ORACLE
Hospitality

ORACLE

2019 Hospitality Benchmark Report

Mobile Maturity Analysis

2019

Introduction

Today's hotel executive needs to master a delicate balancing act, delivering personalized guest experiences leading up to a stay, on-property and post stay, to a customer base that is increasingly determined to use self-service tools whenever possible.
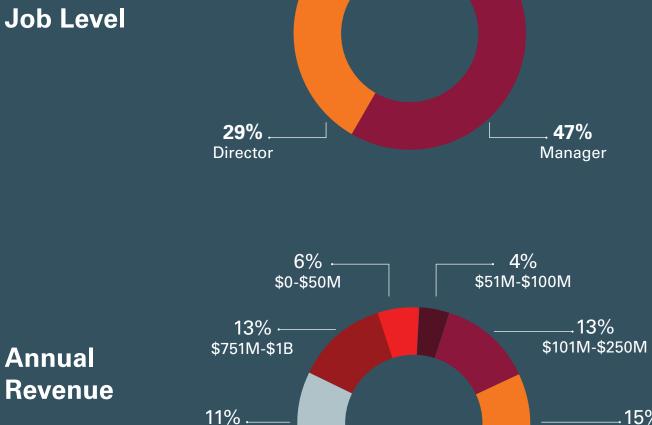
Consumers are offered a dizzying array of choices. Pre-stay, they can skip the hotel's website in favor of researching properties via review sites, booking through online travel agents, and using price aggregators. These options multiply when extended to on-property and post-stay interactions.

These trends bring up a critical question: **How can hotel management professionals differentiate their properties when an increasing segment of the population is determined to pursue self-service? How can they close that gap and cultivate loyal return customers?** Many hospitality organizations have turned toward mobile technologies while hoping to provide consumers the autonomy they prefer while providing opportunities to build brand loyalty and deliver exceptional guest experiences.

In this environment, we sought to assess Hotel Management professionals' perceptions of the impact this transition has had on their business models. We sought to explore their relationship to mobile innovation in the space and their readiness to continue to thrive in an environment predicated on rapid change and the constant threat of disruption. To that end, 199 leaders in the hospitality industry were surveyed regarding the current use of mobile technology within their organizations. **77% of respondents were Director level or higher, with 53% from companies whose annual revenue is greater than $500M.**

Job Level

- **13%** C-Level
- **11%** VP
- **29%** Director
- **47%** Manager

Annual Revenue

- 6% $0-$50M
- 4% $51M-$100M
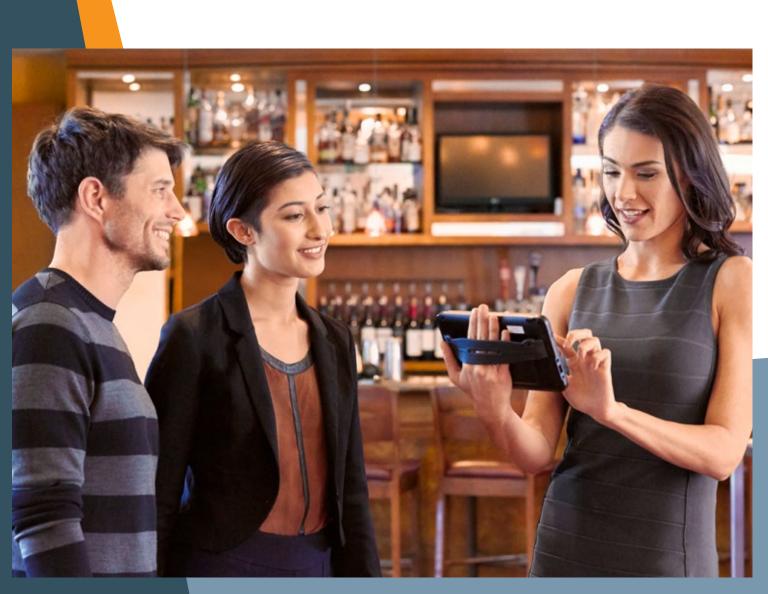- 13% $101M-$250M
- 15% $10B+
- 23% $1B-$10B
- 15% $251M-$500M
- 11% $501M-$750M
- 13% $751M-$1B

The sector as a whole demonstrated a great deal of enthusiasm in embracing mobile, but how mature is their adoption of these technologies? And how well are they able to balance organizational future vision with day-to-day execution?

Executive Summary

Respondents expressed **widespread agreement that mobile connectivity is key to driving guest experience and loyalty**. Many organizations have empowered them with ever-present WIFI and the development and deployment of both customer and staff-facing mobile apps. But despite the considerable investment of time and resources in these technologies, many executives fear disruption by more customer-centric, tech-forward organizations. This anxiety is demonstrated in **a desire for increased investment in technologies to enhance guest experience**.
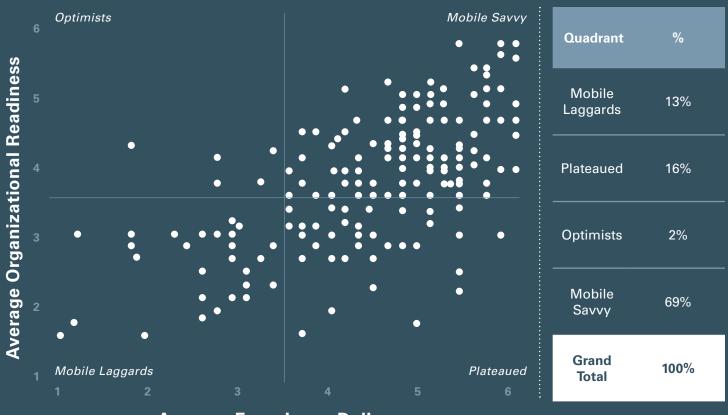
70% of Hoteliers Say They Have Fully Embraced Mobile

We surveyed a panel of **199 Hotel Management professionals**, asking them to answer a battery of questions to determine where they believe their team stands across thirteen fundamental measures of mobile maturity.

To interpret the survey results, we plotted responses along two key axis: **"Organizational Readiness"** (Do you have the organizational support, resources, and infrastructure to succeed?) and **"Experience Delivery"** (Is your current mobile strategy on track to deliver outstanding guest experiences?).

Scatter plot — X-axis: **Average Experience Delivery** (1 to 6), Y-axis: **Average Organizational Readiness** (1 to 6). Quadrant labels: *Optimists* (top left), *Mobile Savvy* (top right), *Mobile Laggards* (bottom left), *Plateaued* (bottom right).

Quadrant	%
Mobile Laggards	13%
Plateaued	16%
Optimists	2%
Mobile Savvy	69%
Grand Total	**100%**

We classified respondents as falling into one of four quadrants:

- **"Mobile Laggards"** in the bottom left quadrant represented **13%** of respondents. These hospitality professionals reported the least mobile maturity, citing weaknesses in both their organization's organizational readiness and experience delivery.

- An overwhelming **69%** fell into our most populated quadrant, seeing themselves as **"Mobile Savvy"** in the top right. These respondents tend to agree with both statements that confirmed their team's prowess in experience delivery as well as how forward thinking their organization is in adopting mobile technology.

- Professionals who scored well on mobile preparedness for the future, but not on their current ability to execute mobility solutions fall into the sparsely populated **"Optimists"** quadrant in the top left with **2%** of the surveyed group.

- Finally, **16%** of respondents believe their team is highly capable at delivering outstanding mobility-driven guest experience today, but struggles with future preparedness. These **"Plateaued"** respondents are captured in the bottom right quadrant.

Mapping responses in this fashion reveals that the hospitality industry feels it has embraced the use of mobile in their day-to-day workflows and are generally confident in their ability to utilize both current tech and new innovations that come their way.
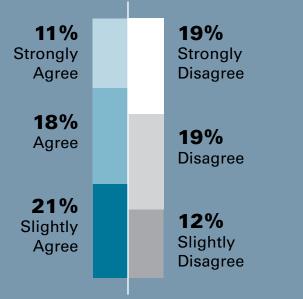
However, to truly embrace mobile in hospitality there are three primary elements that must be considered. The first element is ubiquitous WIFI connectivity. Having WIFI available to guests wherever they are on the property is now table stakes. The second element is **guest-facing apps**. Does your hotel offer an app to its guests to enhance their customer experience and hotel stay? Finally, the third element is **staff-facing apps**. Does your hotel offer its staff an app to improve your teams' day-to-day workflow? If you are not investing in all three pillars of mobile, though you may perceive your organization as being mobile savvy, the reality is that your mobile strategy is likely unbalanced.

Fear of Disruption

Surprisingly, respondents didn't correlate their reported success of their current mobile strategies with a confidence in future-proofing their organizations.
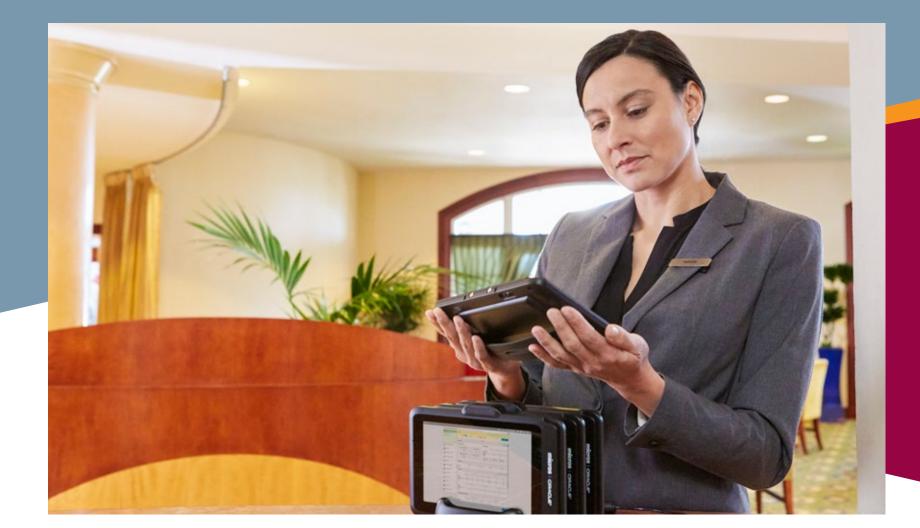
In fact, despite the high self-ratings respondents gave on their mobile utilization, **many hotel executives also expressed fear that their organization would be disrupted by more mobile-friendly competitors**.

A total of **50%** acknowledged the threat.

11%
Strongly Agree

18%
Agree

21%
Slightly Agree

19%
Strongly Disagree

19%
Disagree

12%
Slightly Disagree

This begs an interesting question for further discussion, as the competitive field is so fragmented within hospitality.

It's now unclear who the primary competitors are, which makes competitive analysis difficult and may contribute to this underlying current of anxiety.

Is the threat of disruption strongest from directly competing properties, online travel agencies (OTAs) that cut into margins and weaken brand loyalty, or peer-to-peer hospitality companies that remove consumers from traditional hospitality markets? After all, it's difficult to benchmark performance and do competitive planning when your competition has the potential to disrupt your industry entirely.
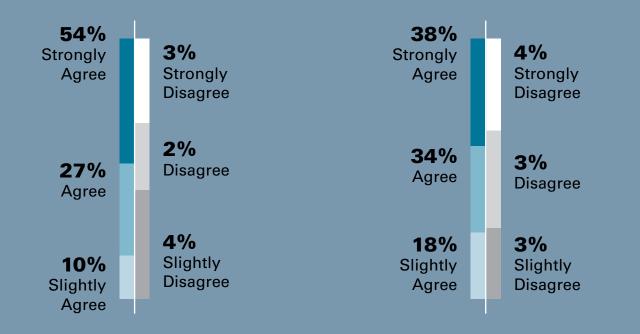
Hoteliers are faced with a difficult question. They're confident in their adoption of mobile, but when the field changes so quickly, **are they doing enough to stay competitive?**
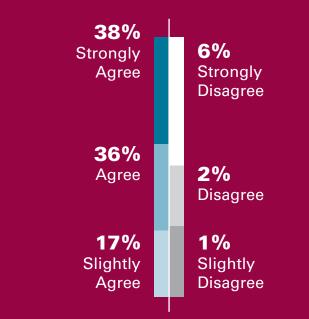
Mobility as a Key Driver of Guest Experience and Loyalty

In the highly competitive hotel industry, hotels have to find creative new ways to differentiate their properties and services. For instance, booking aggregator sites often emphasize getting the best deal possible over more qualitative factors, and many consumers plan entire adventures without ever speaking to the concierge. How can hotels woo new consumers, and build loyalty in current guests, when they rarely speak to them directly?

Many professionals surveyed cite mobile as **an opportunity to regain some of this ground**. Instead of fighting customer's desire for self-service tools, respondents see value in providing their own mobile offerings. For instance, an overwhelming **91%** of respondents agreed that mobile was critical to improving guest experience and cultivating loyal customers, with over **50%** strongly agreeing with the statement:

54% Strongly Agree

27% Agree

10% Slightly Agree

3% Strongly Disagree

2% Disagree

4% Slightly Disagree

Specifically, **90%** of respondents stated that **guest experience could be improved** by the ability to use smartphones to manage basic services like booking a room and managing the check-in/check-out process:

38% Strongly Agree

34% Agree

18% Slightly Agree

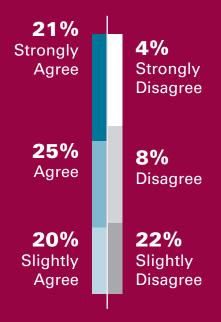**4%** Strongly Disagree

3% Disagree

3% Slightly Disagree

91% of respondents said their **guest-facing mobile application is the preferred way** they would like guests to request service from hotel staff:

38% Strongly Agree

36% Agree

17% Slightly Agree

6% Strongly Disagree

2% Disagree

1% Slightly Disagree

Many respondents also saw value in **reducing operational costs** with a strong mobile strategy, with **66%** agreeing that this was the primary driver of their mobility strategy:
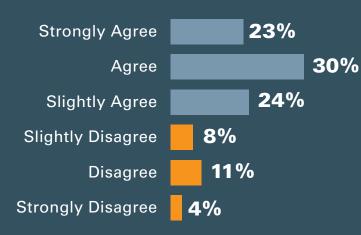
21% Strongly Agree

25% Agree

20% Slightly Agree

4% Strongly Disagree

8% Disagree

22% Slightly Disagree

While there is high agreement on this point, it pales in comparison to the **91%** of respondents who identified improving guest experience as the highest priority goal for mobile.
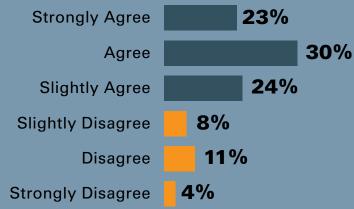
Room for Growth

Given the **perceived importance of mobile to their continued success**, it comes as no surprise that hospitality professionals are currently focused on ways to improve their usage of the technology. The growth areas identified in the survey largely **centered around further improving guest experience**, with some dissatisfaction expressed regarding the ability to provide personalized service via mobile.
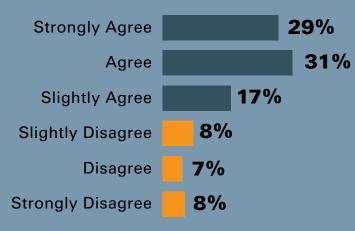
For instance, **23%** of respondents disagreed that their mobile solution empowered guests to plan custom itineraries:

Strongly Agree	23%
Agree	30%
Slightly Agree	24%
Slightly Disagree	8%
Disagree	11%
Strongly Disagree	4%

Or **empowered staff** associates to facilitate guest requests for specific room locations:

Strongly Agree	23%
Agree	30%
Slightly Agree	24%
Slightly Disagree	8%
Disagree	11%
Strongly Disagree	4%

23% of respondents also expressed **dissatisfaction** with their ability to promote guest-facing mobile technology.

Strongly Agree	29%
Agree	31%
Slightly Agree	17%
Slightly Disagree	8%
Disagree	7%
Strongly Disagree	8%

It's difficult for hotel loyalty mobile apps to compete with hotel booking apps and OTAs that usurp brand loyalty during the booking process, and if guests aren't using the tools (or downloading the loyalty program app!), that trend is unlikely to shift anytime soon.

On a broader level, respondents were split over how well their organizations were keeping up with the need to invest in mobile technology, with **50%** of respondents expressing concern about keeping up:

Strongly Agree	18%
Agree	19%
Slightly Agree	13%
Slightly Disagree	20%
Disagree	20%
Strongly Disagree	10%

This, despite respondents generally giving themselves high scores in areas of "experience delivery" and "organizational readiness," can be viewed as another indicator of anxiety as hospitality professionals try to stay competitive in a rapidly shifting industry.

Key Takeaways

Empower guests to take advantage of self-service tools. The industry's willingness to meet guests where they are, instead of attempting to force them into more traditional interactions, is a positive development. It's important to keep guests in the fold, as it were, to build customer loyalty. That said, it's also important to provide a clear path to more traditional support channels when needed.

Allow guests to communicate with you however they want. It's essential to maximize the perceived value of downloading the guest-facing app. However, it's equally important to allow guests to seamlessly communicate with you. For example, if a guest hasn't downloaded the hotel app, enable her to use text messaging to request a pillow or toothbrush and use that interaction to encourage guests to download the app. Doing so will help enhance the guest experience without forcing guests to change their ways. Then, once they understand how easy it is to connect with you via their mobile device, be proactive in driving downloads. Offer perks for app users - be it a free drink at the bar, room service discount, or "personal" concierge access on download to provide a more personalized guest experience.

Continue investing in mobile to enhance the guest experience and reduce friction. The link between mobile accessibility and customer experience and loyalty is undeniable. It's essential for hotel executives to continue investing in this technology to enhance the guest experience. However, don't forget about the importance of human-to-human connection and how your investment in mobile can facilitate. For example, enable guests to make routine requests like ordering room service or requesting a cot to their room via mobile device, but also make it easy for the guest to talk to a real person with deep expertise to handle a more personalized request.

<u>Learn more</u> about Oracle Hospitality

Contact
Oracle Hospitality
7031 Columbia Gateway Drive
Columbia, MD 21046
(866) 287-4736
<u>Oraclehosp_ww@oracle.com</u>

ORACLE®