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Hospitality Leadership Through Learning

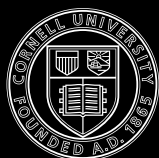
## 2012 Cornell Hospitality Research Summit: Moving the Hospitality Industry Forward with Social Media and Technology

Cornell Hospitality Proceedings

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by Glenn Withiam

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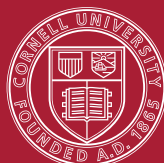
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Cornell Hospitality Research Summit 2012:

# Moving the Hospitality Industry Forward with Social Media and Technology

by Glenn Withiam

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**Glenn Withiam** is the director of publications at the Cornell Center for Hospitality Research. This proceedings would not have been possible without the notes provided by the following session reporters: Elisa Chan, Nancy Chan, Laura Fraefel, Mathias Gouthier, Arnab Gupta, Rahul Kamalapurkar, Sanghee Park, Kate Loh Qiaoling, Natasha Singh, Kanika Thakran, Matthew Walsman, Jie Yang, Yunzi Zhang, and Enlin Zhou. The session reporter group was organized by Kimberly Schlossberg, CHR conference assistant.





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## EXECUTIVE SUMMARY

**W**ith two keynote panels and over 80 presenters, the Cornell Hospitality Research Summit 2012 (CHRS 2012) brought some 230 participants to the School of Hotel Administration for two intense days of presentations and discussion. Participants came from 21 nations in addition to the U.S., with about 60 percent industry practitioners and 40 percent academic researchers.

Seventeen presentations touched directly on the areas of social media and technology, critical topics, given the industry's rapid push to understand and manage the social media and mobile revolutions. Travelers' move to mobile technology continues at a remarkable speed, and mobile will soon overtake other internet access platforms. The hospitality industry must focus more directly on the many applications arising from mobile and develop a mobile strategy. Although mobile technology is revolutionary, the most remarkable aspect of social media is customers' willingness to share their opinions of hospitality experiences, and further to express their needs and desires. The challenges here involve making sense of the disorganized pile of information created by social media and the internet. Several presentations proposed analytic methods to filter noise and find the valuable information that guests are posting. In addition to building competitive strength, hotels can use the information to augment loyalty programs and to improve services.

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**I**n a concentrated two-day period, the Cornell Hospitality Research Summit 2012 presented over 80 presentations on a wide variety of hospitality-related subjects, all focused on the key issues to advance the hospitality industry. A solid set of presentation track addressed the industry's current status and strategies relating to social media, one of the fastest-moving areas of industry concern. Given the industry's many moving parts, specialized disciplines, and parallel enterprises, the overall message from the CHRS is the need to engage all stakeholders in the critical elements that create success for hospitality enterprises: providing service and facilities that satisfy customers, giving operators the tools to expand revenues, and controlling costs to provide a reasonable return for investors. In the process, hospitality executives and academic researchers presented their research on the many disciplines and issues that come to bear on the contemporary hospitality industry, including customer service, distribution, hotel investment and value, human resources, internet analytics, pricing and revenue management, restaurant service and operations, social media, sustainability, and technology. This proceedings summarizes the presentations covering social media and technology.



**Kelly McGuire, executive director of hospitality and travel global practice, SAS: Analytics can filter out noise from data on social media and give managers the data they need for proactive decision making.**

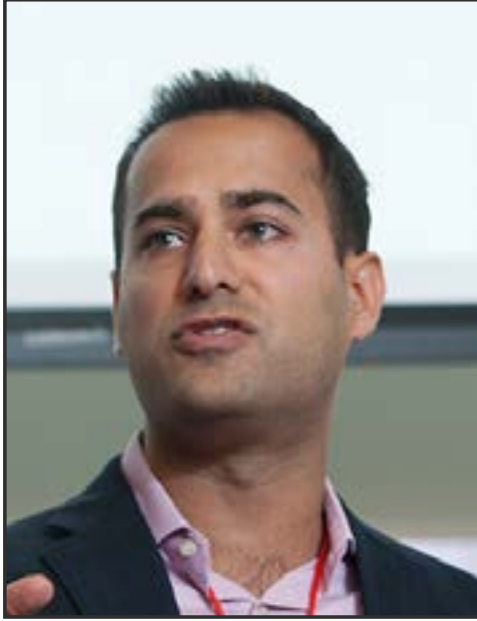
## Analytics and Social Media

With effective analytical approaches, hospitality firms can use the information that guests share on numerous social media sites for many purposes, including determining who are truly their best customers, improving customer loyalty, and developing more focused service approaches that meet guests' needs. All of this begins with the process of analytics, which seeks to separate the true data from the noise of the internet.

**Success with analytics.** With all the static created by social media, smart hospitality companies have learned that analytics can filter out the noise from the data, and allow them to improve the customer experience, according to Kelly McGuire, executive director of the hospitality and travel global practice at SAS. A foremost use of analytics is to help managers acquire actual data for proactive decision making. The key aspects of analytics are to provide statistical analysis of why something is occurring and what opportunities might be available, as well as forecasting to determine whether current trends will continue, predictive modeling to show what most likely will happen next, and optimization, to operate more effectively. McGuire advises companies to create a different culture to take advantage of analytics and an integrated approach to data. With the technology in place, a company can start digging into real time data and then incorporate those data into established analyses. Eventually the process becomes automated for fully integrated decisions. Finally, the data sources are extended to include data from unstructured text and social media sources and to provide real time decision support.

**Digging down with analytics.** Seeing the importance of analytics for the hotel industry, in 2011 Accenture conducted an internet-based global consumer study of well over 10,000 consumers to evaluate ten industries, including the travel and tourism industry. Looking at the travel and tourism industry, Accenture found some of the highest levels of overall satisfaction and willingness to recommend, but even with high satisfaction scores and a high recommending percentage, the industry's loyalty is below the average of the ten industries. One likely reason is that even though the various hospitality industry brands are differentiated, consumers consider it easy to shop and switch, with almost one in two switching providers in the last year. Of the ten industries in the Accenture survey, travel and tourism has the lowest switching costs. Other service providers, including cable and banking, are much stickier in terms of customer switching. Hotels' loyalty programs might have had an initial effect of slowing down switching, Umar added, but since all companies now have similar programs the outcome is a flatline.

Looking at reasons that people give for switching, Umar Riaz, managing director of Accenture's travel and tourism practice, said data point to a weak customer experience, followed by lost trust in the company, lack of associate knowledge, and lack of customization. On that last point, he added that consumers do want to be known and recognized, and they appreciate it when recognition means distinctive treatment.



**Ashish Gambhir, co-founder of newBrandAnalytics:**  
Analyzing social media comments can bring out hidden consumer attitudes and allow operational improvement.

**Competing for guests.** In the battle for business, Accenture executive partner Julio Hernandez underscores the idea that analytics must be linked to action to drive value. The hospitality industry could adapt analytical approaches from other industries. He offered the equation that data plus insights plus actions lead to better decisions and improved outcomes, driven by analytics. Data, he said, are joined to be more valuable, with new sources of data, some of which are drawn from the customer. Insight means planning for scale, creating algorithms to automate analysis and being empowered—so that managers feel empowered to use them. Actions must be taken with the end in mind and then embedded and simplified. Any action must be measured through metrics of finance, sentiment, and engagement.

To build strong analytics capabilities, a firm first must identify data sources and services, ensure solid data management by having a good IT person, set appropriate methodology, and make sure the data can be shared through visualization, execution, and collaboration. He concluded by saying that analytics can help across the entire hotel value chain, including sales management, marketing and guest-experience management, and operations management. Those three categories should not be treated independently but should be linked.

The chief frustration for consumers in Accenture's study involved poor expectation setting and lack of employee relevance to the service situation. The top reason for dropping a company is that it promised one thing but delivered another. In particular, the industry faces a huge challenge in treating

customers consistently. A second major issue highlighted by would-be guests is dealing with employees who are not knowledgeable when the guest is considering buying. One of the abiding mysteries is why employees who deal most with customers are always in entry-level positions. The biggest customer touchpoint seems to be the least important job in the company. Umar said it might be time for hospitality firms to reshape their compensation and training structures. The final frustration cited by travel and tourism companies is employees who do not acknowledge guests' specific needs.

All of these points leave the travel and tourism industry "stuck in the middle" with regard to loyalty. Hernandez explained that research on loyalty shows different dimensions on how guests are engaged. Some guests are conditionally loyal (responding only to loyalty promotions), and others will be loyal regardless of any loyalty program. Consumer-goods companies have tumbled to the importance of service, he concluded, with individualism and empowerment. Starbucks is an example of a firm that has tailored its experience to guests by having a strong mobile presence. For hospitality firms, the next trend in driving value is experience-based loyalty. Merely calling someone a gold or platinum loyalty program member is not enough; there has to be an experience behind that designation.<sup>1</sup>

**Building customer loyalty using social media.** Social media may seem like the wild west in terms of corraling the information that customers strew across the internet. Among the firms that seek to gain market intelligence from social media is newBrandAnalytics, which collects, processes, and organizes information on social sites to create a social performance scorecard for a hotel or restaurant. Co-founder Ashish Gambhir explained the principles behind this analysis. The first step is to decipher unstructured comments, by placing the words into categories, such as for food quality, service, and overall experience. For simplicity newBrandAnalytics puts this in the form of a scorecard, but the point is to take a methodical approach to social media analysis.

Gambhir offered the case study of a restaurant chain that was concerned about declining service. Even though the official guest survey scores failed to indicate a problem, the comments on social media told a different story, with frequent mentions of unreasonable wait times and inattentive staff. Further analysis found that one of the chief drivers was a perfunctory initial greeting from the staff, which many guests characterized as rude. The firm put a training plan in place that would "start the meal off right," with staff intro-

<sup>1</sup> For a more detailed examination of loyalty programs, see: Clay Voorhees, Michael McCall, and Roger Calantone, "Customer Loyalty: A New Look at the Benefits of Improving Segmentation Efforts with Rewards Programs," *Cornell Hospitality Report*, Vol. 11, No. 11, Cornell Center for Hospitality Research.



ducing themselves and with managers visiting guests' tables. The result was a greatly improved intent to return, based on two entirely new drivers, the staff and management, which had not been found in earlier studies. In summary, Gambhir warned hospitality managers to take web commentaries seriously. He noted that many hospitality industry managers continue to be skeptical of web content, thinking that negative comments are posted by competitors or by consumers who are not part of the target market. Even if some comments do come from those sources, Gambhir explained that the ease of posting on so many social media sites has increased data quality. With more people posting, feedback becomes more rational (and trolls are drowned out).

**Social media ROI.** Another criticism of social media campaigns is the difficulty of measuring the return on investment in social media strategies. Peter O'Connor, professor at Essec Business School, agreed that measuring the effect of social media on a business is important, both to gain buy-in from management and employees and to make wise choices about prioritizing time and resources. O'Connor pointed to one survey that found that only about one respondent in eight could track direct revenue impacts of social media. To develop a measurement strategy, O'Connor has begun a process of interviewing the corporate level manager for social media of the 30 top global brands. Based on the nine interviews completed to date, he has identified nine possible metrics and two major challenges. The challenges are skepticism of the value of social media on the part of top management, and the difficulty of making a business case for social media. Potential metrics are reach (fans or followers), activity (number of posts, or tweets), traffic (clickthroughs to the website), engagement (likes, retweets), sentiment or reputation (attitude toward the brand), leads (traffic or bounces), bookings (number of resulting reservations), net promoter score (likelihood of recommending), and revenue (directly attributable revenue). Further research will identify which of those metrics are most critical, but he sees the following as applying most directly to the hospitality industry: sentiment or reputation, leads, bookings, net promoter score, and revenue. Ironically, these are the least frequently cited metrics by respondents in his research. Other industries may provide some of the social media learning, but the hospitality industry must begin to focus on so-called big data, or business analytics that apply most directly to hospitality customers.

**Online search and hotel strategies.** While social media draw industry considerable attention, they are just one aspect of internet analytics, which also includes websites and online marketing. Anil Aggarwal, CEO of Milestone Internet Marketing, suggests that a hotel's online assets and web equity are composed of three facets: social aspects (such as blogs, Facebook, and Flickr), website aspects (including



**Peter O'Connor, professor, Essec Business School:**  
**Hospitality industry executives must overcome their skepticism about social media.**

search engine optimization and paid search), and marketing and optimization (such as Facebook places, Google or Bing places, and map search). As an elementary starting point Aggarwal points out that a hotel should make sure its name, address, and phone number are correct and consistent in all locations, regardless of the frame or platform. Beyond that, the hotel's web site should be kept fresh with new content, including reviews.

With Google's semantic search and the stress on local search, a hotel needs to make sure that it's associated with local events as appropriate. Aggarwal proposed five overall local promotion strategies. First, the hotel's website should indicate its proximity to a city, and include metatags. Second, with Bing and Google, include optimizing profiles that will include the hotel on enhanced listings. Third, have citations and links to whoever is talking about your property in the market, and connect with Yellow Pages, InfoUSA, and any local social channels. Fourth is reviews on such sites as Google Places, TripAdvisor, Yelp, Twitter, and Facebook.

Google Places has a new look in which Places and Google+ are combined, and this also includes the Zagat scoring system for restaurants, which Google has acquired. Aggarwal urges restaurateurs to make sure they get a 10 on any ratings. Contrary to the assumption of some managers, it's difficult to write a fake review on Google, because Google can seek out and identify phony reviewers if it so chooses. Your hotel or restaurant can create a Google+ Business page as a central hub for online communication, and improve brand saturation. Focus posts on things that people



**Anil Aggarwal, CEO, Milestone Internet Marketing:** Think local to connect your hotel with events and attractions in your market and above all make sure your name, address, and contact are correct and consistent.

are talking about. Aggarwal gave the example of SeaWorld, Splashtown, and the McNay Art Museum for a hotel in San Antonio, Texas. By talking about these attractions, a San Antonio hotel is connected to people searching for them. People are far more likely to search for an event or attraction than for your hotel. Optimize across channels to make sure each channel has similar connections about events and attractions near your hotel.

As a final note, Aggarwal presented the case of Velas Resorts, which offered a promotion called “Marry Me in the Riviera Maya,” inviting would-be guests to post wedding stories and wishes. The winner received a free wedding, and the resort received thousands of new Facebook fans, email clickthroughs, and views of the Velas Weddings YouTube channel. In sum, as search evolves, it is becoming more local, social, and mobile. On-page website optimization is essential, with a focus on content, freshness, engagement, and user experience. Using schema tags to mark up a website will help direct relevant traffic and ensure faster indexing. Finally, all online channels must be seamlessly integrated.

**Profiting from customer reviews.** From her position as a vice president with Revinatate, Michelle Wohl has a broad perspective on internet reviews. Revinatate scans the web for reviews regarding its clients and creates a profile of those reviews. Looking at the trends in reviews, she sees an increasing number of properties paying attention and responding to guests’ postings. This results in a favorable cycle. When hotels respond to reviews and improve their operations, reviews improve. As found in other studies, her firm sees that reviews are generally fair and favorable—far from the old stereotype of internet complainers. However, it is still true



**Michelle Wohl, vice president, Revinatate:** Online reviews are generally fair and favorable, but there are many extreme reviews, both positive and negative.

that reviews often represent the extremes, those who are highly pleased and those who are extremely disappointed.

The largest number of reviews are posted on TripAdvisor, distantly followed by Hotels.com and Booking.com. In a study of selected cities, Chicago hoteliers are most likely to respond to reviews, while Las Vegas operators have a relatively small response percentage. Las Vegas experiences nearly 400 reviews per month, but its response rate is driven down by certain large casino hotels that respond to no reviews. On balance, Revinatate’s clients say they are not surprised by overall review contents, since they generally reflect the hotel. The number one positive item mentioned in reviews overall is service, while poor management and lack of cleanliness are the most cited negative points. Staff members get high marks in reviews posted in Chicago and New York, while guests are often disappointed by the size of the rooms and bathrooms in NYC (where many hotels use legacy buildings). Location is important to guests in Las Vegas, who cited proximity to the strip, and in Miami, for whom the main positive point is proximity to the beach. Toughest reviewers overall are business travelers, and the two main complaints are parking and lack of free internet. In closing, based on the success she has seen for Revinatate’s clients, Wohl again urged managers to heed guests’ reviews and make what changes they can in response.

**Customer reviews and hotel value.** Room rates have long been one indicator used by guests to determine a hotel’s quality or value, but that metric has been smashed by the internet, according to an analysis by Breffni Noone, of Pennsylvania State University, and SAS’s Kelly McGuire. In a study of 265 hotel consumers, Noone and McGuire found



**Breffni Noone, professor at Penn State:** No rate discounting can offset the power of negative reviews, as hotel guests now put heavy weight on user-generated reviews posted on the web.

that the consumers put a far greater weight on user-generated content (UGC) than they did on price, when they made a judgment about the quality of a particular hotel. Additionally, the information presented in a review played a greater role in that determination than did the hotel's aggregate ratings. Given the availability of information on the internet, consumers see price as a sacrifice or economic outlay, so a low price is more attractive. However, as most hotel managers already know, competing on price alone is not an effective strategy, even though consumers do prefer to pay a lower price. Instead, the overall direction of the reviews and the ratings count more heavily. Indeed, Noone and McGuire found that no rate discounting can offset the negative power of bad reviews. Beyond that, they suggest that positive reviews will encourage bookings even when a hotel's price is higher than others listed on a results page. In conclusion, they see the following factors in a consumer's hotel choice: hotel brand, TripAdvisor rank, aggregate rating, reviews, amenities, class of service, and location.

**Social media as a management tool.** Hotels are making increasing use of social media analytics to improve operations, with a goal of boosting customer satisfaction and revenue, as explained by R.J. Friedlander, CEO of ReviewPro. Perhaps the most common use of web-based commentaries is seeing what is being said about the hotel. Those online commentaries are a strong indication of guest satisfaction, Friedlander said, and even more critically social media can become a source of product improvement ideas. He gave the example of a hotel in Barcelona that boosted its overall hotel ratings by paying attention to social media comments on the property's breakfast offering. The resulting improvements reduced the number of negative reviews and



**B.J. Friedlander, CEO, ReviewPro:** Savvy hotel operators are using the information from social media postings to improve operations.

postings relating to the hotel. An upscale European boutique operator has learned that checking on guest satisfaction at check-out has brought a high volume of positive reviews. Guests are particularly impressed that a manager is involved if any problems come to light. Another property combined online commentary with custom guest questionnaires to make room improvements based on that feedback.

Most critically, Friedlander cited research conducted by Cornell professor Chris Anderson, with support of STR, Travelocity, and ReviewPro, that shows an increase in both the odds of being booked and an increased ADR stemming from an increased review score. This also applies to increases in ReviewPro's Global Review Index (GRI) and hotels' RevPAR.<sup>2</sup> In conclusion, this is one demonstration of how social analytics can be used in revenue management and to improve the guest experience.

**From conversation to conversion.** When Martin Stoll looked around to see which industry was making the best use of social media to drive sales, he found that the fashion industry was ahead of the curve. The hospitality industry, not so much. Stoll, founder and president of SparkLoft Media, determined that "bragging"—that is, showing off a new purchase and the inspiration for that purchase—was a key factor in people's fashion purchase decisions. For example, the *Fashism* website allows a person to take a picture of herself in a dress and get opinions from friends on how it looks (and whether to buy it). Stoll cited one instance where an individual received 296 comments on a possible outfit.

<sup>2</sup> See: Chris K. Anderson, "The Impact of Social Media on Lodging Performance," *Cornell Hospitality Report*, Vol. 12, No. 15 (November 2012), Cornell Center for Hospitality Research.



**Martin Stoll, founder and president of SparkLoft Media:** What's missing in hospitality social media is finding ways for guests to brag—that is, to interact with friends to demonstrate their new purchase and the inspiration for the purchase, which happens with the fashion industry.



**Doug Miller, senior vice president for new business initiatives, LivingSocial:** Making the connection between the consumer's inspiration and the “buy button.”

Gap rolled out a fashion line and gave the clothes to fashion bloggers, with the result that people who ordinarily wouldn't be looking at Gap's clothes were considering a purchase.

Applying those observations to the travel and tourism industry, Stoll focused on the idea that size plus relevance equals amplification, with likes, shares, and comments creating a magnified potential reach. With social media, people are more than willing to share what they are doing and thinking. They are willing to “help” develop sales collections (that is, curate web pages) with their likes and votes. Opinion leaders or influencers have greater effect, since more people can see their comments. This activity creates data that allow companies to know what their customers are doing at all times. Social connections become more important with social media. For instance, KLM's seat selection site allows people to use LinkedIn or Facebook to see where other people they might know are seated on a plane.

Stoll urged the hospitality industry to consider more innovative uses for social media by connecting the social aspects of events to a wider circle of customers. Since it's possible for hotels and restaurants to store information about customers' wishes, Stoll points out that a person could have a “push button for hunger” app that brings a pizza with your favorite toppings delivered to your door. Ordering and settlement are all automated because the restaurant already knows what you want and how you will pay. In this way, all

user experiences can be simplified and opportunities can be increased. Stoll proposes ways for the hospitality industry to use the “brag and inspire” aspects of social media to encourage new guests. Taking an example from his home state, he outlined an “Oregon Adventure Bucket List,” for activities such as hiking the Pacific Crest Trail through the Cascades, snowboarding on Mount Hood, or bicycling Crater Lake's Rim Drive. Clicking on a “want to do” or “have done” button would connect a person with people who are in the same category and with outfitters who support the activity. In conclusion, Stoll said that social media enhance product creations, add relevance to a business, offer the best customer insights, and amplify bragging to bring in new customers. One caution that he offered is that all interaction happens in real time; there's little opportunity to analyze a situation and then get back to the customer.

**Social commerce.** The genesis of LivingSocial was exactly the concept of connecting the personal interactions that occur through social media with commercial promotions, according to Doug Miller, the firm's senior vice president for new business initiatives. Travel marketers were aware of social media, but had difficulty connecting marketing activities with actual sales measurements. The connection between the inspiration and the “buy button” was not always clear. One effort in that direction was made by Domino's, which asked those with Facebook likes to add

an ordering widget to their pages. LivingSocial's promotions all carry that motivation.

For the travel industry, the company has Living Social Escapes. Similar to the Oregon Bucket List page, the Escapes page allows people to curate collections of places and activities. Thus, friends tell a brand's story to other friends and create travel demand. Most important, the buy button is part of the story. Miller said that 70 percent of Escapes buyers were not actively looking to purchase a trip when they visited the site, but they were drawn in by the stories and the chance for experiences. Seeing a friend's experience in a certain location gives context for a person's purchase of that experience, a marketing message far beyond anything the business itself could offer. As a closing note, Miller pointed out that discounts are part of the equation, but the real point is to offer value. His data show that the purchase is not about the lowest price, but instead the value of the experience for the money paid.

### Technology in Motion

By itself, consumers' embrace of social media would be revolutionary enough, but the simultaneous adoption of mobile technology combined with social media pushes the change exponentially. Perhaps the most effective way to think about mobile devices is that they create their own ecosystem, as travelers use their devices to make themselves even more mobile. A mobile strategy thus involves far more than optimizing web sites for small screens. It involves understanding the mobile travelers' psychology and last-minute approach to travel behavior.

**Mobile travelers' ecosystem.** It won't be long before mobile devices overtake PCs as the chief access point for the internet, said Jerald Singh, a director at Mobiata (a division of Expedia), and he anticipates that travel bookings via mobile devices will double in the next four years. Overall, growth in website traffic from smartphones doubled in one year, from 2011 to 2012. Most critically, mobile devices are frequently used for same-day hotel bookings, and to a lesser extent same-day air bookings. Using their mobile devices, four of five travelers are checking hotel and flight information, and one in five booked the hotel or flight from their mobile device. Singh explained that one large segment of mobile travelers are young, less brand loyal, and in search of deals. User-generated content is important to them, and they tend to be relatively affluent and well educated. They are constantly in contact via an ecosystem of mobile devices. The other large segment of mobile device users are slightly older travelers (under 40), who are pragmatic and time constrained and seek relevant experiences.

Singh said a major lesson for the hospitality industry is that mobile travelers tend to be extremely last minute in their planning and booking activities. Consequently, these



**Gerald Singh, director at Mobiata:** Hotels especially should be ready for a large group of last-minute travelers who want to find and book rooms in a mobile environment.

travelers tend to book hotels near to their current locations. The majority of mobile-based reservations are 2- and 3-star hotels, and weekends are slightly higher in terms of bookings, compared to weekdays. The best mobile apps have features that cater to the mobile environment, rather than simply being scaled-down versions of desktop applications. Thus, Singh said, you can't merely shrink your desktop landing page. With the rise of tablets, travelers do substantial research. Thus, a hotel must have a site that is rich with photographic content and information for would-be travelers, all optimized for the tablet. That means that type sizes have to be legible on a smartphone screen, and links must go to sites optimized for mobile devices. As a final point, Singh urges travel industry leaders to create a unified environment for handheld and tablet travel experiences that create urgency and stickiness, while being personalized, efficient, and delightful.

**Mobile as a game changer.** The hotel industry needs to pay far more attention to mobile devices and applications, especially in connection with business travelers, said Derek White, president of interactive and media networks of LodgeNet Mobile. These travelers check their phones last thing at night and first thing in the morning, and White suggested that they are challenging the hotel industry to adopt a mobile strategy. White points to a highly fragmented market, in which cohesion between brands and properties is a challenge, in part because mobile is not a core competence for hospitality operators. Slowing hotels' mobile adoption is a concern about adding new structural costs and a dedication to brand differentiation rather than to the guest's behavior. White sees considerable potential benefits from technology introduction: driving hotel amenity awareness, better monetizing midweek guests, attracting more seasonal leisure



**Derek White, president, interactive and media networks, LodgeNet Mobile:** Among the benefits for hotels that adopt a mobile strategy are driving hotel amenity awareness, better monetizing midweek guests, attracting more seasonal leisure traffic, and growing the convention business. The key is to focus on guests.

traffic, growing the convention business, driving on-site restaurant traffic, enhancing the customer experience, and reducing lines for checking in and out. In short, a hotel that adopts mobile technology can be perceived as cutting edge.

White sees three elements missing in hotels' approach to mobile: guest centricity, engagement, and partnerships. Guests' expectations of the hotel experience are changing due to mobile innovations. Thus, hotel apps need to focus on the guest, more than on the brand, to create value. The multiplicity of specific mobile apps being released confuses guests and reduces adoption, especially since the apps are primarily focused on booking particular brands. Guests want to know if they need a different app for every hotel, and what features are available through the app. Many hotel apps are not highly rated: out of 85 hospitality apps in the Apple Store, only 19 had four stars or better. The best apps have booking, local guides, access to the concierge, access to the guest's rewards account, and recommendations of various hotel types. A study by Smith Micro found that 79 percent of business travelers would check in and out via mobile if they could, and a similar percentage would use mobile-based special offers and discounts. More to the point, travelers are more likely to book a hotel that offers mobile access to video and hotel services.

White suggested several opportunities to engage the guest, which involves perceiving and delivering traveler value before, during, and after the travel experience. Triggers of engagement include opt-in interrupt messaging which can be day-, time-, and location-based. Interaction should be used sparingly to deliver real value, and should be limited



**Kevin Groome, president and CEO, Pica9:** By creating electronic advertising templates, a brand can ensure that its voice is heard consistently.

to the lead-up and actual travel, and the hotel should focus on multi-interaction services. An interactive program guide tends to draw guests, who can see hotel information and use property amenities and services. Another engagement opportunity is in-room dining, particularly since people tend to order more frequently and have a higher average check with electronic ordering. Mobile checkout is a logical engagement opportunity, since no guest likes to wait for this purpose. After check-out, engagement can continue with substantive contacts, in which guests check or redeem their reward points or the hotel sends a survey on service quality or offers future promotions. Just sending a "thank you" email, though not inappropriate, is not the best example of engagement.

Finally, White proposed that hotels find partners to assist in developing a mobile ecosystem. With their experience, partners can help the hotel ramp up their technology implementation and bring in a large mobile audience without the substantial development and marketing costs. In conclusion, White said that mobile engagement is about enabling guests to have quick and easy access to your hotel's services. Effective mobile implementation will bring substantial branding and financial benefits.

**An app for that: Managing the brand voice.** Given the complexities of brand management in a global environment, brands need a digital asset management system that provides both the necessary rules and flexibility for brand activation. That is the thesis underlying Pica 9's "Ad Builders" application, as explained by Kevin Groome, president and CEO, Rachel Berman, senior application manager, and



**Brad Kesel, CEO, VOC Systems:** An effective way to obtain guest comment is to invite them to call—anytime—and then send that information to the people who need to hear it.

Steven Brier, senior manager of field marketing support. The concept is to ensure that the brand's voice is consistent across different platforms and in advertisements created by different users. Along the way, development of advertisements and collateral must be cognizant of international copyright law to avoid violations of license rights. The Ad Builders app includes dozens of rules to control for brand voice, local regulations, and document types.

**An app for that: Mid-course service recovery.** Service operations rarely hear from guests in the midst of a service experience. If something goes wrong, a hotel manager may learn about the problem only by reading TripAdvisor after the guest is gone. That's too late, in most cases. To encourage guests to share their frustrations (and delight) during their stay, Brad Kesel, CEO of VOC Systems, developed a voicemail-based system that brings the general manager in on any situation, during the guests' stay. To make the system more effective, Kesel made it clear that guests would be invited to call at any time on any topic. The plan moves beyond voicemail by transcribing the comments and automatically distributing the resulting comments to all team members. Moreover, the comments are then summarized on an intranet database. Given the chance for service recovery (if necessary), hotel managers can improve their discovery of defects, boost employee recognition and training (as needed), and enhance the customer focus in the hotel's culture. Kesel gave examples of hotels that implemented the VOC system, with the result of an improved TripAdvisor rank and higher guest satisfaction ratings. Another property broke its previous guest satisfaction records through elevated service performance.

**An app for that: Network exploitation.** Network exploitation is the set of activities, techniques, and practices by which a hospitality firm utilizes networked information



**Gabe Piccoli, professor, University of Sassari:** As companies use technology more systematically, they will benefit with more opportunity for revenue generation. (In the background, co-author William Carroll, senior lecturer at Cornell's School of Hotel Administration.)

technology to create and manage demand for its services. In a model developed by Gabriele Piccoli, of the University of Sassari, and Bill Carroll, of the Cornell School of Hotel Administration, network exploitation capacity (NEC) is presented as a five-step hierarchy, as a brand or company becomes more sophisticated in its use of available technology. NEC activities include demand generation, multi-channel distribution, and profit optimization. The hierarchy begins with basic network literacy, and then moves to operational, integrated, analytical, and optimizing steps. At the basic level, a brand is opportunistic and applies no systematic behavior. At the operational level, operations are systematized by including codified, consistently performed behavior related to demand generation, multi-channel distribution management, and revenue optimization, but the three are not connected. The connections occur at level three, the integrated system, in which coordinated operational behaviors are interrelated for those three functions. The analytical level, step four, brings systematic analytical behavior into the mix to extend beyond individual reports. Finally, the optimizing step brings continuous improvement along with the ability to recombine and reconfigure assets and organizational structures in relation to changes in markets and technologies. In a survey of 146 hotel managers, Piccoli and Carroll identified a relatively high percentage of firms at the basic and operational level, but a few firms had progressed to the upper levels of analytical and optimizing behavior. In sum, the methodology provides an understandable path for improvement using a tool that can self-calibrate. ■

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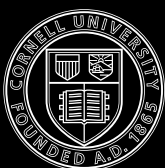
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