Hotels & Hospitality: New Data Trends for 2018

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With global travel bookings accounting for $1.6 trillion in 2017, the travel and hospitality industry is one of the fastest growing segments of the global economy. One of the biggest beneficiaries of this increased travel is the U.S., which was on course to reach a record $370 billion in spending by the end of last year.¹

As competition for capturing these travel dollars continues to increase, perks and personalization are just part of how hospitality companies can attract loyal guests who will return to their properties for repeat business. Capturing more of these desired guests’ spending dollars is becoming more and more important for companies seeking to increase their bottom lines.

In 2018, management teams need to harness the power of big data to get ahead of trends and create personalized experiences that offer better customer service. Companies that understand technology and how to make appropriate investments will position themselves for continued growth, but many hospitality teams have been slow to integrate advanced data analytics to grasp the full insights available.²

To better compete in a global market, it’s critical for boards and management teams to understand technology trends and recruit executives with the appropriate experience and knowledge to determine the best way to invest and plan for the future. Harnessing the power of data will lead to better experiences and increase the bottom line.

**DATA AND TECHNOLOGY TRENDS**

With so many options to choose from, guests are becoming more demanding and discriminating when selecting where to spend their travel dollars. And even if hotels don’t want to admit it, not all guests are equal. One of the biggest emerging trends is using data to determine lifetime guest value, or those who are most likely to spend the most with your brand over the long term.

“Identifying those customers with a higher overall lifetime value to a particular business is hugely important in today’s market, but a customer’s lifetime value might not be empirically obvious from observing their behavior during one visit,” writes Bernard Marr in Forbes.

For example, a couple on their honeymoon might spend on a luxury hotel, food and experiences for a week but not take another expensive trip for many years. On the other hand, a loyal salesperson on the road every month, eating modest meals via room service and looking for quick interactions, will spend far more in the long term through continued visits.

Identifying these high-priority guests and offering perks or loyalty rewards tailored to their needs can help capture repeat guests and create a steady stream of revenue. But it takes an investment in data analytics to identify those with the biggest lifetime spend across various properties.

Many hospitality companies are also using technology to improve customer service by tracking preferences and special requests so they can be met before guests arrive or offered once they reach the check-in counter. Companies are also using this information to improve perks and loyalty rewards to increase repeat business.

For example, using technology to deliver personalized service and marketing to guests helped Caesars Entertainment grow from $3 billion in revenue to $12 billion. Cocktail waitresses know guests’ spending habits, drink preferences and information on how to interact with them. This information is easily shared across properties and stored for future reference. Caesars also implemented data analytics to improve its loyalty reward program, which encourages people to stay more often and spend more when they do.3

Another important trend sweeping the hospitality industry is the use of predictive analytics – which combines data and machine learning – to forecast what guests want in the future and target them accordingly.

For example, in 2013 when faced with bad weather and airline cancellations, Red Roof Inn, which has many locations near airports, used a targeted campaign to boost bookings. They used weather data and predictive analytics to determine people who might face flight cancellations and sent targeted promotions to their mobile devices, increasing bookings in those areas.4

Hospitality companies are also combining predictive analytics with geolocation data to make on-property recommendations. Hotels can leverage information about previous purchases, such as bar purchases after work, and use it to deliver offers on a mobile device for discounts during happy hour when a guest enters the building at the end of the day.5

Understanding how guests are using properties and offering personalized recommendations for products, services and rewards can also help keep brands top of mind. Predictive analytics can analyze travel preferences and offer guests deals around events such as anniversaries or upcoming business conferences.

This personalization can extend directly to guests’ hands by integrating directly with their mobile devices. The latest in-room technology allows guests to use mobile devices to do things like check in and order room service.6 And all of these transactions create more data and information for hospitality companies to use to target the highest margin guests and keep their loyalty.

On the ownership side, many real estate investment trusts (REITs) are making significant investments in technology. For example, Ashford invested in OpenKey, a smartphone app for keyless entry into hotel rooms. According to Ashford’s fourth quarter earnings release, OpenKey is quickly adding rooms and expects to be up to 20,000 in the next 12 to 18 months. The trend of property

3 https://www.gettectonic.com/single-post/2017/11/02/How-Travel-Companies-are-using-Big-Data-and-Analytics
6 https://www.hospitalitynet.org/opinion/4087469.html
managers making direct investments in related technology will likely continue, and companies need to think about adding talent who understand this space.

**WHAT EXECUTIVES NEED TO KNOW**

The increased collection and storage of guest information means hospitality executives need to not only understand technology and its applications but also have knowledge of data privacy and security issues. As hospitality companies gather and store personal information and payment methods, guests will need to know their data is being protected and used appropriately.

Many companies are searching for executives with experience in technology, big data and cybersecurity. Boards need to have members who understand the use of technology and how it can be optimized responsibly.

For example, Extended Stay America recently appointed Ellen Keszler to its board of directors. She is chief executive officer of Clear Sky Associates, a consulting firm focused on the technology and travel industries. Before that she worked at Travelocity, American Airlines and JCPenney, bringing a variety of technology and customer service experience to her role.7

Besides integrating technology and data management, companies also need to plan for training and development of large numbers of employees, particularly around using guest information. It’s important to hire executives with labor management and training backgrounds to smooth the implementation of new technology uses across all levels of the workforce.

Preferred Hotels and Resorts, which provides sales, marketing and distribution to independent luxury hotels, recently promoted Michelle Woodley to president and named Kristie Goshow as chief marketing officer. Woodley helped with the company’s 2005 rebranding and previously launched the rewards program, including hotel training and education. She also has experience with website and back-end technology.

Goshow previously led teams in airline, hospitality and travel technology companies before joining Preferred. She has experience in technology strategies, brand marketing and digital strategies.8

At Noble House Hotels & Resorts, Jason Molls was recently named vice president of rooms, putting him in charge of both guest-facing and employee technology as well as leading system installs and aspects of hotel operations.9

All of these executives have experience in technology and training, as well as large-scale integration, which will be important in creating the workforces needed to successfully use innovative technology and understand data use issues.

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**Conclusion**

As technology continues to sweep through the hospitality industry, companies will need to invest carefully to remain competitive and reach guests with offers tailored to their preferences. Many new advances are focused on guests – such as mobile check-ins – but some of the most robust uses are found by analyzing data.

Understanding the power of data analytics and how to use those insights to create more personalized and refined experiences can help hospitality companies attract loyal clientele to their properties and encourage them to spend more while there.

That means hotel companies should expand beyond the hospitality sector to source top talent and add executives who understand technology, data and cybersecurity. While it’s important to understand customer service, having executives and board members with a firm grasp of technology issues can help companies more quickly realize returns on their investments and position them for a more connected future.
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Before joining Ferguson Partners, Mr. Momongan was a Vice President at Flint Creek Partners, LLC, a real estate investment bank. During his career, he raised institutional equity for discretionary funds and programmatic/entity-level joint ventures from private equity funds, pension funds/endowments, fund of funds, and pension fund consultants. His responsibilities included all facets of transaction execution, fund marketing, and investor relations. Mr. Momongan also served as an advisor to several investment managers and endowments on their fund investments.

Previously, Mr. Momongan was an Associate at Prudential Volpe Technology Group, a subsidiary of Prudential Securities’ Investment Banking Group, where he worked on a number of technology and telecommunications engagements, including mergers and acquisitions and private and public financings. In addition, he was an Associate in the Chicago office of Houlihan Lokey, where he focused on mergers and acquisitions, private placements, valuations and fairness opinions.

Mr. Momongan earned his B.S. in Spanish from Georgetown University and an M.B.A. in Finance and Real Estate from Columbia Business School. He was the recipient of the John J. & Teresa Azrack Real Estate Scholarship.

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Ms. Papandreou has expertise in recruiting for Boards in the sector working on full Board creation and Board refresh. She frequently speaks about governance and Board recruitment trends at national conferences and in publications.

Before joining Ferguson Partners Ms. Papandreou was a Managing Director at Lloyds Bank, running the Consumer and Healthcare practice for North America. She had responsibility for the management of the sector team and was a member of the North American Management Committee. She worked between the New York and Chicago offices, leading teams in both cities. Ms. Papandreou has over seventeen years of banking experience. She spent the first ten years of her career at Citigroup in various roles, including origination in the Financial Institutions Group, capital markets credit, and Consumer and Healthcare relationship management — both in New York and in London.

Ms. Papandreou earned her Bachelor of Arts degree in International Affairs and Economics from the Johns Hopkins University, and an M.B.A. in Finance from New York University’s Stern School of Business.
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