transaction is noted in real-time, the aggregation layer is updated at payment, thereby forming the basis for "guest worth" calculations.
- The general ledger (GL) is ideal for allocating transactional spend to appropriate categories. Since table games, slot machines, menu items, and spa treatments are all associated with revenue accounts, the GL is an accepted structure for understanding, reporting, and analyzing guest spend.
- Usually, all transaction detail is captured within each subject area. The aggregation layer can also dynamically apply trip logic: for local guests to a casino, a trip is closed 24 hours after the first occurrence of an activity; for non-local guests, it's closed after 48 hours of inactivity. While trip logic is usually embedded in gaming systems, these fall short when both gaming and non-gaming activity need to be accounted for and tracked.

Acknowledge planned activities during the guest stay. Reservations (for events, spa, golf, or restaurants) constitute planned activities during a stay; they can be made through the resort's website, call centers, in-room TVs, travel agents or other third parties (such as restaurant reservations through OpenTable™). When the resort has a "living itinerary" of the guest's plans, it can enrich the guest's stay by offering additional activities that fit the guest's preferences and schedule. Technically, an aggregation layer in which each reservation is homogenized to its core components (who, when, where, and why) supports the itinerary creation process.

Consistent, personalized communication through multiple channels

Differentiating the guest experience (and the brand) begins with the right communication, both public and private, whether the marketing is inbound (an offer to a guest when he/she calls for a reservation or for information) or outbound (an offer for a discount or notification of an event based on a current guest's profile). When the communication "fits" the customer, guests feel "thought about" or special, particularly when they have not asked for or initiated the offer. Here are some tips for effective communications.

Start building the relationship with the guest early. At every opportunity, show guests that they are valued and understood. Once information is gathered, a new or future guest can be quickly compared to "similar others" already in the database. If a "similar other" liked an amenity (from roses in the room to a day in the spa), the same amenity can be provided or offered to the new guest.

Create a "buzz" of compelling experiences. Making the connection with guests — before, during, and after their stays — is important to creating repeat customers. A 360° view creates opportunities to target guests with special offers while they're on the premise, giving each the impression that someone knows and cares. For example, if the system shows that a guest orders a drink at the bar, a quick text message could offer the guest a discount at the restaurant. Similarly, if the guest makes a dinner reservation, a follow-up text promoting a nightclub package could be of interest. The timeliness of each offer is critically important. For example, if a show is sold out for that evening, an offer of tickets would be annoying; similarly, an offer for a free dinner could be damaging if the guest has just returned from the restaurant. The MDM and supporting databases should ensure that offers are appropriate.

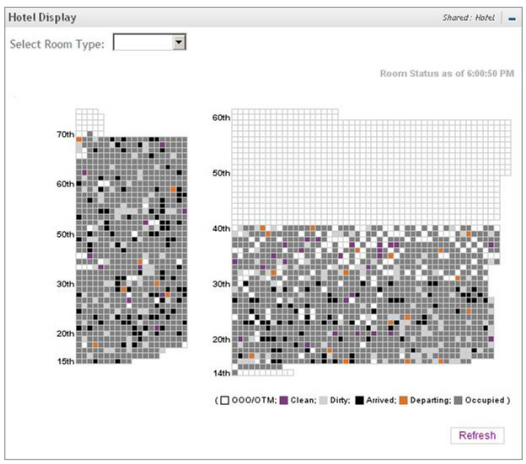
Use advanced analytics to anticipate guests' future behavior. Given that a typical guest comes only twice a year and stays on average three days, anticipating his/her preferences and expectations is challenging. Nonetheless, two data-driven tactics can help

- Use information gathered during a past stay to make a future stay more enjoyable. For example, if guests request feather pillows, then feather pillows should be in the room the next time they visit. This consideration creates a powerful impression of the personalized touch that makes the brand unique.
- Use guest information and profiles to predict a propensity to spend. By using market analysis to forecast the value of the "next trip," a property can improve the revenue opportunity from available rooms or from other services. For example, if the average guest stay is three days, the decision engine can recommend a discounted rate to prompt a four-day stay. While the extra day requires a small sacrifice in the room rate, it would typically generate additional revenue elsewhere on the property.

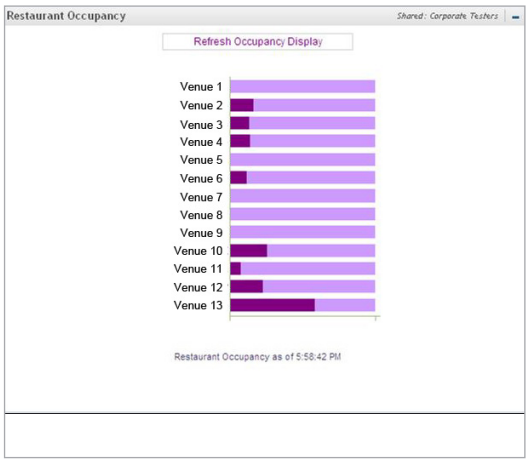
Exploit the group experience. Innovative companies in the hospitality sector are tapping into a source of revenue that has largely been overlooked until now: the buying power of the small group. Small groups who come to hotels for celebrations or significant get-togethers tend to spend more money at restaurants, bars, and nightclubs than do single guests. High-end hotels are targeting small groups — when they register, they "opt in" for special treatment — and then creating microsites (accessible only to the group) for sharing offers and activity recommendations based on the past behavior of groups of similar size and demographics.

Pay attention to details. The same CRM databases that enable inbound and outbound marketing can leverage attributes and insights to ensure messaging that's consistent, targeted, and personalized. The guest profile database uses yield optimization software to most effectively price room rates, determine priority call handling in the phone system, and track player accounts and point balances for the loyalty program. The real-time nature of the data collection also supports operations and improves the delivery of basic services, such as room cleaning (chart C).

Chart C.



When rooms are displayed as single cells, color-coded based on their status, front-line staff can quickly determine whether a guest's room has been cleaned. The display also allows the easy filtering of high-value guests or specific room types.



Real-time collection of seat assignments in restaurants allows for a quick determination of business and seating availability, providing the potential to show expected wait times at any given time of day.

Guest immersion in branded amenities and atmosphere

Everything that guests experience — from the moment they enter the front door to the moment they leave — contributes to their enjoyment. Service innovation is about making a good impression and enforcing brand messages. For example

- **Digital signage gives a property the flexibility to personalize the look and feel of the brand with minimal effort.** For example, convention groups feel welcome when their logos are displayed on large marquees or on the signs outside of the meeting spaces (digital signage is more dramatic and engaging than standard, cardboard signage).
- **Innovative in-room technology gives guests the opportunity to control their stay.** For example, when a guest has fingertip command through a mobile device, he or she could determine lighting and temperature; set a wake-up call that also opens the drapes and turns on the television to a specific channel; automatically charge mini-bar purchases to the hotel billing system; detect whether a room door is left open for an extended period of time or if the batteries for the key entry system are running low; maintain a "living itinerary" (as an individual or group member), and receive/accept special offers.

- **Configurable interfaces push branding through to specific rooms in the form of information to help the guests get the most out of their stay.** In addition to making special offers (based on guest profiles, preferences, and behavior), to-the-room messaging can be used to advertise special events.

When all transactions are aggregated into a 360° view of the guest, the hotel or resort can execute targeted marketing at all touch points. When exploited correctly, a 360° view makes the staff aware of the guest and eager to serve. An immersive guest experience creates a unique brand: at all points, guests receive messages that boost the brand experience. As guests respond, the company gets to know each one better. Over time, the service delivery is more and more customized and personalized, thereby enhancing guest loyalty and potentially boosting revenue.

Getting from here to there

How can you achieve a 360° view of your guests and then use that view to enable the service innovation which delivers greater guest loyalty and a bigger bottom line? First, it takes careful planning: there's no "one size fit all" solution. The fact is, how a hotel or resort manages its data becomes its differentiator, rightly dependent on how it wants to present its brand.

That said, becoming more innovative in service delivery requires taking a few, fundamental steps.

Commit to a bold vision.
The bar for the guest experience should be set high. Find out how other industries, where up-selling and cross-selling are second nature, exploit technology to understand and get close to their customers. Explore how your current system capabilities, such as server-based gaming, could be configured and controlled to send targeted messages to guests. Learn how advanced concepts, such as social networking or digital signage, could contribute to an immersion experience for guests. Envision a master customer record (as the heart of a command center) that would provide a 360° view of each guest's behavior.

Plan your communication.
The who, how, what, and when of communication, in public and private spaces, draws a fine line between appreciation and harassment. Temper the power of technology (which makes possible communication at any time, through any channel) with the careful planning and consideration required for crafting the right message, for the right audience, at the right time.

Act on your data in the moment.
Every transaction — every reservation, payment, compliment or complaint, e-mail or phone call — is a guest behavior. When all of a guest's transactions are gathered into a single profile that's readily accessible to all service providers within the casino resort enterprise, and when these service providers are united in their tactics by a shared marketing/branding strategy, your business can offer guests the right special deals and pricing exactly when the guest is poised to act. Make guest information available "in the moment" so your business can create a consistent guest experience (and a consistent brand message) across all touch points.

Manage technology at the enterprise level.
The technology behind a 360° view requires a long runway: "always on" marketing and messaging requires a substantial infrastructure and network bandwidth to allow for uninterrupted connectivity and performance. A substantial set of interfaces between enabling systems is required to enable real-time communication and sharing. Although each touch point might be a discrete component, you should plan and execute the service innovation technology landscape as a holistic, enterprise-class endeavor.

Leverage accelerators and industry standards.
Use pre-built, yet customizable, process maps, business object and information models, and data mappings specific to the industry — as well as common industry applications — to expedite solution development.

Give back to the guest.
Recognize and reward loyal guests. Through loyalty programs, a casino resort can show appreciation of the guest as an individual, while gathering the information needed to provide ever better, ever more personal service.

Service innovation is perhaps the best way for any hotel or resort, new or established, to promote a distinctive brand and create an edge. To plan and implement the business processes, technical infrastructure, and operating models required for service innovation is a painstaking process; yet, failing to do so could mean a precipitous decline in a fiercely competitive industry.

When one company innovates, the game changes. When one company gains a 360° view of its guests, competitors could seem blind by comparison. And when one company achieves a "win-win" loyalty program that makes guests feel truly valued, competitors could be quickly left behind. Service innovators are making their brands the #1 choice of consumers looking for an engaging, genuine experience. And that's the new standard for hospitality in the 21st century.

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