

Hotel Marketing & Technology

Trends 2017



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Created by the experts
from Profitroom

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**2016 was
one of the best
years in the
European
hotel industry**

It's this time of the year again! We are proud to present you the much anticipated Hotel Marketing & Technology Trends 2017. This is already the fourth edition of Profitroom's outlooks into the future, once again prepared in collaboration with Deloitte. It will give thousands of readers from the hospitality industry worldwide a chance to have a look into the future. The past twelve months were very positive and 2017 looks equally promising. Do you want to know what opportunities await you this year? Are you aware of the do's and don'ts for your business in 2017? Read our report and check out the upcoming trends of the hospitality industry.

Marin Dragan

Managing Director

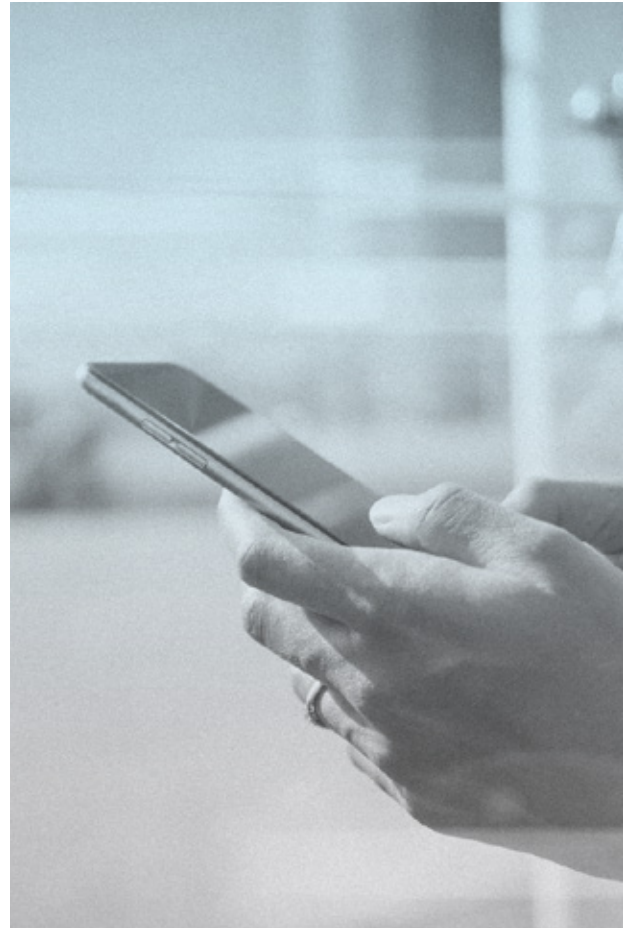


Advanced personalization of communication with guests

A catchy advertisement, while remaining an essential marketing tool, is more and more frequently replaced with personalized communication and guest relation building strategies. The data collected by Teradata shows that 90% of marketers prioritized personalization tactics in the previous year. Why is it so? According to the studies conducted by VentureBeat, 70-94% of respondents noted a growth in the effectiveness of various aspects of advertising campaigns relying on personalized communication. A massive approach saying that "one size fits all" became the relict of the past and was replaced with personalized marketing based on collected data

THIS TREND IN PRACTICE

Let's begin with ordering the information about our guests and with checking out which channels and what means we use to communicate with them at the moment. For this purpose, ask ourselves a few fundamental questions. Do we have a Channel Manager to collect reservations from all existing channels and store them in one place? Does it have access to our online booking system and PMS? Is our PMS configuration and the stored data useful in implementing our marketing tools? Do we actively collect your guests' e-mail addresses (not only electronically, but also personally at the reception desk)? Do we seek to obtain their permission to receive marketing messages? Is our current mailing list still valid? Does it contain recipients who would find our offer interesting? And finally, do we adjust, even in the simplest way, our messages in a manner that specific campaigns are addressed to defined target groups? The next step should be the purchase of a system which can automate the process and allow for the personalization of communication with the guests, such as the upcoming GuestConnect. Please bear in mind that no matter what tool we select, its effectiveness will mostly depend on the quality of information gathered about your guests.



(data driven marketing), which wins the hearts of most contemporary customers. The next generation of personalization, expected to be a milestone in hotel marketing, is a so-called people based marketing. It expands the personalization strategy by introducing customer identification, which means that multi-channel and multiscreen interactions are interconnected and exist in an aggregated profile. The personal information collected from all sources is not the only essential data. The remaining tools, including in particular the guest journey (relying on predictive analytics), behavioural tracking (allowing to learn about the guest's temporary interests) as well as collating of gathered information with the customer's transaction history are also of high importance. The combination of the above-mentioned technologies and marketing automation tools will facilitate the process of automating and distributing the offer at an individualised price which will be adjusted depending on the guest's temporary preferences, taking into account the destination of his latest visits.

In terms of the hotel offer distribution, these solutions will open a new chapter of the tourism industry's history, serving as an antidote to the low customer loyalty and the growing role of agents in selling accommodation offers.



Direct Booking as a form of insurance for uncertain future

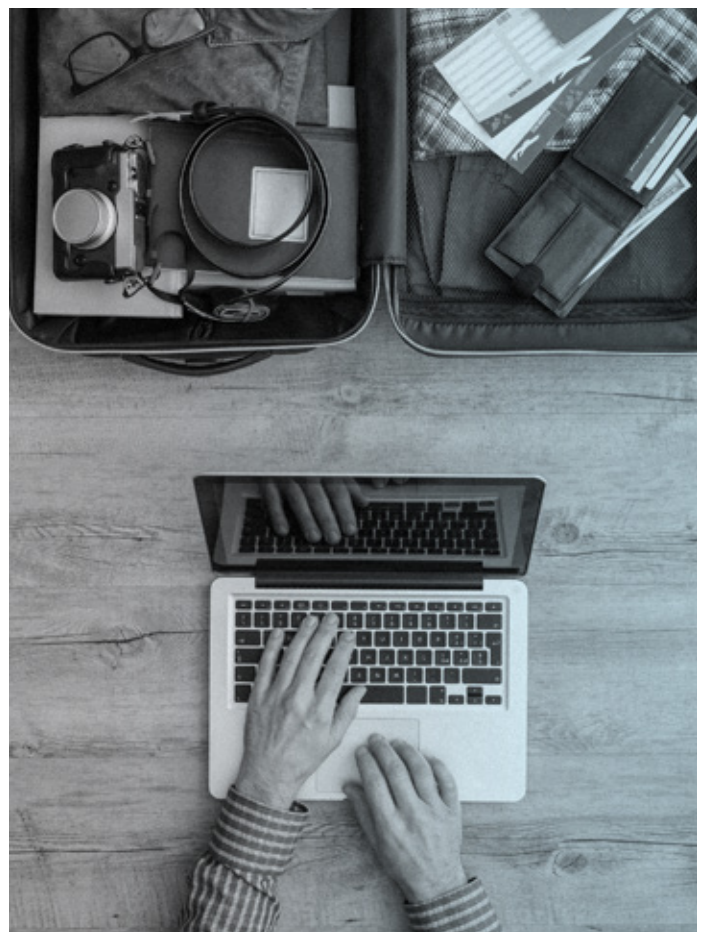
At a time when most guests opt for online hotel booking channels, sales through hotels' web sites and Online Travel Agents (OTAs) grows. Thanks to the economies of scale, booking portals effectively benefit from the indicated trend and allow to respond to most reservation requests. Through time hotel owners got used to large commission invoices for indirect booking. Nevertheless, such form of sales causes constant comparisons with market competitors and strong price competitiveness. It may decrease the profitability of hotel facilities and that is why during the last few months, we have come across numerous advertising campaigns of hotel chains, which aimed at replacing indirect booking with direct one. To illustrate, the Hilton hotel chain implemented a programme and a campaign referred to as "Stop Clicking Around" to ensure that it offers the best price on its own web site. The identical solutions were applied by Choice, Hyatt, Wyndham or InterContinental Hotels Group (IHG) that introduced promotional pricing in their own channels. The same path was followed by independent hotel chains, which noted an increase in sales amounting to a few dozen percent in 2016 when compared to the previous year.

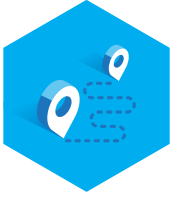
However, the economic aspect is not the only factor motivating to turn to direct booking. Transparency on the hotel market offered by OTA and metasearch also serves as an extremely effective tool influencing the hotel occupancy rate in the times when market demand for a particular tourist destination is high. Nevertheless, when the said demand is low, hotel owners will not be able to boost sales through indirect channels and they will be left on their own. OTAs use their best efforts to attach the guest to their channel by keeping track of their customers via Google, advertising the hotel brand, implementing the loyalty programme or retaining contact information. In order to influence the market on their own, hotel owners have to become familiar with their guests' preferences, obtain their contact information,

Direct Booking offers you an opportunity to strengthen the hotel brand on the market. So to enjoy its perks, the user should be provided with the information he is looking for. Verify your biggest target group, present precise and brief information. The booking process must be fast and simple. You may encourage your already acquired guests to come back to your hotel thanks to loyalty programmes tailored to their individual needs. You do not have to suggest a discount. Instead, you may offer a room of a higher quality or breakfast with a morning newspaper served in a hotel room.

display communication skills, and make good use of specific communication tools. Following the example of many hotel chains, it's highly recommended to protect your hotel brand and assure your guests that you are trustworthy and that they are presented with the best offer.

We're living in uncertain times. Direct booking, strong hotel branding as well as direct communication with the guests constitute your proper insurance policy in case of a slump in the economy. It is therefore both an economic and a strategic need.





Microadventure – maximal possibilities not only for hotels

Microadventure is a new trend promoting active leisure during a short holiday in a new place. This precise term was invented by Alastair Humphreys, who describes “microadventure” as “small and achievable outdoor adventure, for normal people with real lives”. The above-mentioned trend emerged naturally and became part of the travel trend encouraging to seek new experiences, explore unknown places, discover new cultures, meet new people, lead a healthy lifestyle as well as do things for the very first time.

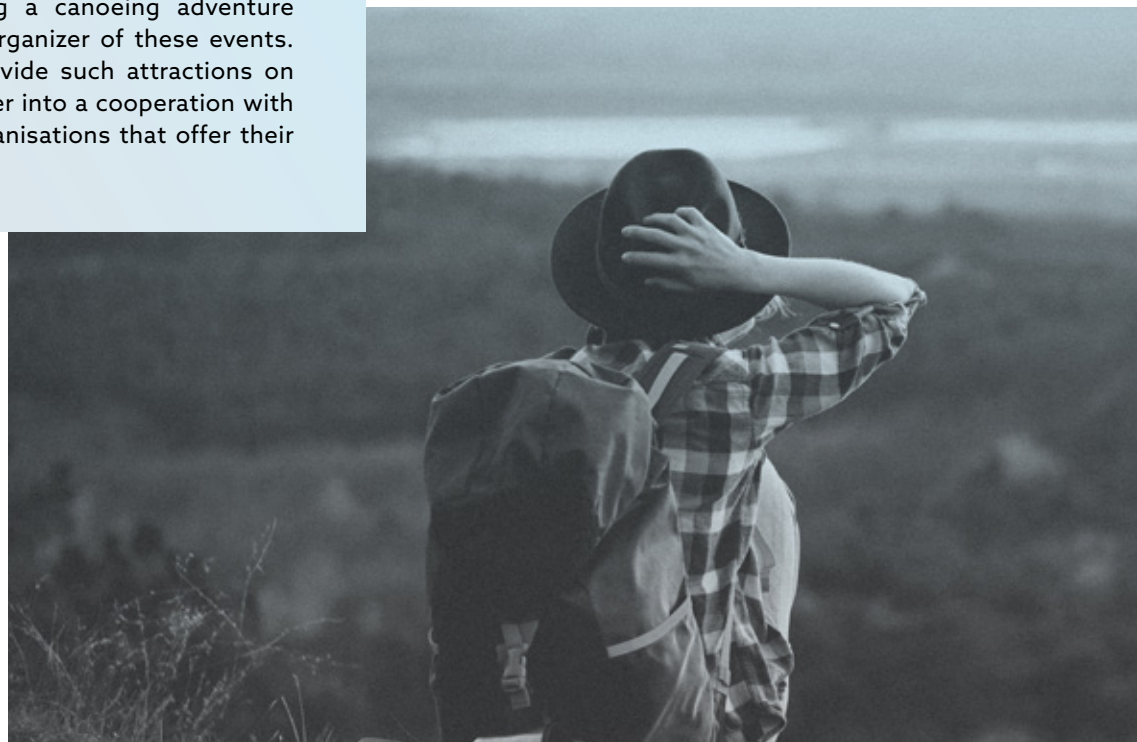
According to the survey carried out by TripBarometer, 69% of world tourists are planning to try something new in 2017. However, only 31% of respondents tend to book a trip associated with their previous experiences.

Microadventure is a great opportunity for hotels situated in the so-called “middle of nowhere”. If you properly point out all possibilities in your offer and include various forms of activity, your facility will gain more popularity among “adventure-seekers”. You may start with renting a bike or offering help preparing a canoeing adventure together with a local organizer of these events. Even if you cannot provide such attractions on your own, you may enter into a cooperation with local companies or organisations that offer their support.

The study conducted by Booking.com demonstrates that 45% of travellers will make braver destination choices whereas 47% would like to explore the hidden corners of the globe, which remain undiscovered by their friends. More importantly, this does not relate to long-distance journeys, but to visiting local unexplored spots.

In 2017, we are going to face a complete popularity explosion of microadventures particularly among Europeans. This tendency seems to be accompanied by a change of general life attitude – customers are more eager to have real experiences instead of pursuing financial prosperity.

In 2017 **69%** of tourists
will try something new,
while **31%** will visit
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Further increase in online sales

The Internet helps people plan the trip of their dreams, find a perfect hotel and reach their destination. Creating an itinerary relies on online networking in 80% of cases.

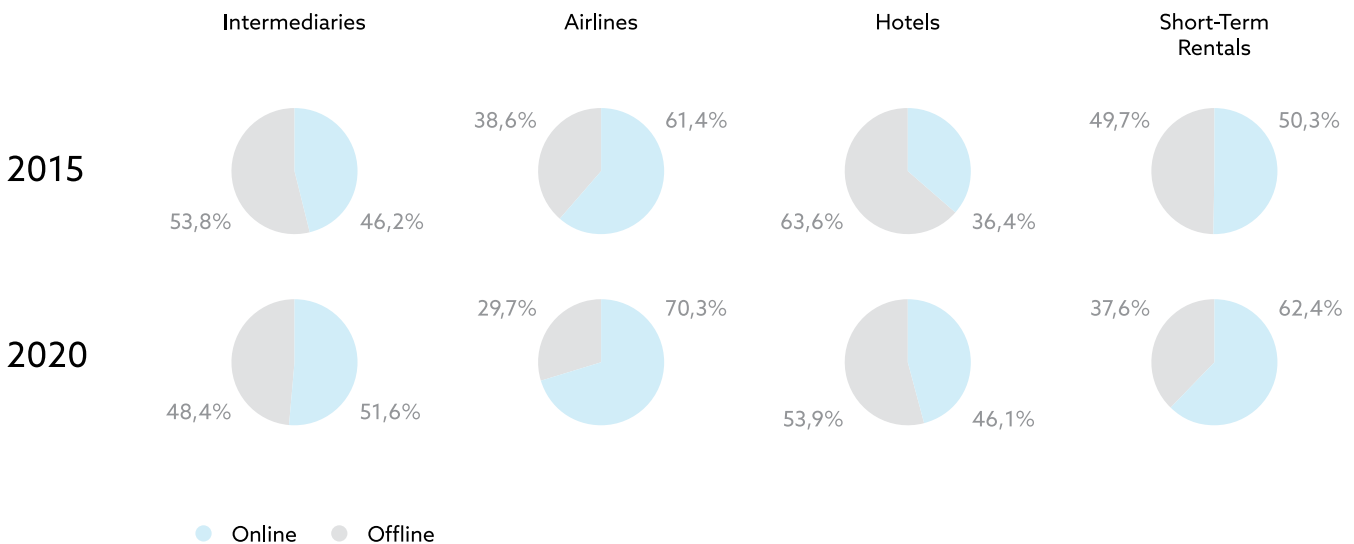


The data provided by Profitroom clearly shows that in 2016, over half of all reservations in the tourist industry were made online. Online hotel reservations among European hotels amounted to 36.4% and these figures are expected to dynamically increase. Apptha forecasts that the number of online reservations may rise by 6% in 2017.

In 2017, agents and metasearchers will become the leading suppliers of online booking. For the moment, their overall share amounts to 60% of all reservations made electronically. In the upcoming year, customers are expected to purchase complementary services and enrich their orders at subsequent stages of the booking process. In 2017, the effective upselling may contribute to a 20% increase in sales of new products/services offered by a given hotel facility.

The direct acquisition of new guests necessitates the "loosening" of booking terms and conditions on your own website. Offering more beneficial cancellation policy or less restrictive terms of stay will undoubtedly encourage potential customers to make their booking. Moreover, in order to increase your final income, it is advisable to prepare an interesting offer at subsequent stages of the booking process on your website, including complementary services or products. Seize all opportunities given by your online presence. The OPEN PRICING strategy as well as your constant willingness to respond to customers' needs serve as a key to success in increasing the number of direct reservations in 2017.

Bookings Through Online and Offline Channels





More emotional marketing

Next year, marketing specialists are going to use the term "emotions" on a daily basis because sensations will become the foundation for the most effective advertising campaigns. In this context, we may even try to talk about the change in approaching strategy naming, in terms of which the notion Unique Selling Proposition is going to be replaced with Emotional Selling Proposition. According to the aforementioned concept, before formulating any message, each hotel marketing expert should think about the emotions he wants to evoke instead of figuring out which perks the marketing message in question should bring, as it was in the past.

THIS TREND IN PRACTICE

Adjusting your message to the level of purchase involvement and the type of the guest's motivation will become even of greater significance in 2017. Joy, love, trust, optimism, on one hand, and fear, anger, sadness, disgust, sorrow, jealousy, on the other hand - these are fundamental human emotions that have been consciously used in professional marketing communication for many years. Therefore, they can successfully be applied to the hotel industry. You do not have to raise controversies or bring your receivers to tears. However during your work on a marketing strategy, you are encouraged to think about an emotional effect your message may have on the hotel guest. Provoking positive emotions has a better impact on the receiver than promoting communication that relies on the characteristics of an offered service.



The change of attitude among marketing specialists results from people's growing desire to experience unforgettable emotions during the entire shopping journey as well as from an attempt to stand out from thousands of marketing messages, which do not trigger any emotions. Nevertheless, this does not mean that only the biggest hotels may take advantage of the emotions - even the smallest apartment can enrich its marketing message with emotional content delivered in an effective way. As indicated by Nielsen's studies, advertisements that influence, to some extent, our emotions turned out to be 23% more effective and most importantly, they built momentum for further development of the business world. In 2017, it's necessary to become familiar with the customers' thoughts, feelings, needs, desires, and frustrations so as to create an effective marketing message and hence to provide successful sales.



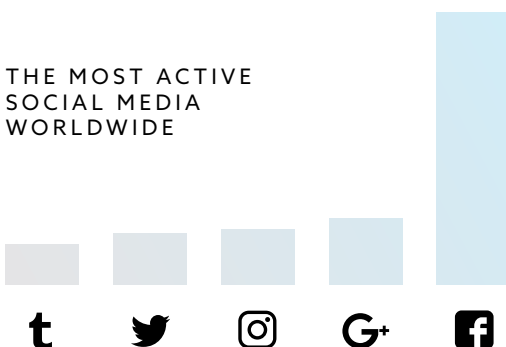
Storytelling and livestreaming – the future of social media lies in the hands of hotels

In 2017, social media are expected to play a more significant role in the process of hotel's online sales. Why is that so? They offer incredible possibilities of building the scope of a message and reaching an interesting target group. Over 1 billion of people use social networks worldwide. Every minute, over 25 new films appear on YouTube and more than 700, 000 of status changes and over 0.5 million of comments are published on Facebook.

Behaviours of Internet users have dramatically changed in the last years. The amount of commonly available information is so high that the users are only capable of skimming through its content. In 2017, adding standard entries and informing about current special offers will not be sufficient enough to consider social media as an effective sales channel. The communication means should be adjusted to user's lifestyle, which is governed by quick actions, decisions and a general lack of time.

29% of the world's
population has an active
account on Social Media.
On average, they spend
2,4 hours daily using it.

THE MOST ACTIVE
SOCIAL MEDIA
WORLDWIDE



Make sure that the channel of your hotel is available on YouTube. We recommend that you systematically add new, high-quality films illustrating your facility in a catchy way. Your YouTube channel should have suitable sections, which will help the users find an interesting content more quickly. When the number of subscribers exceeds 100, you should change the URL address of your channel into a non-standard one that would be easy to memorise for the visitors.

In 2017, a video will become an indispensable communication tool in hotel marketing. Increasing the advertising budget for social media will let you reach a larger group of receivers. Remember that your communication should be fresh and spontaneous – benefit from new possibilities and play with them!

The use of live broadcasts in marketing increases the level of authenticity of the facility in the eyes of potential customers, who may actively participate in the content developed in front of their eyes. Presenting a facility in real time and inspiring a viewer with different possibilities of spending his leisure time in an interesting way is undoubtedly a great asset. The "here and now" counts the most – it relies on building a true relationship instead of creating it.



The role of influencers in the guest's decision-making

Building your own channel on YouTube is much simpler and cheaper than making a TV programme. It encourages previously unknown creators-specialists to develop high-quality content, including the medium. These people are colloquially called "youtubers" and due to the fact that they share their opinions with an online audience, they belong to the group of "influencers" meaning the creators of opinions.

Instead of investing in another billboard, you can increase the attractiveness of your hotel through a close collaboration with influencers in the upcoming year. Their videos may shape a positive opinion about your facility and therefore impact the customer's long-term memory and influence his decision-making. Before entering into a cooperation with an influencer, check out which YouTube channels are most related to the theme of your facility.



As many as 53% of users subscribing to influencers' channels admit to have decided to purchase a product on the basis of their opinions. They reveal that vloggers had gained their trust because they specialised in specific areas of expertise including fashion, automotive, and, quite recently, in travelling. Youtubers get close to the audience by transmitting educational contents about travelling addressed to particularly selected receivers.

88% of people watching travelling materials on YouTube search for information about certain destinations, attractions, places worth visiting as well as for general inspirations to set off on a trip. Once they get acquainted with a given content, they tend to make their final choices.

Thanks to publishing an advert on vlogger's channel or displaying high video management skills, the hotel brand becomes more memorable and, consequently, more encouraging.



Be up to date with Social Customer Service

In social media, communication has a specific nature. To be more precise, a message addressed publicly to a given individual will be available to other users. There is no One-to-One communication because each conversation may also be viewed by third parties. Therefore, communication strategy choices, including in particular responding to complaints or unfavourable opinions, should be well thought-out. Solving a problem on the spot must be your top priority. However, do not forget to skillfully transfer your conversation to a particular channel (e.g. private chat conversation). Honesty and ability to admit one's mistakes are also fundamental communication assets.

According to the study conducted by Echo Research, in 2016, 66% of respondents preferred to exchange messages with a company via social media than to discuss the issue on the phone with a contact centre. There's no denying that all channels should provide 24/7 service and each request should be processed as soon as possible. No matter what channel you use, you must react quickly. Nevertheless, it turns out that immediate problem-solving is more important than rapid responding. Your message should be clear and proactive. Pay special attention to authenticity and effortless style.

As many as 71% of customers satisfied with the quality of social media services are inclined to recommend the hotel's brand. The survey carried out by ING Financial Barometer reveals that 68% of respondents made their destination choices based on the opinions published in social media. Therefore, to maintain competitiveness, its service strategy should be adapted to contemporary market needs.



Social Customer Service is a fundamental motto adopted in communication with hotel guests. It's also necessary to constantly supervise hotels' profiles in social media, respond to messages, comments or users' opinions and, more importantly, to use the best efforts to solve a problem signaled by the guest. There is a wide array of handy tools letting you monitor entries published on your website, on discussion forums or in social media, thanks to which you can be well-informed and track mentions of your hotel brand or name on the Internet.

Mobile world is here and now

The number of smartphone users as well as the global market share of mobile devices are constantly growing. According to Profitroom, 51% of websites were displayed on smartphones and tablets, which is 5% more than in the previous year.

The indicated statistical figures confirm that adapting a website to mobile devices is definitely indispensable in modern times. Internet users claim that an attractive website should be easily downloadable, readable, user-friendly, and comfortable when displayed on small screens. These are key characteristics indicated in the conducted surveys showing that if the functioning of mobile websites displayed on smaller screens is not optimal, as many as 40% of respondents resign from browsing and move on to another website.

In the hotel industry, mobile devices play a significant role due to the fact that many decisions concerning accommodation plans are made via smartphones or tablets. According to the study carried out in 2016 by Profitroom, 40% of traffic comes from mobile devices. The time of viewing a given website is gradually decreasing while the conversion coefficient is on the rise. All this means that users are more trustful when booking their stays via smartphones or tablets. For that reason each hotel's website must be friendly to mobile users, whose number is increasing each year.

Mobile devices are becoming more and more indispensable elements of our everyday life. It is therefore advisable to make sure that our website is fully responsive (Responsive Web Design) and mobile-friendly. Pay special attention to the following aspects: download speed, interface transparency, font size, size of menu elements, adjustment of displayed content both vertically and horizontally, adjustment of the website to all screen sizes with no need to move it to different directions. Do not forget about easy access to the booking system available on mobile devices.



Virtual and Augmented Reality

After nearly 20 years of stagnation, the VR technology started to flourish with lightning speed. Many electronic giants followed the example of Facebook, which purchased Oculus for the amount of 2 billion dollars, and developed their own VR products available to all users. To illustrate, HTC Company created a computer-integrated headset HTC Vive, Samsung invented hardware compatible with smartphones, and Sony offers devices connected to PlayStation 4.

The Augmented Reality, next to the Virtual Reality, also expands the range of its technical capacities. It may be described as a system combining a real-life image with a computer-generated input placed on it. The most common example based on the augmented reality is Pokémon Go, which enjoyed growth in interest that has never been seen before within just 5 days from its release date.

Thanks to the development of modern technologies in 2017, the tourism industry will make decision-making of people who would like to explore unknown places significantly easier. Both the VR and AR allow users to change locations and learn about various offers thanks to the incredible virtual world. Hotel representatives should enable users, mainly their potential guests, to benefit from such technical facilities. Today, we have access to solutions that let people have a virtual tour on hotels' websites. They may take a virtual walk in a hotel or restaurant, which provides interesting forms of offer presentation and may become a motivating factor for some guests.

The analysts from the Goldman Sachs bank state that until 2026, the virtual reality market will be worth 110 billion dollars, being 11 billion dollars more than the value of the world television market. These figures refer exclusively to VR hardware. If we take into consideration an approximate value of software, the final amount may reach up to 182 billion dollars.

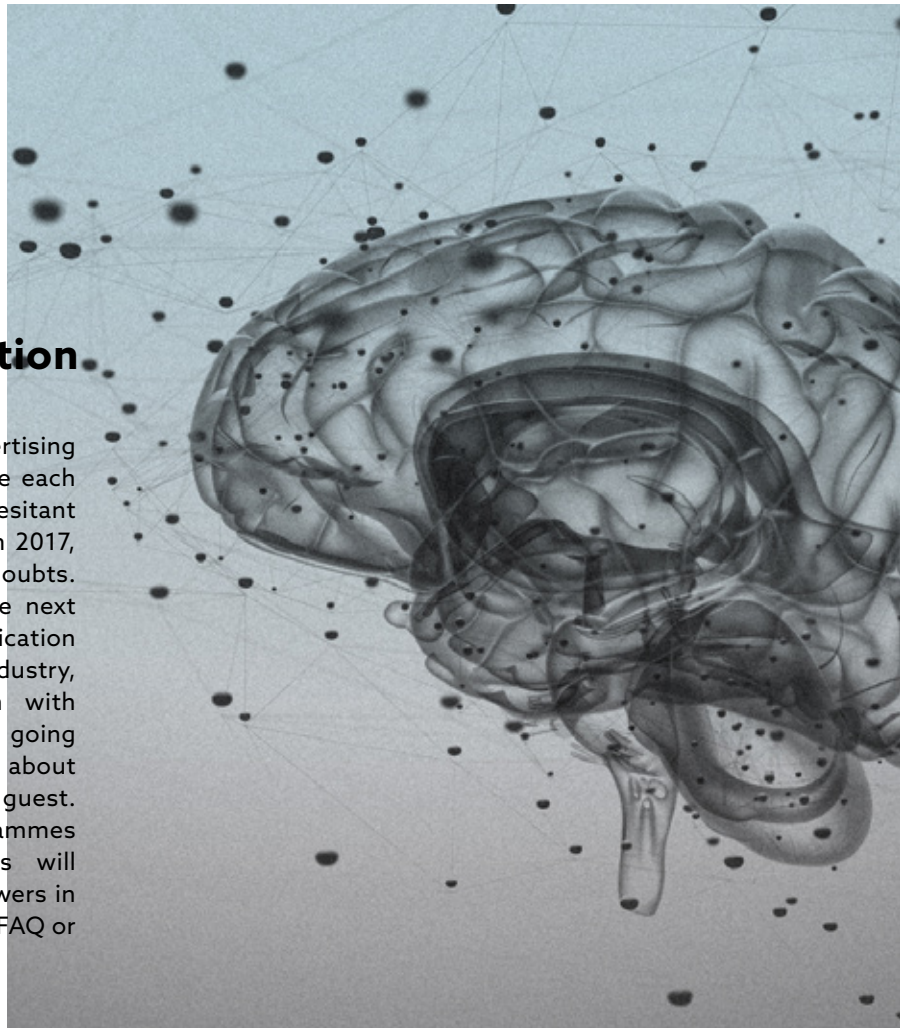
Although VR and AR technologies are still under development, we can purchase them today. For instance, VR PlayStation may turn out to be great fun for your guests of all ages as an element of a hotel's entertainment room. The presentation of your facility with the use of the virtual reality will contribute to visualising the interior - in this case Matterport may prove helpful. The introduction of aerial panorama will be a perfect way of depicting the hotel's surroundings.





Artificial intelligence - - new form of communication

Despite the fact that different forms of advertising hotels are becoming more and more effective each year, every marketing specialist may still be hesitant about the final result of applied strategies. In 2017, artificial intelligence is going to dispel all doubts. Not without reason, AI is referred to as the next great revolution. It may revolutionise communication with customers and, in case of the hotel industry, open unknown possibilities of interaction with guests. For example, artificial intelligence is going to change the way of acquiring information about a given facility on the part of a potential guest. Thanks to chatterbots, defined as programmes imitating human conversations, customers will freely pose immediate questions and get answers in a natural way. This will leave the famous Q&A,FAQ or similar subpages in the shade.



In the year 2017, artificial intelligence may effectively support the hotel personnel. It will not replace human beings, but may help to create a perfect plan according to acquired data or to automate some parts of their work. As a hotel owner or manager, you should consider the implementation of the mentioned solutions in order to increase the effectiveness of your activities in different areas. It may turn out to be an ideal solution of the problem most managers have to face, mainly to find qualified employees who would promote a hotel on the Internet and outside the virtual reality.

Not only communication techniques, but also the way of collecting information about potential guests will take a different form. Although the concept of data collection, based on which marketing messages may be personalised, is not innovative, artificial intelligence will bring it to a completely new level. Specialists responsible for collecting information about customers do not have to rely only on internal sources. Thanks to intelligent algorithms, they will also gain access to millions of websites that transfer information based on structured and unstructured sources including Facebook, Twitter, Instagram, or even entries published on forums.



Technology shapes the reputation of a hotel

In 2020, the generation of Millennials, a group of people born between 1980 and 1994, will constitute more than 50% of all hotel guests. Already today, they are closely associated with modern technology and expect high-quality facilities, also while travelling. In order to meet their demands, the hotels of the future are going to implement intelligent solutions, including, for the most part, mobile technologies.

Technological development contributed to a radical change in customers' everyday habits and preferences. People accepted the fact that they do not have to leave their house to get what they want and they expect to enjoy such conveniences during their stay. Guests are reluctant to queue up or leave their rooms. More and more frequently, they do not even wish to interact with the hotel staff. A contemporary customer wants to choose the most convenient services, depending on their current needs.

The leading world's hotel chains observed this trend long time ago and started to form the so-called "smart hotels" offering self-check-in and check-out via mobile devices. More surprisingly, they offer their guests the possibility of getting a "virtual" room key (mobile key). They may control an air conditioner, set light intensity or room temperature through special applications without leaving their bed.

These are only several solutions, which are expected to become an essential of the contemporary Y generation in the upcoming years. Not only do they provide high level of convenience, but they also increase the effectiveness of hotel's work. This responds to a great challenge the hotel industry is currently facing, that is a lack of competent employees and a necessity to optimize processes.

In the future, each customer will expect more from a hotel than a comfortable bed and free Wi-Fi. Therefore, you should think about implementing intelligent solutions to your facility. The use of modern technologies will raise competitiveness and let you optimise time and costs of certain processes. Even if such conveniences are not yet considered as standard, the Millennials will dominate the hotel market and if hotels ignore the needs of the generation, which number is constantly growing, they will be perceived as less attractive and will lose their appeal in the eyes of the young generation.





Circular Economy

Apart from meticulously developed management methods, a modern company facing global challenges needs to implement a strategy that will make it stand out from its competitors. In the contemporary times, other factors are starting to play a significant role in making a particular product or service most attractive and in grabbing customers' attention.

To start with, decide how mature your company is, taking into account the conformity of its current strategy with the sustainable growth concept. The next step involves the identification of solutions you are going to implement throughout the hotel's whole value chain. It would be necessary to map the sections where your object may need innovative ways of introducing the circular economy solutions. These areas range from the internal hotel functioning, its products and services to communication with the market. Such analysis could be the starting point for the effective use of the circular economy potential, e.g. in the course of cooperation with hotel partners.

The circular economy, being a development strategy that allows for economic growth and provides the simultaneous optimisation of resource consumption, may open new opportunities for companies.

The circular economy brings numerous perks not only in the production sector, but also in the branch of services. By introducing simple changes, the hotel section may significantly limit its operating costs and reduce the level of CO2 emission, resource consumption, or waste production. The European leaders of the hotel industry set new directions of changes through sustainable solutions based on the idea of green hospitality.



Deloitte.

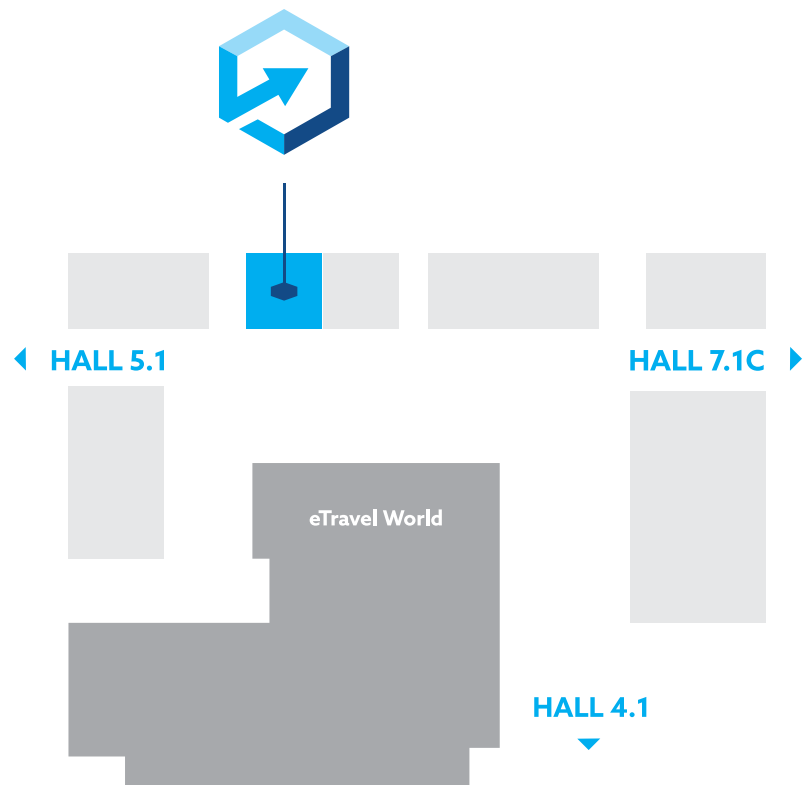
Julia Patorska

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