



Next-gen hotel guests have checked in
The changing guest experience



Introduction

When we imagine the golden era of hospitality, visions of turn-of-the-twentieth-century grandeur and elaborate hotels with live-in general managers (GMs) come to mind. We think of these GMs briskly moving throughout the property, personally knowing each guest and taking care of their every need.

This principle of truly knowing guests is, and has always been, at the core of understanding and delivering an exceptional guest experience. Though some hotel GMs still live in-house, the concept of having intimate knowledge of, and 24/7 attention on, the guest experience (GX) is realized in a different way today. The core of what makes this real for today's generation of hoteliers and guests is fundamentally the same, but how we learn, interpret, and deliver on those needs is quite different.

As most hospitality executives will attest, the imperative of the GX remains as critical as ever. Collecting information about guests is fundamental to delivering exceptional GX, and today's guests are more willing than ever to provide it via a variety of means. The

issue hoteliers face now is not just to collect that data but to also make sense of the data and know how to apply those insights based on situational nuances.

This is compounded by the fact that guest expectations are continuing to rise. Many guests have come to expect excellence in the hospitality sector, and experiences in retail and other consumer-facing industries are now increasingly enhanced by predictive insights. This is leading hotel guests to expect that the information they have shared will be put to good use, consistently. Today's guests expect hotels to deliver on more than what is promised, and what is implied is that guests are now expecting hotels to go beyond.

Today's landscape

Guests want their hotel experiences to reflect new capabilities, personalization, and seamlessness while still delivering the exceptional high-touch hospitality they are used to.

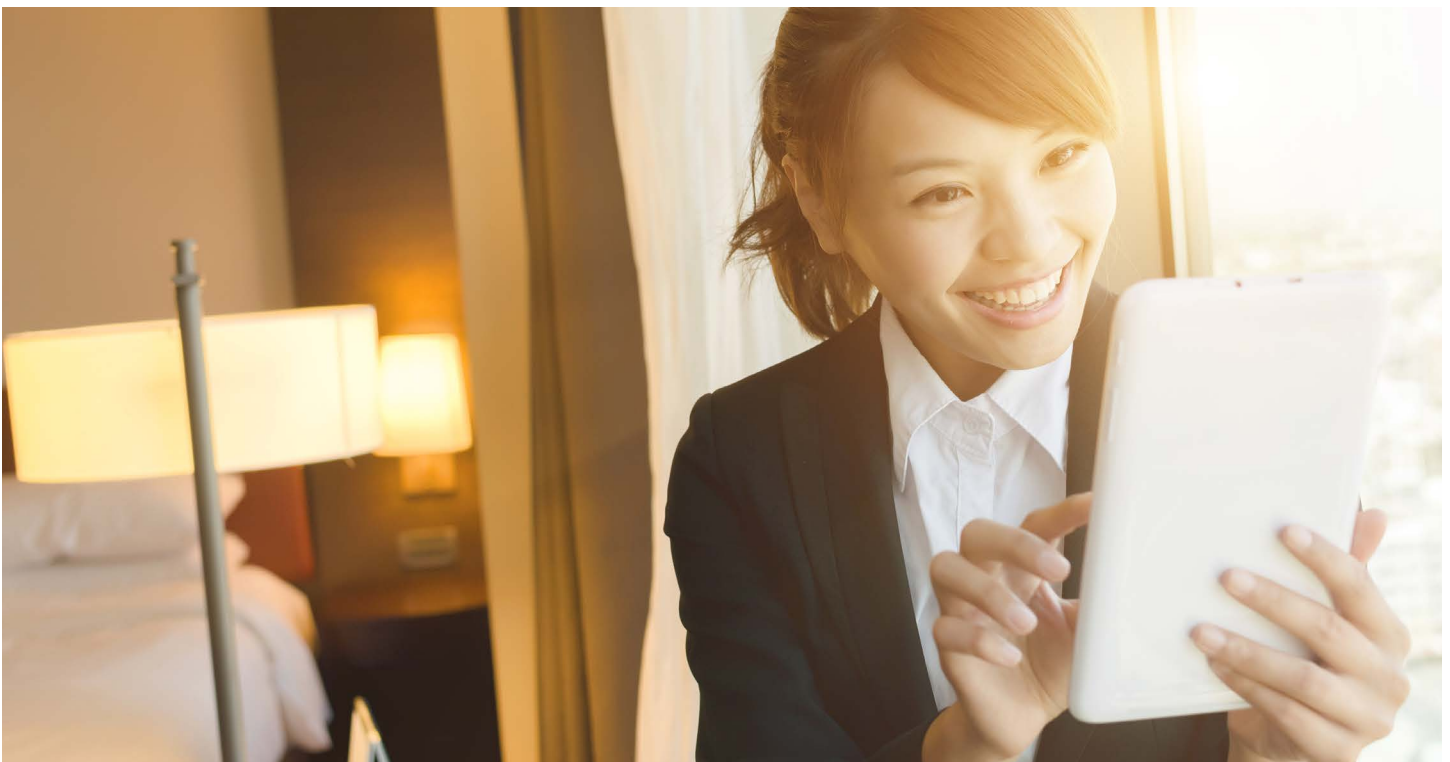
Guests want the one-click, right-this-instant utility they receive from other industries, like on-demand transportation and instant peer-to-peer payments, with the feeling they get from an evening at a fine dining restaurant.

In order to deliver this utility, hotels are able to collect more and more information on their guests and their ideal stay than ever before. However, despite the volumes of data provided, collected, or available via social media and other means, tracking a single view of the guest, making sense of the data available, and using it in a meaningful way remains a true challenge.

And then of course, there is the vastness of the competition. There are more (and bigger!) players in this space than ever before. Hotels compete not only among traditional hospitality companies but also with new lodging concepts and nontraditional market disrupters, like peer-to-peer home sharing.

All these factors can add significant complexity to delivering a personalized, consistent, and meaningful GX. Gathering guest information, interpreting it, sharing it with the right people at the right time, and intelligently utilizing it to create a GX that is meaningful and different is what has and will continue to differentiate hotels from the masses. And this clearly isn't a foreign concept for hoteliers, who have long been leaders of personalized service and loyalty programs. The way hotels do it now is just very different.

Today, in order to win and retain guest preference, hotels should be more thoughtful about how people and technology, powered by insights, weave together to deliver authentic hospitality.



Taking the pulse of modern guests

Deloitte recently examined guest satisfaction on key experience factors in a hotel stay. As expected, our survey confirmed a series of well-acknowledged industry “truths.” But it also revealed some areas where guest expectations have evolved that, if harnessed, can prove to be differentiators in hospitality GX.

Figure 1: Hotel industry truths and surfaced insights¹

Our survey confirms many industry truths ...



The “basics” remain critical to a satisfactory guest experience (i.e., clean room, well maintained, great value, location, quiet)



“Knowing” guests contributes to higher satisfaction and likelihood to return



Being “heard” continues to be the most important to guests, with an emphasis on issue resolution



Many guests are looking for the right balance of personal interactions and technological enablement

... and surfaced many differentiators for GX



Occasion meaningfully influences a guest’s expectations in a hotel stay and has a significant impact on satisfaction (+/- 23 percent)—hotels can elevate guest satisfaction by knowing why guests travel and adjusting the experience accordingly



Satisfaction with loyalty programs varies widely at the sub-brand level (+/- 35 percent)—the variance reveals an opportunity to rethink how loyalty is recognized and how rewards are earned, redeemed, and made more personal



Empowering guests to customize their experience is a growing trend—surprisingly, this was cited as more important for luxury guests who valued customization 33 percent more than guests visiting other tiers of hotels



Millennials expressed a desire to be “surprised and delighted” up to 71 percent more than other generations, making this an element that will likely continue to rise in importance as this segment becomes a larger proportion of hotel guests

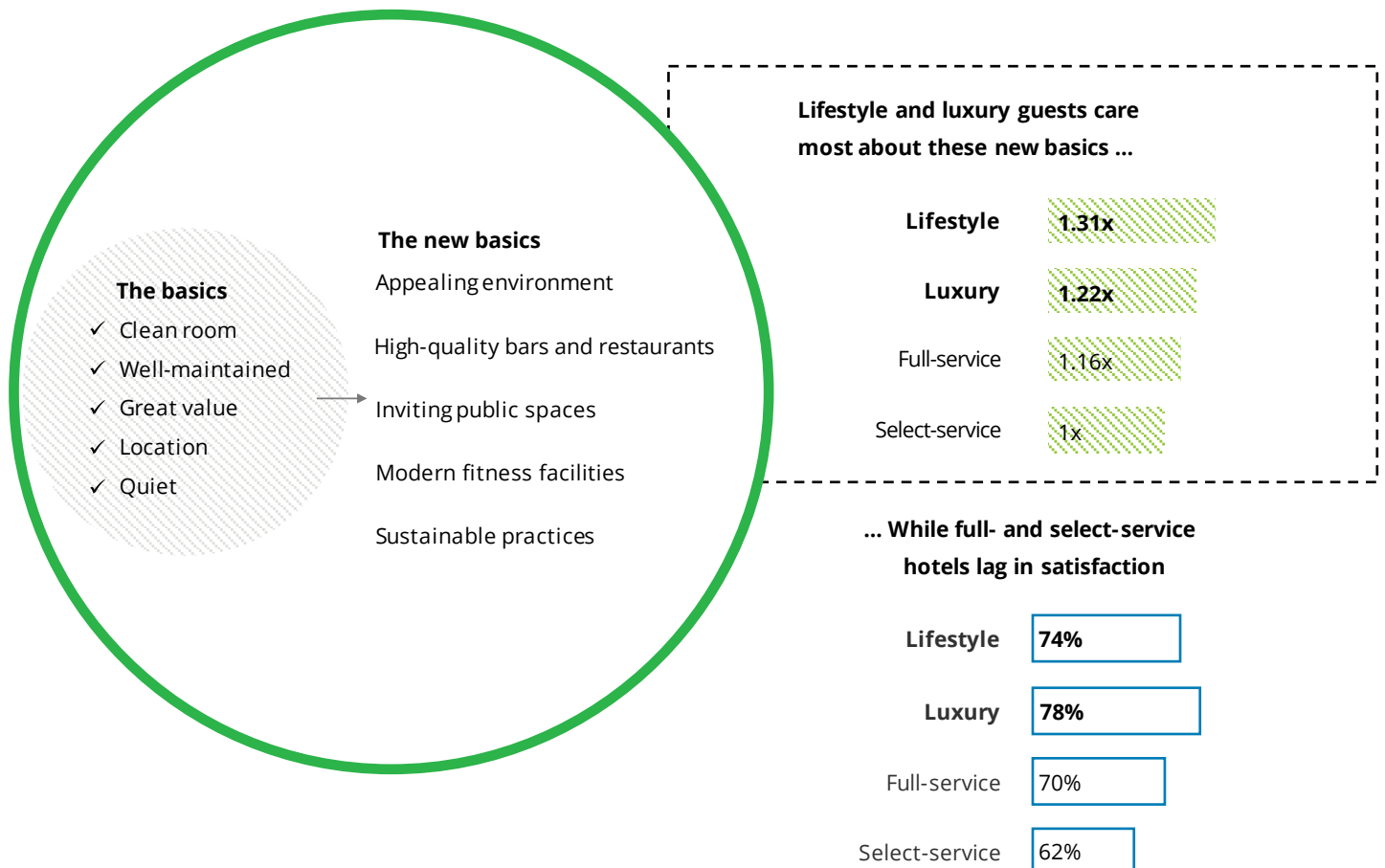
Whether a hotel is in the luxury, full-service, select-service, or lifestyle tier, most do a good job meeting travelers' basic needs with 79 percent of those surveyed satisfied with these elements. There will always be opportunities to deliver incremental value on the basics, but clean, well-kept rooms in safe locations at a good value are expectations, not differentiators. We represent these elements as the basics (see figure 2). These are the critical factors a hotel must have in order to earn a hotel guest's stay. They are not typically the notable factors guests cite that led to an exceptional experience, though they are high in importance.

Over the last few decades, hotels were able to differentiate with sustainable practices, notable facilities, amenities or signature products, public spaces, and food and beverage. Now, many guests often **expect** the availability of such things. We represent these elements as **the new basics** because they have shifted from

experiential differentiators to core expectations, meaning their absence and/or a subpar perception of them may impact the stay negatively more than their presence and positive perception of them will create an exceptional one.

The opportunity to differentiate exists beyond **the basics** and **the new basics**. It is widely acknowledged, inside the industry and beyond, that engaging guests meaningfully and creating lasting, positive impressions is the path to obtaining and retaining guest loyalty and advocacy. But with guest expectations higher than ever and previous "differentiators" now serving as the cost of entry, how can hotels continue to elevate their game?

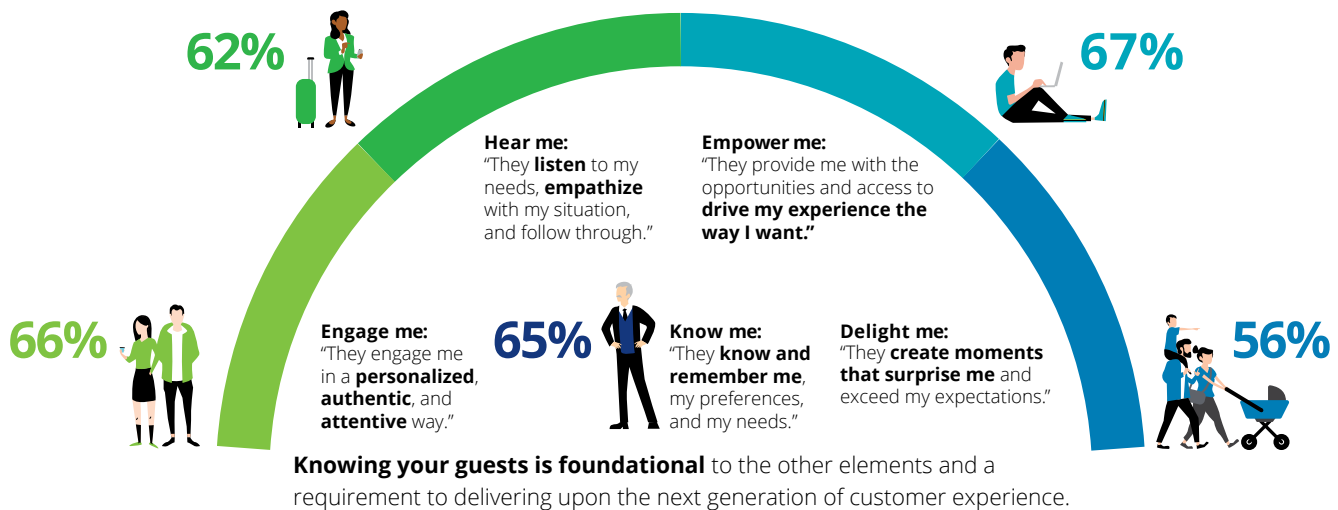
Figure 2: Differentiators of the past are the new basics



Creating experiences

In our research, we have identified five guest needs and the attributes that correspond to them. These make up the foundation for how hotels can move beyond the basics and provide excellent guest experiences.²

Figure 3: Guest satisfaction scores across the hotel experience*



* Satisfaction scores refer to how satisfied guests report themselves to be (based on a scale of 100).

Know me is the foundation for delivering on all guest needs. Yet in our survey, only 65 percent of respondents were satisfied that the hotel "knew" them. **Know me** is the art of knowing and remembering guest preferences and needs. This goes back to the core of our live-in GMs' legacy and the heart of what has made hotels the object of people's affection for decades.

But what does "knowing your guest" really mean? Today, with the influx of cognitive capabilities and a digitally connected environment, science has been infused into this artful practice. Guests are often accustomed to brands that interact with them by understanding, remembering, and predicting their preferences and making it easy for them to access them. What is important to remember is that **know me**, particularly in hospitality, is still an art. But it can be executed best as a blend of human art and data science, delivered through people **and** technology.

Engage me is a legacy strength and focus for the hospitality industry. It's about how the hotel team engages with guests in a **personalized, authentic, and attentive** way. Our survey showed that the number one reason for a positive hotel stay was the friendliness of the hotel team. Meanwhile, behind only dirty rooms, an unfriendly team was the second most common reason a guest reported a negative stay. In short, your people still matter.

Despite all the technological advancements, human engagement remains critical for hotels. In fact, in our survey, respondents were 29 percent more likely to promote when hotel teams were friendly and attentive, 25 percent were more likely to promote when hotels proactively communicated with them, and 20 percent more likely to promote when the team offered personalized experiences. Unfortunately, while 80 percent were satisfied with friendliness and attentiveness of service, only 60 percent and 65 percent, respectively, were satisfied with proactive communication and personalization of experiences. This indicates a big opportunity for hoteliers with a clear tie to value.

Hear me is the way hotels **listen to guest needs, empathize with their situations**, and then **follow through**. While this is a powerful attribute when all is going well, it stands out especially when there is a service recovery opportunity. Guests understand that things do not always happen as they should, and how the hotel handles those situations remains critical.

In our survey, **hear me** was actually identified as most important to guests, but despite the ongoing efforts hoteliers have executed over the years, hotels are still failing to deliver consistently, as only 62 percent of respondents said hotels meet this need.³

Also interesting is that increasing the avenues for feedback yielded little value for guests, with a zero percent impact on their likelihood to promote. This means that adding bots to respond to guest issues or opening more feedback channels alone likely will not yield value.

What we do know is that fixing a problem expeditiously has a significant impact on a guest positively promoting the property. According to survey respondents, guests were 40 percent more likely to positively, organically promote their experience when a problem was fixed quickly.⁴

Hotels have combated this reality for years. Getting the recovery right is what can make or break an experience. In theory, this should become easier with the infusion of science into these historically standardized and/or completely human-reliant processes.

Empower me is an increasingly important attribute for guests. Next-generation guests require **flexibility and access that lets them shape their own experiences when and how they want to**. Off property, this can be brought to life through personalized interactive trip planning capabilities and communications. On property, it comes through engagement with relevant information, tools, and opportunities to help tailor to the guest's unique needs and opportunities in the moment. This will continue to become evermore important as the relative importance of empowerment for travelers aged 18–34 is approximately 20 times higher than that of those aged 55–70.⁵

This empowerment to tailor the stay is done well when it recognizes the occasion for travel, past and current activities and behaviors, and location and schedule. For example, instead of a concierge emailing or calling to ask if a guest has any wants or needs in advance of a stay, a hotel can enable the guest to access tailored recommendations and reservations for ground transportation, activities, local restaurant recommendations, etc., through a seamlessly integrated recommendation engine and system (e.g., app, dedicated portal, etc.).

Delight me is when the hotel **creates moments that surprise guests and exceed their expectations**. A common misconception is that this always has to be big things like expensive amenities or lavish gifts. But **delight me** can be the simplest of touches that are unexpected, tailored, and delivered in ways guests did not anticipate.

Similar to how **empower me** capitalizes on the guest's occasion-based travel needs, **delight me** might do the same to anticipate a guest's needs in a way that produces surprise and delight. Similar to empowerment as well, **delight me** will continue to become more important. Our survey clearly showed that younger guests look for extra charm and distinction from their experiences, with delightful experiences being 1.6 times more important to those aged 35 and younger than those aged 65–70.⁶

Getting to know you

All of these imperatives eventually find their way home to **know me**, the central pillar of the guest experience. Knowing their guests is what can allow hotels to deliver on the other experiential elements, from the functional to the sublime.

For example, to deliver on **delight me**, the hotel might have learned some information about a guest's behaviors and preferences while traveling on business, such as an after-work glass of a specific Cabernet Sauvignon. To delight that traveler on one of her business trips, the hotel has a note and a half-bottle of that wine in her room waiting upon arrival—but not on every trip and not the same gift every time.

That same guest, traveling on leisure to a resort with her family, has a different mind-set, with different expectations, needs, and concerns. Perhaps a delivery of the family's favorite snacks and drinks to pack for their scheduled adventures might be more meaningful.

Our research substantiates the belief that knowing more about your guests positively impacts their satisfaction. Loyalty programs have historically been a great source of guest information, behaviors, and preferences. When we look at overall satisfaction, we see that guests with higher loyalty status indicated they were 75 percent satisfied. Lower status guests indicated they were 61 percent satisfied.⁷

Truly knowing your guests—what they have told you, what they request, what you have learned, and what should be implied—should yield larger results. And knowing your guests outside of their specific stay-patterns, like tracking when they visit your restaurants and bars, spa, and events—or even those of your competitors—will tell a more complete story.



Next-generation guest experience

If the challenge of GX starts with guest knowledge—but then depends upon the actions that arise from that knowledge—what is the path forward? Many hotels will find it involves the intersection of two key themes: an embrace of cognitive capabilities and the development of a partnership ecosystem.

The cognitive advantage

We live in a cognitive world. Not in terms of people's brains—cognition in the person is as old as the brain itself—but in terms of how data and technology operate. Organizations that depend upon information can build a cognitive advantage when they combine big data technologies with cognitive computing capabilities to extract insight from data that previously went unused or underused.

Today, workers can amplify their intelligence with cognitive capabilities. With those capabilities, they can create smarter insights to help improve core operations, build new assets, and enhance decision making. In hotels, the cognitive capabilities can enhance the guest experience by enabling the hotel to better serve them. Opportunities include facilitating repeatable tasks using automation in order to free up hotel teams to engage guests by delivering meaningful recommendations based on guest-specific insights.

We group these concepts into three capabilities: robotics and cognitive automation, insights, and engagement.

Robotics and cognitive automation

There are some human actions and even judgments that machines can replicate using robotics and cognitive technologies. This can allow hotels to automate repeatable tasks—not only to improve efficiency but also to free up the frontline team to engage in more high-value tasks that machines cannot accomplish.

Think about the laborious task of blocking rooms. Using automation, we can allow a trained machine to take on this task with confidence and free up the front desk agent to proactively reach out to arriving guests to ensure their every need is met.



Cognitive in action

Principles are easy to define. Putting them into effect is not always as clear a mandate. What should hotels do to act on some of the key concepts that guests identified as most important to them?

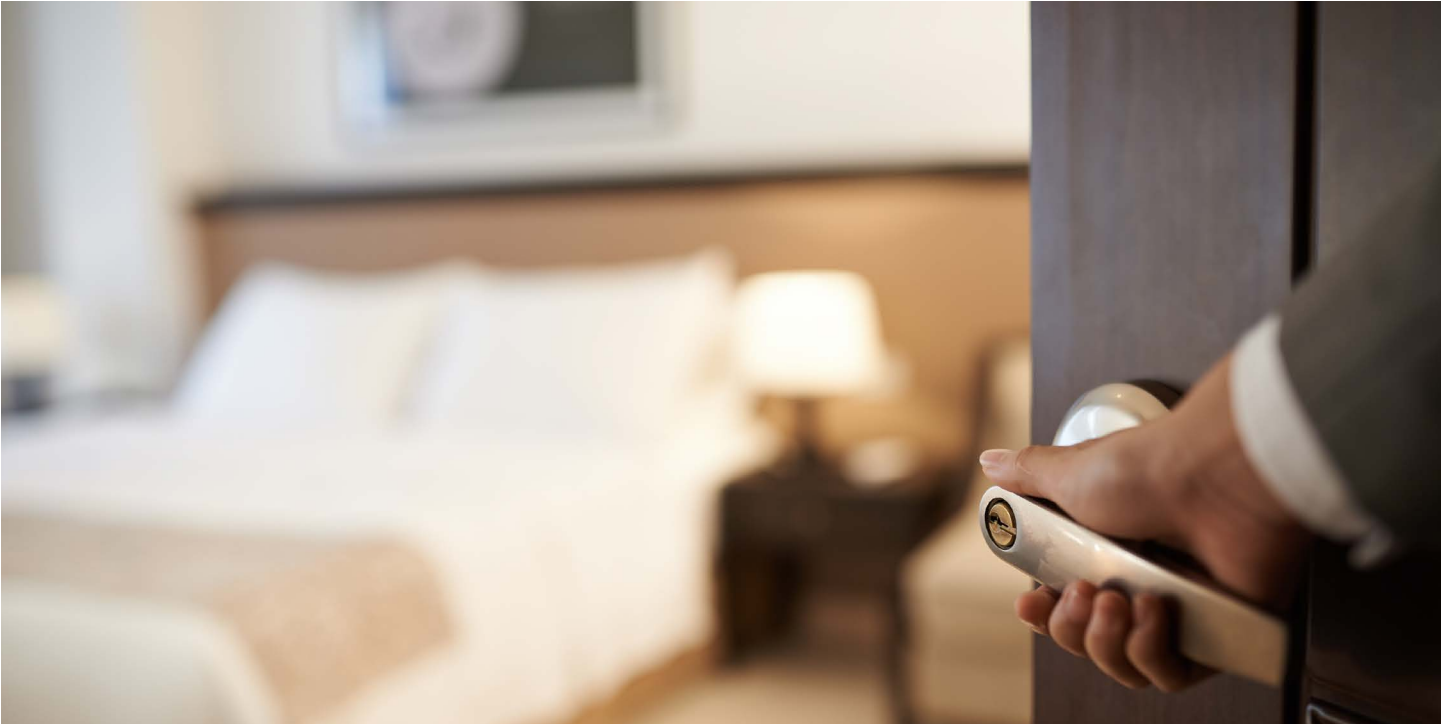


Loyalty programs

This is one component of the guest experience where **know me** finds its most practical application. Many hotels currently acknowledge loyalty by identifying how to recognize, reward, and customize their offerings based on a guest's history and profile. Instead of offering from a pre-established menu of options, the hotel can use more robust predictive analytics to infer what the guest wants in exchange for loyalty—and sometimes provide both the question and the answer right away.

One observation our research surfaced was that guest satisfaction with loyalty programs, and how they were rewarded and recognized, varied significantly by sub-brand. What is clear is that loyalty programs take great steps to vary rewards by status level, but it appears there is less being done to vary rewards and recognition by hotel tier within their portfolio of brands. By leveraging data around guest behavior and how it varies by tier, and coupling that with the diverse partnership solutions in the marketplace, hotels can take the next step in evolving the loyalty program so that a guest experiences a customized reward, not just based on loyalty, but where he or she is staying.

Additionally, given that guests' relationships with hotels continue to evolve, recognizing a guest's loyalty outside of his or her stays with a hotel can be another opportunity to expand and recognize loyalty. For example, if someone is visiting a hotel bar or restaurant with friends and colleagues regularly in his or her hometown and then traveling with that brand in various other cities, knowing about the guest on all fronts—not just overnight stays—should help to build that guest's profile and loyalty recognition.



Cognitive insights

The fruits of cognitive insights go beyond what many people think of as analytics. By uncovering hidden patterns in data—both the data a hotel is accustomed to using and data from unexpected sources—these technologies can help identify opportunities for the kind of growth, diversification, and efficiencies that large-scale organizational intelligence can bring about using pattern detection and cross-referencing of multiple streams. This puts the analytics to work to find the “aha” insights and allows the hotel to focus on consuming and executing on them.

For this, instead of having a lengthy guest profile with outdated preferences and lengthy guest notes from previous stays (some relevant, some not), think predictive insights using a combination of all available data (provided on the reservation, told to the brand/loyalty program, tracked behaviorally, and found via social media or other means) pulled together to provide a predicted activity for a team member to execute in order to positively influence that specific guest’s experience. And all this information is fed to frontline personnel on a device/screen when the guest is standing in front of him or her.



Cognitive in action



Service recovery

When something has gone less than perfectly in a guest’s experience, the hotel has an opportunity to shine. Take, for example, the ability to report an issue via a variety of means (text message, voice, in-person, etc.) and to get a fast, helpful response regardless. Not only does this technology structure the data capture regarding the incident, but it also establishes a channel to enhance follow-up. When a hotel combines this approach with **know me**, it can customize the compensation it offers for the inconvenience—for example, something associated with the guest’s preferred ecosystem of travel, such as a ride-sharing app or restaurant value, instead of just an apology—or provide points rather than monetary credits for the business traveler.

Cognitive engagement

Today, intelligent agents and avatars can deliver mass consumer personalization at scale. The result is smarter, more relevant insights that amplify an end user's experience.

For example, a hotel may use this approach to generate personalized recommendations to guests and deploy digital assistants to interact with them—turning former nuisances, such as food delivery, parcel receipt, or check-in, into streamlined, even pleasurable experiences. The robo-advisers that bring customized recommendations and transaction performance to the field of personal wealth management are already working in a similar way.

The partnership ecosystem

Fueled by cognitive insights, the new world of data-driven guest experience can also enable the development of a partnership ecosystem powered by digital engagement.

Today, many travelers are pretty self-sufficient. They can order a ride share quickly, order delivery from local restaurants, and schedule a fitness class all on their phones in seconds. In short, guests with computers in their pockets can self-create experiences that involve the hotel but do not begin and end with what the hotel offers. Our survey found that 85 percent of guests used digital devices during at least some part of a hotel visit and 41 percent used their devices to stream entertainment while they were there.⁸

This change—from a hotel offering pay-per-view movies to a hotel providing free high-speed Internet that enables guests to manage their own entertainment content—is only one example of the larger trend toward the hotel as “enabler” of a “partnership ecosystem” that extends beyond its walls. This principle is seen in the “choreographer” integrator type within our perspective on [the hotel of the future](#).⁹

Half of survey respondents were interested in having a hotel help arrange transportation. Forty-five percent would like help making restaurant reservations.¹⁰ But the answer to these customer preferences may not be the top-down approach of old, in which a uniformed team member informs a guest sotto voce that “it’s all been arranged.” Today, guests want the benefit of local knowledge



Cognitive in action

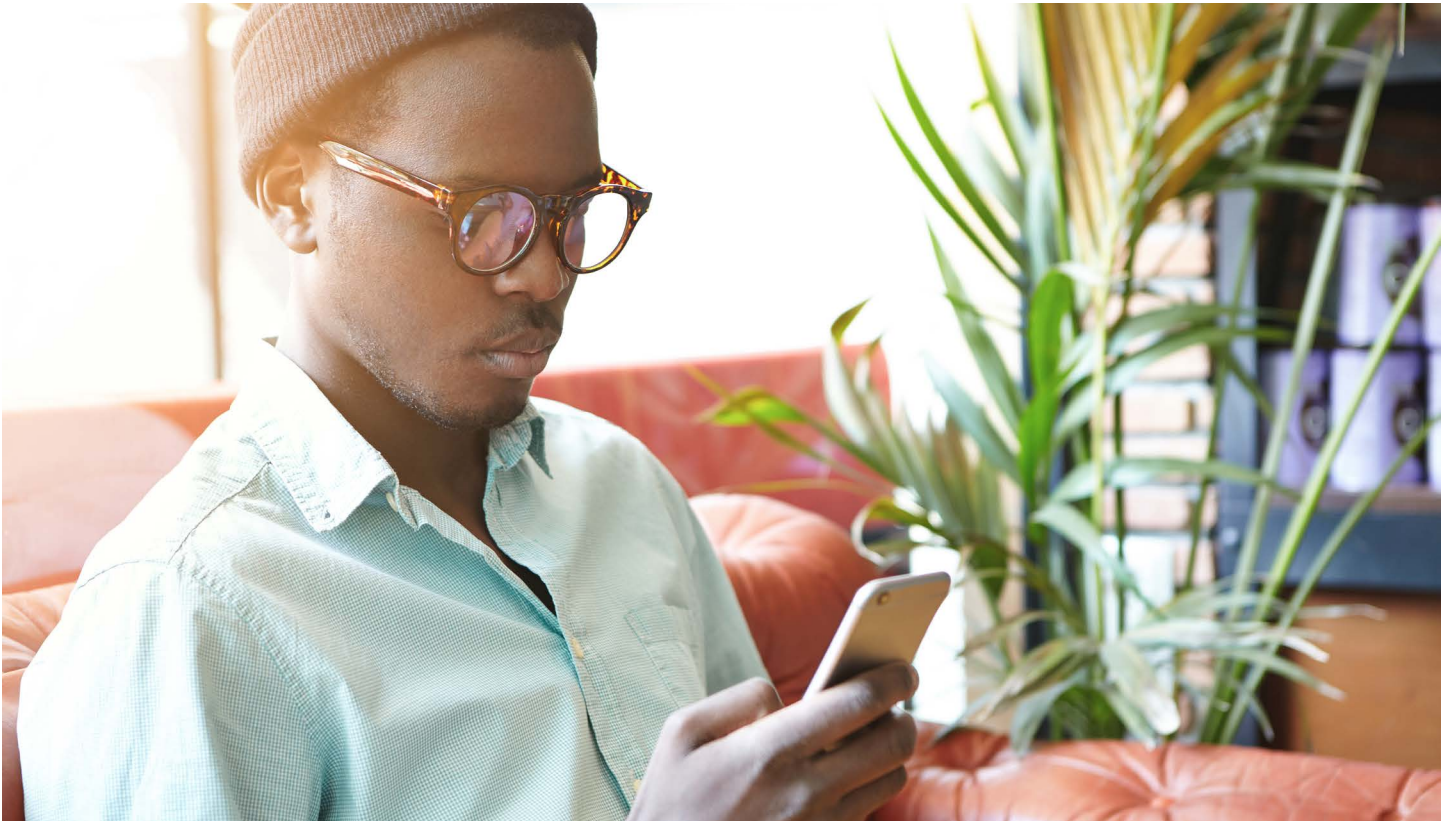
→ Occasion-based travel

When a hotel can use cognitive insights to assess a guest's purpose for travel in advance and adjust the experience accordingly, it is living the principle of **empower me**. One way this may come to life is understanding your guest on the social media platforms he or she uses. Connecting with your guests about their posts for upcoming trips or a “countdown to vacation” can help the hotel provide the best experience for that guest and help the hotel understand when its guest is traveling for work or leisure. So too may the platform on which the trip was booked. A trip booked on a corporate travel website likely has a different purpose than a trip booked through a discount website. All of this can help hotels better understand the reason guests frequent their property and thus can influence what amenities a hotel decides to provide. Quick business stays? Then maybe a low-asset property with deep local partnerships will do. Long stay with children? Then maybe the capital investment in more child-friendly amenities may be needed.

and resources but still want to maintain some semblance of control. The hotel's role is to identify how best to help and make the process easier.

So, when a guest wants a ride, the hotel might not send a doorman into the street with a taxi whistle—it might instead designate a safe, convenient pickup area for people with mobile rideshare apps and staff the area during peak travel times. Instead of the lengthy process of discussing dining preferences and recommendations with a concierge, the hotel might partner with a dining app that captures the guest's dining history and preferences.

As with so many other parts of a stay, the little things count.



Make it clear guests are welcome to order takeout (many often wonder) and use a third-party app to receive a notification when one of your guests has a delivery on the way. And instead of making the guest come to the lobby, the hotel can receive the delivery and deliver it to the guest's room as quickly as possible, with hotel-provided dinnerware.

Does the hotel have a fitness center or an access agreement with a nearby gym? For many guests, that will do. But what about the guest who wants an enhanced fitness experience? In a partnership ecosystem, hotels can use new business relationships and mobile technology to help give their guests access to a boutique fitness experience in the neighborhood.

This partnership ecosystem has benefits for all types of hotels, as it helps them provide the experience guests want while reducing hotels' total cost to serve. For "asset light" hotels in particular—those with limited food options or a limited fitness center—a partnership ecosystem helps them to compete more effectively. They are creating a portfolio of assets that they do not own and do not have to maintain, helping drive a diverse set of experiences without the big capital outlay.



Cognitive in action



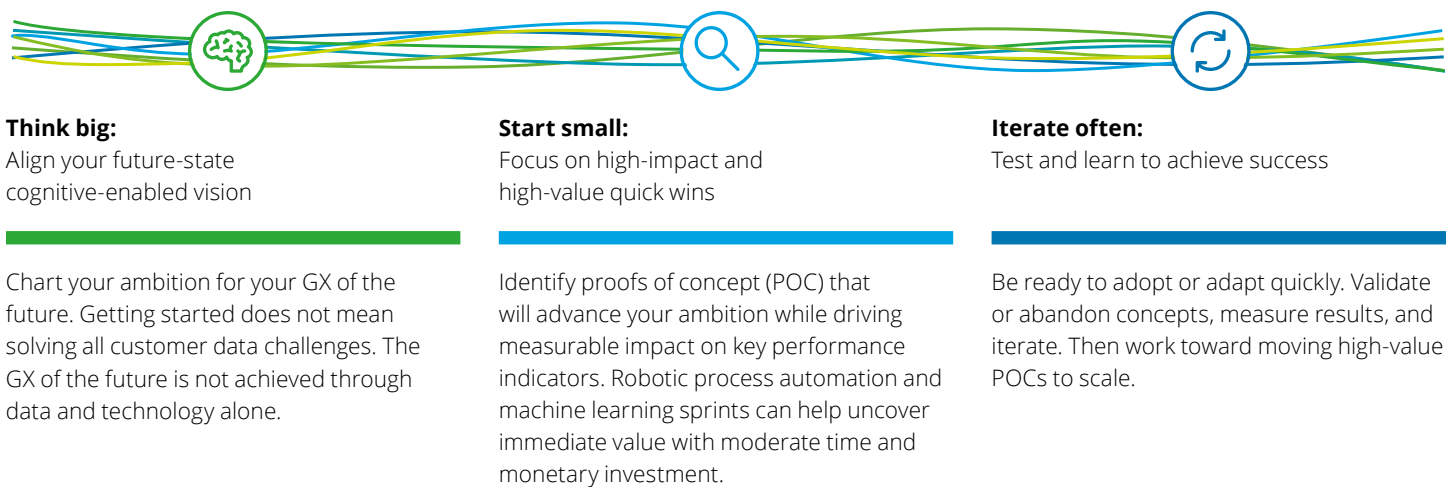
Tailored offerings and experiences

This is the practical application of **delight me**. The idea shares traits with occasion-based travel: Can the hotel use cognitive insights to predict a guest's needs based on information from past stays and the other data they have access to? Bringing this to life may mean preemptively delivering amenities the guest has asked for on prior stays. Has the guest ordered the same extra toiletries during prior stays? Then why not delight the guest before he or she even asks.

Where to begin

Now that we know what makes a great hotel experience, the question is: How does a hotel get started? What can be done today to begin the journey to delivering a differentiated, enhanced guest experience?

Figure 4: Improving the guest experience: How to get started



The hotel industry can boast of a strong overall performance when it comes to GX, but there's always room for improvement—and with roughly one in three guests saying they want even more from their stays, there's a market for improvement as well.¹¹

The good news? The place where hotels can do better is already aligned with a traditional strength: knowing their guests and caring deeply about delivering a high-quality experience. The opportunity to improve is not science fiction. When hotels know their guests, stay

frequency is increased by 13 percent.¹² So the next frontier is to put that information to use in ways that seamlessly drive subtle or even not-so-subtle changes in the guest experience.

Deciding what those changes will be is what will ultimately set brands apart from the rest—with an artful combination of human and artificial intelligence to create authentic anticipatory experiences guests don't even realize they want today.

Endnotes

1. Deloitte Consulting LLP, 2017 hotel guest experience survey.
2. Ibid. The research involved asking more than 6,600 hotel guests, who have collectively patronized 25 brands across different hotel tiers, to identify what makes a great hotel experience. Information collected included demographic detail, frequency of travel, hotel loyalty, and other factors.
3. Ibid.
4. Ibid.
5. Ibid.
6. Ibid.
7. Ibid.
8. Ibid.
9. Steve Jennings, Tom Schoenwaelder, Ramya Murali, Courtney Sherman Dehnert, The hotel of the future, Deloitte Consulting LLP, 2015, <https://www2.deloitte.com/us/en/pages/consumer-business/articles/hotel-of-the-future.html>, accessed December 2017.
10. Deloitte Consulting LLP, 2017 hotel guest experience survey.
11. Ibid.
12. Ibid.

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