



An Oracle Hospitality-Phocuswright Study

# Creating the Coveted Hotel Guest Experience

Perspectives from Consumers and Hoteliers



## INTRODUCTION

From planning a trip to selecting a hotel to commenting about the guest experience on Facebook, the travel lifecycle can be a meandering journey, filled with opportunities for consumers to engage with hospitality brands. The key for your enterprise's success, of course, is making those moments count.

### But how?

To help hoteliers answer that question Oracle Hospitality commissioned Phocuswright, a leading travel industry research firm, to survey more than 2,700 U.S. and European travelers **to better understand the impact of technology on the hotel-guest experience** and gain insight into making it a differentiator for winning new business. The study also weaves in the perspective of hoteliers, both chains and independents, to shed light on their technological pursuits and gauge how well they align with consumers' expectations.

Indeed, hoteliers have intensified their efforts – by improving websites, launching apps and engaging on social media – to extend their reach throughout the travel lifecycle. But as our study underscores, it's critical for hoteliers to recognize that they always will face stiff competition in many stages of the consumer's journey. Once travelers arrive in the lobby, however, they become a captive audience whose notion of a memorable experience can be shaped entirely by the deeds and words of hotel staff. And that's where hotels need to make a bold statement with technology. It is an invaluable conduit, not an end in itself, to deliver the exceptional service guests cherish.



Exceptional hotel experiences are important not just to keep guests happy during their stay, but to influence their behavior post-stay.

## EXECUTIVE SUMMARY

According to Merriam-Webster, a commodity is a mass-produced, unspecialized product. In other words, it is exactly what a hotel experience shouldn't be. Defending against commoditization will be paramount as consumers of all types – especially hotel guests – increasingly demand individualized experiences.

Virtually through every answer they provided, our survey respondents expressed a preference or a desire, however subtle, to have services tailored for them. Such widespread interest only underscores the urgency for hoteliers to embrace technology that can address the industry's divergent mandates – operate efficiently at scale, yet be agile enough to respond to each guest's needs.

### Among the research highlights:

- Technology already is an inherent and invaluable element of the entire travel lifecycle, ranging from travelers using an array of devices to book hotels to connecting to WiFi upon arrival. Their reliance upon it is evident, and they want more: 64% of U.S. hotel guests said it is “very or extremely important” for hotels to continue investing in technology to enhance the guest experience.
- Hoteliers want to deliver personal experiences, but are struggling with obtaining guest information that would enable them to do so. The foremost question: At what point does such efforts infringe upon privacy? Though an answer remains elusive, it is clear that new opportunities exist for technology to customize offerings without necessarily requiring more guest data. For example:
  - 45% of hotel guests want the capability to select specific room locations.
  - 94% of business travelers and 80% of leisure travelers expressed interest in using smartphones to request service and message hotel staff.
- Exceptional hotel experiences are important not just to keep guests happy during their stay, but to influence their behavior post-stay. Commentary on social media is now the norm and bound to rise, especially with millennials accounting for a greater share of travel activity. Millennials (ages 18-34) recount their hotel experience on social media (33%) far more than older travelers (26%).

## Key Findings Spanning the Travel Lifecycle

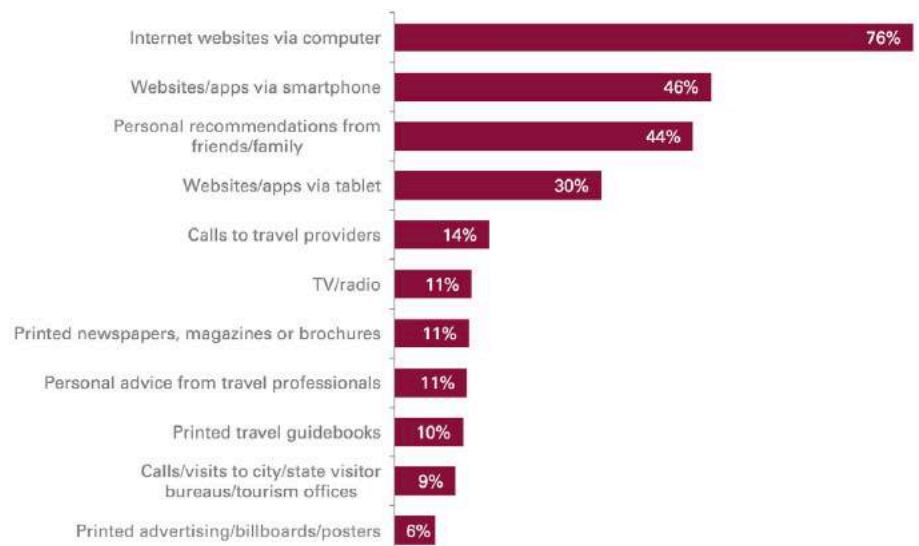


### PRE-STAY

Consumers still go off-line, relying on resources that some might have thought are obsolete.

From the time travel emerges as an inkling of an idea in the minds of consumers, they tap a surprising array of resources to compare and choose hotel options. Among U.S. travelers, online resources are widely accessed via computers (76%), smartphones (46%) and tablets (30%). But it's noteworthy that consumers still go off-line, too, relying on resources that some might have thought are obsolete: travel professionals (11%), printed travel guidebooks (10%) and visitor bureaus/tourism offices (9%). The research findings also serve as a reminder to never discount the value of word of mouth – 44% of travelers sought the personal recommendations of friends and family.

#### Sources Used to Compare and Choose Hotels (U.S. HOTEL STAYERS)





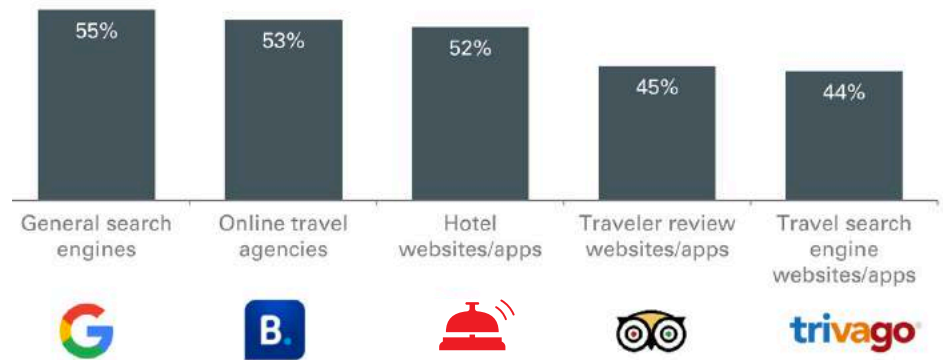
## PRE-STAY

Create your booking interfaces with a “device-agnostic” approach.

For hoteliers who’ve invested in their websites and apps, there is validation for their effort: 52% of U.S. travelers used such online resources to make their hotel selections, competing favorably with online travel agencies (53%) and travel search engine websites/apps (44%).

When it’s time to book their hotels, travelers worldwide use PCs as their device of choice. But smartphone booking is increasing in the U.S. (27%), and Europeans use tablets almost as often as smartphones. The lesson for hoteliers: Create your booking interfaces with a “device-agnostic” approach.

Hotel Websites Are Often Used to Compare Options in Addition to General Search Engines and OTAs  
(U.S. HOTEL STAYERS)



## Key Findings Spanning the Travel Lifecycle



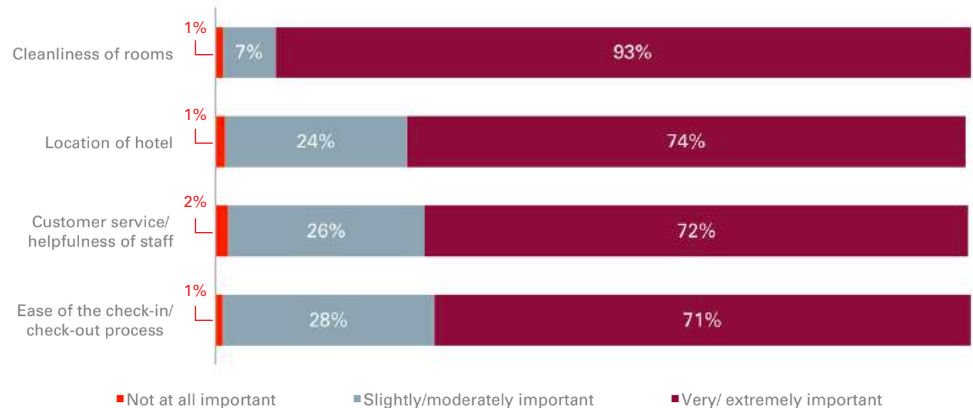
### ON-PROPERTY

Nearly two-thirds of U.S. hotel guests said it is “very or extremely important” for hotels to continue investing in technology to enhance the guest experience.

As much as hotels have augmented the scope and quality of their guest offerings, hospitality bedrocks requiring the human touch still rank among the most important to guests. For example, they say room cleanliness (93%) and staff helpfulness (72%) are “very or extremely important” to overall satisfaction of their hotel experience. Such findings underscore the continued importance of hiring and training staff well.

Our research, however, also shows that guests value technological advancements and highlights opportunities for hoteliers to automate transactional activities, freeing staff to better provide personalized service. Indeed, nearly two-thirds of U.S. hotel guests said it is “very or extremely important” for hotels to continue investing in technology to enhance the guest experience.

#### Customer Service Offerings Are the Most Important Elements of a Hotel Experience





## ON-PROPERTY

By far (nearly 60%) guests still prefer talking in person with hotel staff at the front desk or concierge office.

Among the top initiatives that guests say hotels should use technology to improve or deliver: capability to select specific room locations (45%), means to share information about in-destination activities (41%), the check-in/check-out process (39%) and ways to make service requests (36%).

The latter is an interesting avenue to explore and highlights the growing intersection between human and digital communication. By far (nearly 60%) guests still prefer talking in person with hotel staff at the front desk or concierge office – underscoring yet again the value of personal interaction.

### Guests Want to Utilize Technology to Improve Their Hotel Experience

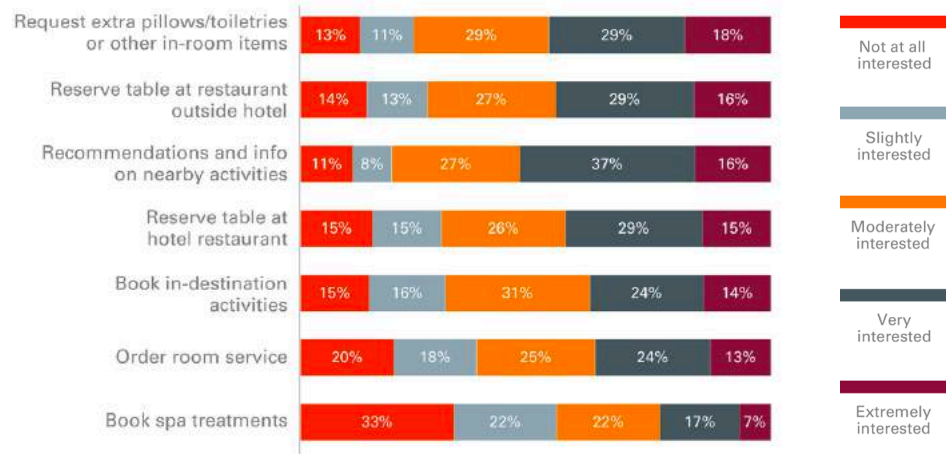




## ON-PROPERTY

By comparison, only 2% want to request staff assistance via a hotel app. But given the opportunity to use a messaging app, guests express significant interest in tapping it to gain help for a variety of tasks. U.S. hotel guests said they were “very or extremely interested” to do the following: request extra pillows/toiletries (47%), make restaurant reservations (45%), obtain recommendations for nearby activities (53%) and order room service (37%).

### How Guests Want to Engage with Hotels on Their Smart Phones





## Key Findings Spanning the Travel Lifecycle



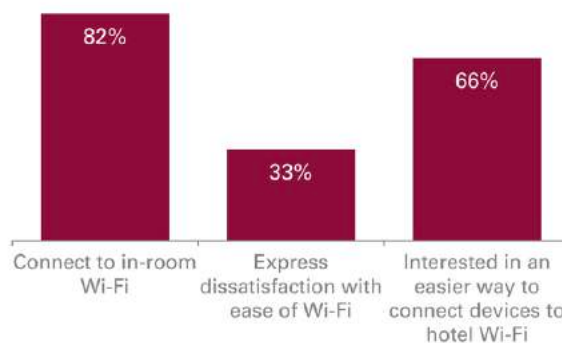
### IN-ROOM

For many guests, WiFi access is the first thing they seek upon entering a room.

When it comes to making a better impression on guests through their in-room experience, hoteliers have several avenues to pursue: WiFi access, climate control, entertainment and housekeeping. And guests have strong opinions about each.

- **WiFi access:** For many guests, it's the first thing they seek upon entering a room – 82% of U.S. guests reported connecting to in-room WiFi. But that doesn't mean they are pleased about the process to use it – 66% are interested in an easier way to connect, and one-third expressed dissatisfaction about access difficulty.
- **Climate and light control:** Guests clearly have an interest in using technology devices to adjust room lighting and temperature. Among their top choices: hotel-provided tablets (32%), their own smartphones (27%) and voice activation (25%). But there is a disconnect between guests' growing interest in this capability – 29% said it's "very or extremely important" that hotels invest in smartphone apps to control room environment – and hotels' seeming reluctance to allocate resources for these projects. With the exception of U.S. chains and some German independents that have installed smart panels for climate control, hoteliers reported no plans to introduce technology to address this issue.

#### Importance of the Wi-Fi Connection



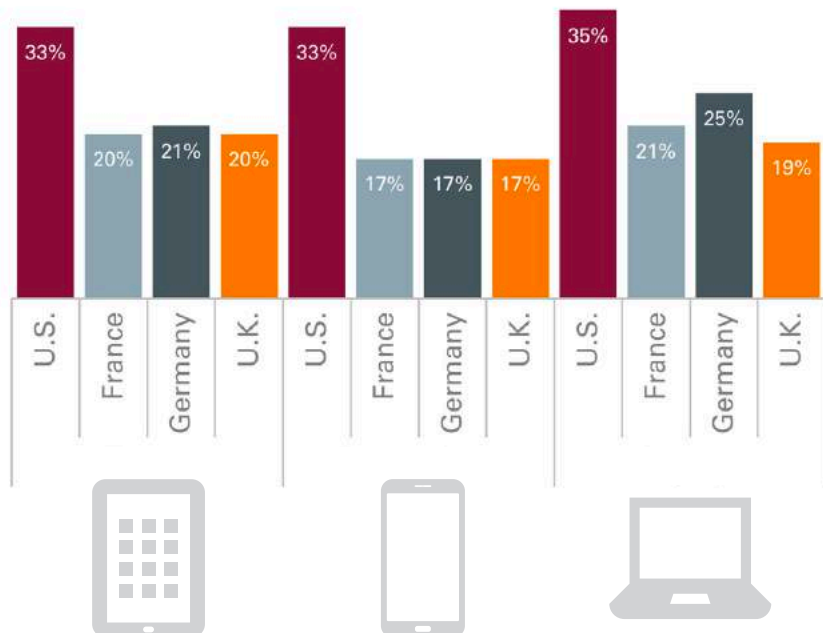


## IN-ROOM

As guests demand hotels invest more, hoteliers are responding by improving technology and services that enable them to better enjoy their own content and devices.

- In-room entertainment:** Nearly 75% of guests use in-room entertainment, and 28% said it is “very or extremely important” to their overall hotel experience. And as guests demand hotels invest more in this area, hoteliers are responding by improving technology and services that enable them to better enjoy their own content and devices – for example, improving WiFi and Bluetooth and increasing HDMI ports. Said one U.S. hotel chain executive: “There is little interest in our entertainment. It’s really about allowing guests to use their own device.” This preference is exemplified by U.K. guests’ interest: 25% are very/extremely interested in listening to music on their own device (through an in-room audio system) vs. 16% who preferred listening on the hotel room radio.
- Housekeeping:** Room cleanliness is, by far, the most important criterion for overall guest satisfaction. Related to that theme, 35% of guests said they would like the ability to schedule room cleaning, and 26% said they would appreciate a smartphone notification indicating that their room was being cleaned. However, hotels, in general, aren’t pursuing guest-facing technology to address such housekeeping requests. Rather, hotels are primarily using mobile technology to improve housekeeping staff performance.

Guests that are very/extremely interested in streaming shows and movies on personal devices with in-room wifi





## Key Findings Spanning the Travel Lifecycle



### IN-DESTINATION

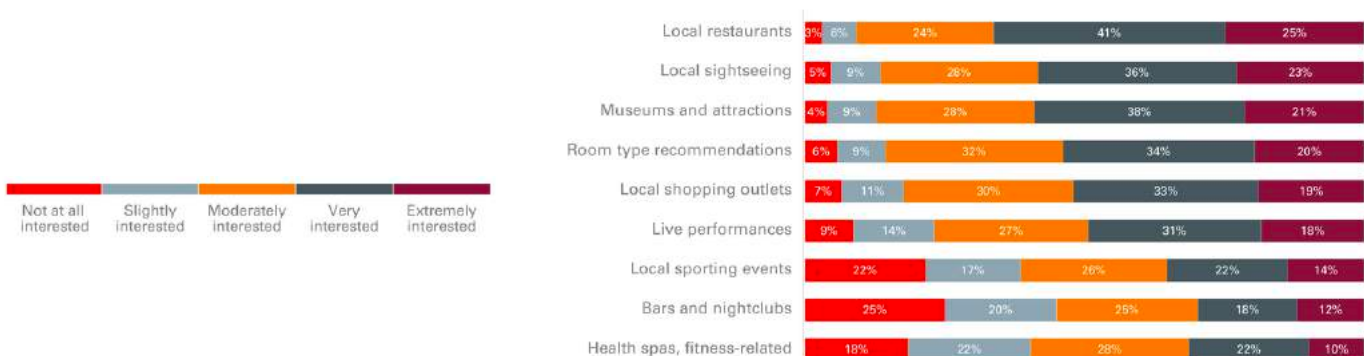
Helping plan guests' itineraries, especially by tailoring them to their interests and preferences, is one of the surest ways to make their experience memorable.

When guests arrive at their destination, often an unfamiliar setting, they're eager to find reliable recommendations for a range of activities, including places to eat, shop and visit. Helping plan guests' itineraries, especially by tailoring them to their interests and preferences, is one of the surest ways to make their experience memorable. But much too often, hoteliers concede this role to others.

According to our study, 38% of U.S. guests use a concierge for in-destination recommendations and reservations. But that means more than 60% of guests rely on alternative means, mostly Internet searches, for such tasks. It's a ratio that needs to be reversed by better promoting the concierge staff and the services they provide. Putting the concierge team in play is crucial because they can help in a variety of ways.

For example, guests say they would be "very interested" in receiving recommendations from hotels, but that information, once used, is rarely kept by the hotel. The concierge could play a key role in saving such preferences in a guest profile to create more personalized experiences in the future. The concierge also could steer guests (who typically dine out) to in-property restaurants, helping increase hotel revenues.

#### Guests Want to Receive Hotel Recommendations in the Following Areas:





## Key Findings Spanning the Travel Lifecycle



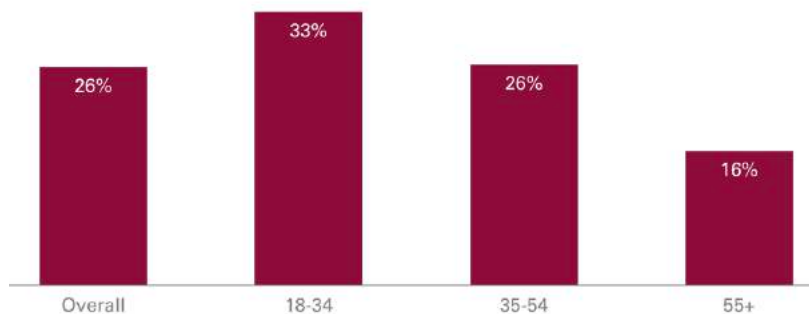
### POST-STAY

Peer review likely will become even more prevalent, especially with millennials' travel activity accounting for a greater share of the industry.

Providing the best guest experience possible is important not just to accommodate travelers during their stay, but to influence what they'll say about your hotel afterward. According to Phocuswright's *U.S. Traveler Technology Survey 2015*, 38% of consumers wrote an online review about a hotel they used in the past 12 months, which among all travel products, represented the highest rate for critiques.

Considering the impact word-of-mouth advertising has on consumer decision-making, such commentary from fellow travelers can't be taken lightly. Furthermore, peer review likely will become even more prevalent, especially with millennials' travel activity accounting for a greater share of the industry. The millennial generation (ages 18-34) shares hotel experience on social media (33%) far more than older travelers (26%).

#### • Guests Who Shared a Hotel Experience on Social Media •



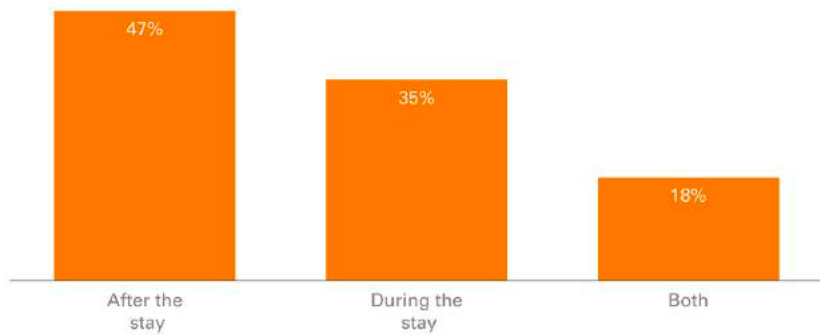


## POST-STAY

Large U.S. hotel chains are increasingly employing social media platforms to drive their brands.

Responding to that trend, large U.S. hotel chains are increasingly employing social media platforms to drive their brands – for example, offering guests rewards (free drinks) for sharing their experiences. They’re also using social media to encourage participation in loyalty programs or to monitor and resolve complaints. But in Europe, hotel chains haven’t been nearly as engaged in social media, and many independent hotels say they don’t have the resources to invest in the platform and utilize it beyond responding to guests’ posts.

Majority of U.S. Travelers Will Post on Social Media After a Hotel Stay





## Key Findings Spanning the Travel Lifecycle



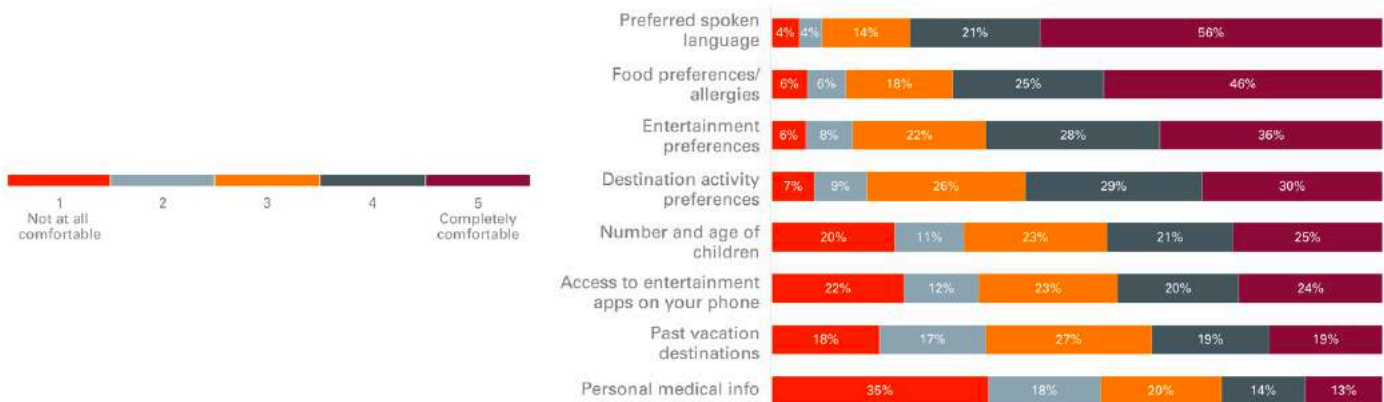
### PERSONALIZATION

Does greater pursuit cross the line from being helpful to being intrusive?

As noted earlier, travelers have expressed with conviction that they want – and expect – hoteliers to invest in technology to improve their guest experience. And there’s little doubt that the enhancements guests covet are the ones that help personalize their experience – in other words, services and activities that cater to their individual needs and preferences.

But hoteliers say they can’t meet such expectations without acquiring additional information from guests and that’s where potential problems surface: Does greater pursuit cross the line from being helpful to being intrusive? During in-depth interviews conducted by Phocuswright, hoteliers revealed that there is a considerable divide among them about this subject. U.S. hotels said personalization is becoming increasingly important and are actively pursuing means to connect guests to their favorite brands (For example, informing travelers of the nearest location of their favorite store.). But in Europe, especially Germany, hoteliers are concerned about infringing on guest privacy and are using a personalized approach in limited fashion, mostly for pre-stay marketing and communication. A similar chasm exists between chain hotels and independent properties.

#### Guests Are Willing to Share Information with Hotels in the Following Areas:





## PERSONALIZATION

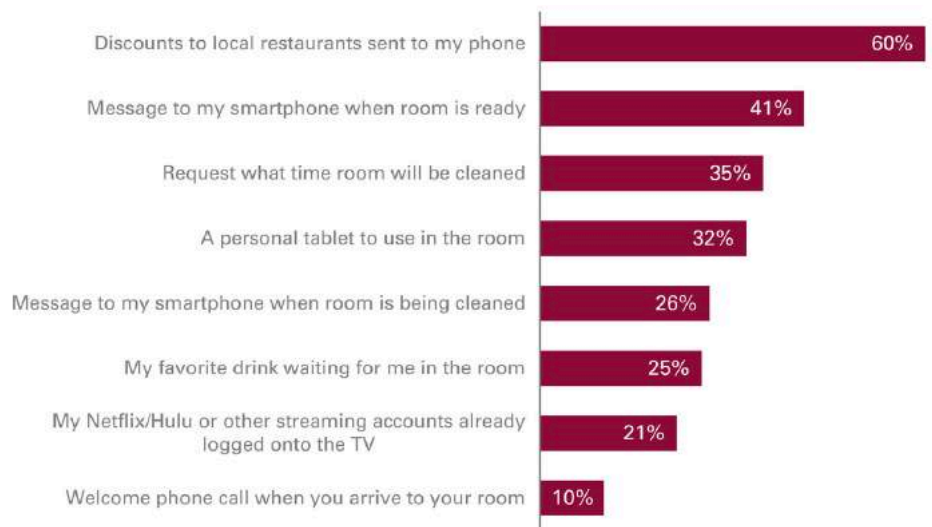
If achieving personalization is deemed too intimate, hoteliers could opt instead to use technology to “customize” offerings.

The following quotes typify the contrasting philosophies:

- **U.S. hotel chain:** “If we know the apps people have on their phones, we can help make their experience better.”
- **European hotel chain:** “Personalization up to a certain level is important. If used in an exaggerated manner, guests may feel monitored.”

But our research findings also make evident that technology can help bridge these differences and provide better service to guests. If achieving personalization is deemed too intimate, hoteliers could opt instead to use technology to “customize” offerings. Such service helps individualize service without necessarily requiring additional guest data. Topping their technology-enhanced, guest-experience wish list, 45% of U.S. guests think the ability to select a specific room location would improve the hotel experience. And many of them would welcome “one-on-one” messaging and service delivery via smartphones. Among their preferred requests: discounts to local restaurants (60%), notification of room availability (41%) and ability to schedule room cleaning (35%).

### Guests Are Most Interested in Receiving Messages on Their Smart Phone





## Key Findings Spanning the Travel Lifecycle



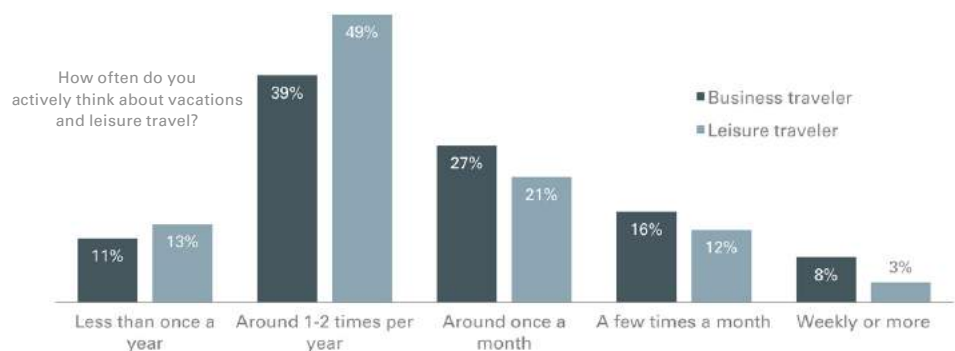
### BUSINESS VS. LEISURE TRAVELERS

80% of U.S. business travelers stayed in hotels for a leisure trip during the past year.

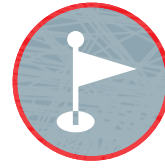
Taking a deeper dive to gain insights about guests, our research also compared business and leisure travelers, seeking their commonalities – as well as their differences – to better serve each group.

Not surprisingly, business travelers – who are veterans of taking planes, trains and automobiles – travel more frequently, including for leisure. In fact, 80% of U.S. business travelers stayed in hotels for a leisure trip during the past year, and they are more likely to book stays at hotels for vacations than leisure travelers (4.1 stays vs. 3.6 stays, respectively). They even think about travel more – 51% contemplate taking a trip more than once a month. By comparison, only 36% of leisure travelers do so as frequently.

#### Comparison of Business vs. Leisure Travelers







## BUSINESS VS. LEISURE TRAVELERS

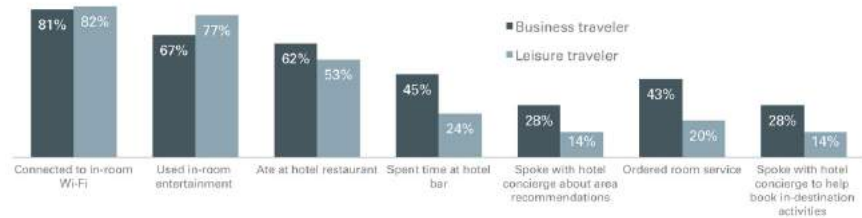
Once on property, business and leisure travelers often similarly value the same key attributes of a hotel.

For hoteliers, such findings point to an opportunity: Business travelers could well morph into leisure travelers for your property, too. They also make an attractive consumer group because 64% of them (U.S.) participate in a hotel loyalty program, increasing the odds of winning their repeat business. However, loyalty enrollment isn't a consistent characteristic of all business travelers. Participation can vary significantly by country: France - 35%, Germany - 19% and UK - 28%.

Once on property, business and leisure travelers often similarly value the same key attributes of a hotel. For instance, more than 70% of both groups said room cleanliness, hotel location and staff helpfulness are "very or extremely important" to their overall satisfaction. But there are notable differences between the two. In general, business travelers – likely because of their propensity to spend more time in the hotel – place a greater value on in-room and on-property amenities (such as quality of hotel restaurants).

### Business Stayers Use Property Features Much More So Than Leisure Guests

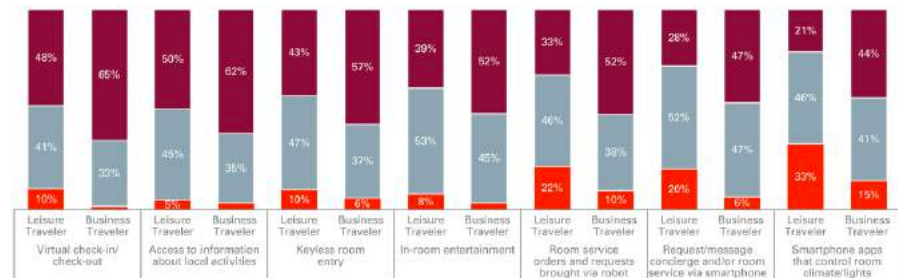
Which of the following have you experienced at a hotel within the past 12 months?



That theme carries over into their preferences for personalized service. Business travelers clearly desire efforts that make their rooms "feel like home" – their favorite drink poured for them or their Netflix accounts already logged onto the hotel TV. By comparison, leisure travelers are seeking experiences beyond the property and want discounts, for example, to local restaurants (sent to their smartphones) more than business travelers – 65% vs. 48%.

### Business Guests Feel It's Very/Extremely Important for Hotels to Invest More in New Technology

■ Not at all important  
 ■ Slightly/moderately important  
 ■ Very/extremely important



And finally, technology is virtually an inseparable part of the hotel experience for both guests. Indeed, leisure and business travelers reported "connecting to in-room WiFi" as their top-rated activity at a hotel in the past 12 months – 82% and 81%, respectively. When it comes to investing in technology to deliver new services, they strongly voiced a common request: Business (94%) and leisure (80%) travelers value the ability to use their smartphones to request service and message hotel staff.



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## CONCLUSION

The hotel industry is defined by human connection, the giving of service to make the guest experience extraordinary. It is a fundamental truth that will always remain a constant, regardless of marketplace trends and dynamics that evolve the business. But that does not mean service cannot be enhanced and, in fact, it must.

Our research reveals valuable insights, but a central theme weaves through them all: Consumers already deem technology as an inseparable element of their travel journey, and they demand – and expect – hoteliers to continue investing in it to improve their experience. Among our key takeaways:

- **Technology is a critical catalyst in creating a differentiated experience.**

In every stage of the travel lifecycle, from planning to post-stay, technology intersects with consumers. By investing in it and using it creatively, hoteliers have the opportunity to use technology to uniquely engage each guest. Such overtures can manifest in myriad ways, including: improved booking with customized options, faster check in/check out and mobile access to hotel services. They all contribute to individualized attention and exceptional service that guests, weary of mass commercialization, crave more than ever.

- **Guests are clamoring for greater control of the in-room experience.**

It's a common refrain that's getting increasingly louder: We want more control. From the moment guests enter a room, they regard it as their personal sanctuary – to do whatever they want, whenever they want. Guests want to individualize their in-room experience as they see fit, which means everything from scheduling housekeeping to selecting entertainment. As hoteliers, it is your mission to facilitate their desires. Technology can help, for example, by making it easier for guests to watch or listen to their own entertainment content – or providing apps that enable instant messaging with staff.

- **The hotelier as orchestrator – it is a vital role that will pay dividends now and in the future.**

More than 60% of guests rely on non-hotel sources for in-destination queries, such as recommendations for activities and restaurant reservations. Hoteliers cannot afford to forfeit providing such an invaluable service. They can play a leading role in planning, for example, by better promoting the concierge and bolstering its services. The concierge can become a trusted confidant to guests, building relationships and documenting preferences in guest profiles to ensure an even better stay next time.



Consumers already deem technology as an inseparable element of their travel journey, and they demand – and expect – hoteliers to continue investing in it to improve their experience.

- **Technology enables hotels, both chains and independents, to pursue the delivery of individualized guests experience as they see fit.**

Factors such as size, budgets and geography often dictate hoteliers use of technology, but its flexibility allows it to be deployed in a variety of creative ways. Even in limited fashion, technology is a pivotal asset because it addresses the industry’s conflicting goals: operate efficiently at scale and simultaneously provide individualized service. By driving both, technology can foster greater guest loyalty and generate greater revenue.

Rather than worry that greater reliance on technology will erode the human aspect of hospitality, hoteliers need to embrace it for what it can be: an invaluable tool to better understand their guests and orchestrate stays that they will long remember.

#### **METHODOLOGY**

Methodology for the Oracle Hospitality-Phocuswright Study includes: Phocuswright fielded an online survey from September 15-21, 2016 through Global Market Insite, Inc. targeting the U.S. adult population that has Internet access and travels for leisure. To qualify for participation, respondents must have taken at least one leisure trip that included paid hotel accommodations 75 miles from home in the past 12 months.

In addition, Phocuswright fielded an online survey from April 4-18, 2016 targeting the general French, German and U.K. adult populations that have Internet access and travel for leisure. To qualify for participation, respondents must have taken at least one leisure trip that included paid accommodations at least 100 kilometers from home in the past 12 months.

Phocuswright also conducted a series of in-depth telephone interviews with stakeholders in the U.S., France, Germany, and U.K. to gain insight into perspectives from hoteliers at chain and independent properties.



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## FOR MORE INFORMATION

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