

HOTEL yearbook 2011

What to expect in the year ahead



Four Seasons CEO Kathleen Taylor
on the evolving concept of luxury

The post-crisis outlook in key markets:
20 exclusive situation reports from Horwath HTL

Best Western CEO David Kong describes the key issues
US hoteliers will have to tackle in 2011

The industry's most progressive approach to operations:
our interview with citizenM's Michael Levie

Plus ideas, expectations and insights for 2011
from the Chief Executives of 8 hotel groups

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ECOLE HÔTELIÈRE DE LAUSANNE

The Ecole hôtelière de Lausanne (EHL) is the co-publisher of The Hotel Yearbook. As the oldest Hotel School in the world, EHL provides university education to students with talent and ambition, who are aiming for careers at the forefront of the international hospitality industry. Dedicated to preparing tomorrow's executives to the highest possible level, EHL regularly adapts the contents of its three academic programs to reflect the latest technologies and trends in the marketplace. Since its founding in 1893, the Ecole hôtelière de Lausanne has developed more than 25'000 executives for the hospitality industry, providing it today with an invaluable network of contacts for all the members of the EHL community. Some 1'800 students from over 90 different countries are currently enjoying the unique and enriching environment of the Ecole hôtelière de Lausanne.



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With an exclusive focus on global hospitality and tourism, Hsyndicate.org (the Hospitality Syndicate) provides electronic news publication, syndication and distribution on behalf of some 750 organizations in the hospitality vertical. Hsyndicate helps its members to reach highly targeted audience-segments in the exploding new-media landscape within hospitality. With the central idea 'ONE Industry, ONE Network', Hsyndicate merges historically fragmented industry intelligence into a single online information and knowledge resource serving the information-needs of targeted audience-groups throughout the hospitality, travel & tourism industries... serving professionals relying on Hsyndicate's specific and context-relevant intelligence delivered to them when they need it and how they need it.



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Founded in 1922, Cornell University's School of Hotel Administration was the first collegiate program in hospitality management. Today it is regarded as one of the world's leaders in its field. The school's highly talented and motivated students learn from 60 full-time faculty members – all experts in their chosen disciplines, and all dedicated to teaching, research and service. Learning takes place in state-of-the-art classrooms, in the on-campus Statler hotel, and in varied industry settings around the world. The result: a supremely accomplished alumni group-corporate executives and entrepreneurs who advance the industry and share their wisdom and experience with our students and faculty.



WATG

Over the course of the last six decades, WATG has become the world's leading design consultant for the hospitality industry. Having worked in 160 countries and territories across six continents, WATG has designed more great hotels and resorts than any other firm on the planet. Many of WATG's projects have become international landmarks, renowned not only for their design and sense of place but also for their bottom-line success.

Balancing innovation with practicality: the IT challenges in 2011

AS CONSUMERS, WE ARE ALL USED TO THE IDEA THAT TECHNOLOGICAL CHANGE IS CONTINUOUS – AND ACCELERATING. BUT HOW DO YOU DEAL WITH THIS WHEN YOU’RE IN CHARGE OF TECHNOLOGY IN A HOTEL COMPANY, AND YOUR JOB IS TO KEEP UP WITH GUEST EXPECTATIONS, MAKE SURE CRITICAL SYSTEMS ARE ALL UP-TO-DATE, ENSURE SECURITY – AND JUSTIFY THE INVESTMENTS ?



Ian Millar

The five experts who joined our Technology Roundtable share some thought-provoking views on how to manage these technology challenges next year. Addressing the key issues for 2011 are:

- **CARSON BOOTH**, Vice President, Information Technology, EMEA, **Starwood Hotels and Resorts**,
- **KEITH GRUEN**, Business Development Manager for **Hetras GmbH**,
- **LENNERT DE JONG**, Distribution Manager, **citizenM Hotels**,
- **FRANK WOLFE**, CEO of the **Hospitality Financial & Technology Professionals (HFTP)**, and
- **DEREK WOOD**, hospitality IT consultant, **Derek Wood and Associates**.

Prof. **IAN MILLAR** from the **Ecole hôtelière de Lausanne** moderated the discussion.

IAN MILLAR: Gentlemen, thanks for joining this 360° discussion. I would like to start by asking each of you this question: What do you think will be the major technology trends that will have an impact on hospitality in 2011 ?

FRANK WOLFE: The big ones are going to continue to be data security, Software As A Service (SAAS), social networking (and the myriad issues related to its impact on hospitality) – and one that is starting to see some re-emergence after a couple of years of cost cutting is training. At the end of the day, one of the best and least expensive ways to maximize existing technology is training. One of the hottest topics today is data security, and

there are three very simple ways to help protect data that every enterprise in the world has available to them – get rid of default passwords, keep firewalls turned on, don’t write down passwords and store them near systems, and keep remote access privileges turned off until your vendor needs to work on the systems.

CARSON BOOTH: I think the decentralized nature of our industry’s technology architecture is a significant risk. In 2011, you will see compliance with data security standards and best practices continue to grow beyond the major management companies. Centralized application service delivery adoption will also continue to grow as a complement to the increasing security needs and driven also by the need to find cost-effective solutions to maintain technology’s relentless pace of innovation.

KEITH GRUEN: Some of the major trends of recent years will continue to play a role – perhaps stronger than ever – in 2011: Software As A Service, as Frank mentioned, electronic distribution, mobile devices, green technology. But a few brand new trends are emerging.

Consumers are becoming increasingly aware of their data privacy rights and are more willing to take action in case they feel their personal data are being abused. Hotel guests have already started to report such abuse in Tripadvisor and similar sites. Before long, Tripadvisor may add – in addition to standard categories such as Value, Rooms, and Location – a new category: Data Privacy.

Another trend, in my view, is the technology-driven hotel. Here we are talking about hotels where technology may be the strongest reason for choosing the hotel. CitizenM, Yotel and the multitude of copycats come to mind. Some guests select these hotels simply to experience the technology.

LENNERT DE JONG: I would say the major factors to consider will be social media and consumer-driven booking processes. Facebook will be the center of gravity for the presentation of your brand or product. Twitter as a communication channel – just like your phone. Software as a Service rather than deploying



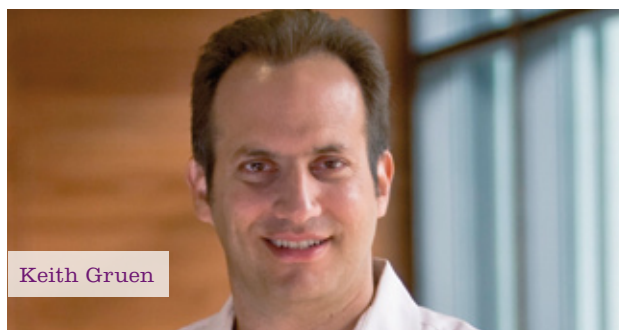
Carson Booth



Frank Wolfe



Lennert De Jong



Keith Gruen

software on property. We have recently implemented the first web-based PMS that fulfills all our distribution as well, and I see this as a revolution that will spread to early adapters in 2011.

DEREK WOOD: Major technology trends – where do I begin? Hosted services, both software (SAAS) as well as hardware will have an increasing impact on hotel technology in 2011. Hosted PMS PBX and IPTV technologies are making a big impact in how hotels are designing future strategies.

Mobile technology is another key area where I believe we will see substantial growth. The ability to book online from a mobile device easily, quickly and securely will drive development in this very important area.

In-room technology, especially within the luxury marketplace, will continue to be developed as well. I believe that web-based content will grow in popularity, and I see new and innovative ways of revenue generation being created in this area. Work with advanced CRM systems will also play a part here. And security is, as ever, a «hot potato.» This trend will continue in 2011 with even more importance being demanded in this area.

MILLAR: There has been talk for many years on the SAAS approach, with many hotels in some way implementing this approach. Do you feel that we will see an increase in this technology strategy in 2011, and if so, in what respect?

WOLFE: Yes, the SAAS approach is coming and is a perfect solution for some enterprises. It's becoming more cost effective, it's reliable, and it can keep CAPEX expenses down. With that said, I don't think that there is any type of one-stop solution available that will meet everyone's needs for a specific technology. SAAS is no different, but it will definitely continue to impact the way hospitality does business in a much more positive way.



Derek Wood

BOOTH: Most major suppliers have SAAS or similar service offerings that are now mature enough to be viable and within affordable price points. Additionally, I strongly believe the technical skills required to manage today's technology continues to outpace the skills in the hotels, so why not turn this management piece over to the product owner or to an organization with an economy of scale for these skills? By doing this, you free up local IT management to focus on service delivery management, data security, or enhancing the guest experience. I think there will be significant increases in this strategy, and the cost justification exists.

GRUEN: Over the last three years, SAAS has emerged from a trend to a requirement. It is often the main factor driving software purchasing decisions, for everyone from the smallest hotels to the largest international chains. The question is no longer SAAS vs. locally installed software, but rather one flavor of SAAS versus another. Hotels are now becoming more aware of the differences between private cloud and global cloud and between hosted software and multi-tenant solutions.

DE JONG: All true, but availability plays a huge role. No company has so far succeeded to do a true web-based PMS and roll this out with significant chains. I see an increase in

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this next year, as people understand more and more that the Internet is available and used as much as water is.

WOOD: I think the general strategic view will be maintained. Vendors seem to have fully adopted this technology, and I think it meets with the approval of hoteliers in a number of areas. Not least is that in which the vendor performs more of a managed service, which means the hotel gets less involved with the operational aspects of that particular service.

As you say, this has been talked about for many years, and it has taken the hotels a while to see the « bigger picture. » And of course, the money is still relatively limited with regard to system replacement, but new build hotels do tend to be adopting this strategy, both larger chains and smaller groups.

Many of the traditional services which have traditionally been « in-house » are now being hosted off site. There has been talk for a while now around the « hotel-in-a-box » solution (all hotel technologies hosted off-site, and supplied by one vendor, or combined network of « operating specialists »). I feel that 2011 will bring us closer to the adoption of this technology.

MILLAR: Guest room technology has been a major discussion point over the last few years, with the emergence of flat screen TV, HD content, the decline in pay TV and increase in Internet activity. Do you feel that the investment in this area will continue at the same pace, with some hotels pushing the boundaries in terms of LED, 3D content, and so on? How far should we really go in terms of these technologies? Is it thinkable that we are perhaps putting too much technology in the guest room?

DE JONG: There will always be hotels that are pushing the boundaries, and yes, there will be hotels with LED TVs. However, the hotel industry as a whole is running behind on technology and is offering consumers what they experienced at home five years ago. Not many hotels use technology as a marketing instrument. They consider technology as they would a couch in the lobby in terms of writing it off. However, they do replace the couch before it is written off – if there are stains on

it or it is worn. Old and outdated guest experiences in the room are not taken seriously enough, though, and have to go through the entire write-off procedure.

GRUEN: I feel that most guests are satisfied with free, reliable high-speed wireless Internet in the guest room. Guests travel with their laptops and smartphone, their Netflix subscription, their Skype client, and their daily electronic edition of the New York Times. Guests have less time and interest in additional hotel-provided digital content and entertainment.

However, I do think that hotels could continue to invest in low-tech upgrades so that guests can experience technologies that

Luxury hotels have suffered for many years with the stigma of the average guest having better technology at home than was available in the hotel room. That's not acceptable for 5 star hotels

they don't necessarily have at home. Top quality mattresses and linens, programmable rain showers, Jacuzzis, recliners with massage function, windows that evolve from translucent to transparent at the press of a button, and of course an iPod docking station with really good quality speakers.

WOOD: From my point of view, I feel, firstly, that investment will continue in this technology, although I would not be at all surprised to see a reduction in the number of players in this marketplace. There will be some really good applications available to hotels next year which I am sure will introduce the long awaited Wow! factor back to some of our hotel rooms. The emergence of 3D television and associated content will begin to appear in certain 5-star hotels, I am sure, and we will see

even more development and interface between the telephone/communication system and the TV (media) system.

Luxury hotels have suffered for many years with the stigma of the average guest having better technology at home than was available in the hotel room. That's acceptable, you may argue, for a 2 or 3-star hotel, but certainly not for 5 stars, and the additional uplift in room rates. To a degree, this situation has been addressed with the installation of flat screen TVs and the availability of HD content. However, it's not just all about TVs; after all we need good content delivery as well – many hotels offer HD «snow»!

The need to connect your own devices has also become high on the list of 'desirable features', although I sometimes think there must be easier ways of accomplishing this!

Is there a danger of putting too much technology into the guest room? Well, as the saying goes, «You can please some of the people some of the time... but you can't please all of the people all of the time.» As a technologist, the development of in-room technology is exciting, interfacing iPads/iPods and iPhones to the TV to control system features and room features, and to download specific hotels applications is the way forward, even if only a few people today use it! Why? Because everyone will use this tomorrow – what is an «in-room gimmick» today becomes the standard technology tomorrow... in a manner of speaking.

I have heard criticism in the past of in-room color touch-screen telephones, along with some features that are found on TV systems. However, as long as they are being developed we are moving forward, as long as we have the correct infrastructure, then we can choose to install some or all of these applications as they become available. Without the infrastructure, the hotel will be limited in the future, and ultimately, without the new integrated IP systems the hotels will suffer in reputation and efficiency.

WOLFE: There is always going to be significant investment in a display device for the hotel room. If a consumer can have an affordable device (3D or otherwise) in their homes, then it is a *necessity* to have them in our hotels. These devices need to be able to do the same thing at the hotel that they can do in the

consumer's household, which includes containing standard open ports for the guest to bring their own devices and use the hotel's display to project them onto.

Another related item that guests have in their homes which hotels will have to provide is reliable high speed Internet access! I hear frequent travelers complain about this all the time. Most say they are willing to pay a premium for it... if it works. Perhaps this is the way to replace the lost movie revenue that is going to become extinct sooner rather than later?

BOOTH: Frank's correct on that point. The business model of watching a movie in-room for twice the cost of watching one in the cinema is effectively over. Our guests have greater access than ever before to alternative content sources, either through the continued rapid growth of web-based content or through personal content stored on devices brought into the room.

What a hotel must invest in is ensuring the guest's experience is the best it can be while allowing them to view the content of their choice. LED TVs are now the minimum; however, with the recent flurry of 3D blockbuster movies and now second generation 3D personal cameras hitting store shelves, the lifespan of the LED TV investment will most likely be the shortest TV investment ever made so far. 3D content in the guest room is coming, but content remains limited, distribution rights even further restricted, and in reality, it will lose its Wow!-factor fairly rapidly. Watch for the third or fourth generation 3D products, and for now, give the guest a bright, large and crystal-clear TV choice with a wide variety of HD content. Lastly, always retain a healthy scepticism on the return on the investment.

MILLAR: **Technologies used by our industry have not always been seen in a positive light by management and the end users. Do you feel this is because of the technologies themselves, or how the technology has been chosen and implemented? Or are the users themselves to blame?**

BOOTH: The hospitality industry is about people, not technology. In the end, we want guests to enjoy their stay, sleep

Balancing innovation with practicality: the IT challenges in 2011 cont.

comfortably, and enjoy a dining or spa experience. Rarely will a guest truly return just because the Internet or TV was fantastic.

Management understands that it's about people first and that maintaining the pace of technology change can have serious financial impacts. Additionally, end-user tools are constantly being upgraded by IT and come with very little clarity on how the upgrade will drive greater efficiency or help the bottom line. It's the responsibility of IT management to help educate the business on the merits of a particular technology, and most importantly, this education must be made in terms and a language management understands.

GRUEN: Any shortfalls of technology in hotels can only be blamed on those who create the technology. Hotel staff – and often managers, too – are already satisfied users of iPhones, Facebook, Ebay, Google and all the rest. The reason is because these technologies simply work well without any training required.

So if the hotel staff is unsatisfied with the technology they have to use on their job, it's because the vendors are stuck in last generation's technology paradigm and have not picked up clues from the useful and user-friendly Internet and phone applications that are sweeping the earth!

WOOD: My previous comments relating to touch-screen IP phones fall into this category. The problem facing the hotelier is that their guests are not all the same – a simple but obvious statement, sometimes forgotten! And therein lies the root of many strategic discussions. You see, we have to cater for today's guest, both the technically inept as well as the up and coming IT-savvy director. But more importantly, we have to cater for tomorrow's guest. And because of the technology they want (or even – heaven forbid – demand), we must have that technology available in their guest room. That can be anything from wishing to integrate their iPhone to the Wi-Fi system to wanting a 100 meg connection in the room.

We don't always get it right, I know, but I also know that doing nothing is not an option! Will we really be installing analogue

telephones in bedrooms in 5 years time? I think not – OK, not every room will have a touch screen unit either, but there's a place for everything. One criticism of in room technology in general is often that it's too complicated; again I would refer to my comment relating to the profile of the guest. Most guests who stay in up-market hotels are already using much of the technologies which we are considering installing in our rooms, on a day-to-day basis in their normal working environment (IP networks/technologies). As hoteliers, however, we have not traditionally been using this technology. Therefore, to us, it may seem complicated, but to our users, it's just another piece of technology. OK, that may be an oversimplification, but I can remember a conversation with a group of «older» senior managers who said that this newfangled «texting» will never catch on – and that wasn't so many years ago!

I am always conscious that we should not implement technology «for technology's sake.» We have to balance innovation with practicality. However, we must always strive to improve the guest experience, which I agree may not necessarily be the provision of all guest services via a touch-screen telephone or via the TV.

WOLFE: In a nutshell: because guest-facing technology is readily and affordably available to the consumer for their homes, they demand it from the hotels. A majority of the time, in-room technology is like water or electricity in the guestroom. You can't put a true ROI on having it, but you sure can go out of business by *not* having it!

MILLAR: As an industry, do we place enough emphasis on technology security? What should hoteliers take into account in terms of security issues in 2011, especially PCI compliance?

WOOD: The short answer to that question is no, I do not think that we as an industry do place enough emphasis on security, although I believe PCI compliance in the past 12 to 18 months has changed that. But there is still a lot of work to be done in this area.

Information that we glean from and about our guests is the key to the future of new CRM systems, and indeed our ability to

impress the guest in the personalized service that we will be able to offer them. The security around that data which is being held is of paramount importance. Until recently, I really do not think that hoteliers realized the legal implications of securing this data (much like health and safety legislation in the '80's). However, that situation is changing, for better or worse!

The threat of hacking into our systems cannot be overstated, and as we know with viruses, there is always someone out there trying to get into someone's system! The hotelier's business integrity relies upon secure systems and networks. The design of those systems must be of a standard to guarantee security to the hotel operation as well as the guest. I think that in 2011 we will continue to be reminded of the importance of having secure IT systems.

WOLFE: In today's world, I don't think that any industry can place «too much» emphasis on technology security, including hospitality. I also think that hospitality is held to a higher standard than some industries due to the nature of our business. However, PCI compliance is something that needs to be better communicated by the credit card industry. As it stands right now, an enterprise can ask a question and get conflicting answers from the processor and the credit card company.

BOOTH: There are some very well-known statistics on the amount of credit card fraud stemming from poor controls in hotels. The hospitality industry is a natural target for organized groups to target, for many reasons. Firstly, the opportunity of exploiting security gaps due to the decentralized nature of technology across the industry, and the reliance on individuals properly interpreting and implementing data security standards. Secondly, traveling guests generally have higher credit limits and tracing back the root breach is made more difficult due to how frequently a card is used when traveling. The threats are very real and very sophisticated – and coming very soon to a hotel near you.

GRUEN: One benefit of SAAS is that the hotels can outsource many of their security concerns to their technology vendors. If the data is hosted offsite, then the company responsible for the hosting is largely responsible for the security of the data as well. After

all, the complex field of data security doesn't need to be a core competence of hotel management. Of course, hotel management should learn to ask the right questions of their vendors.

DE JONG: The payment industry is running ahead of the hotel industry a couple of years. Hotels still swipe creditcards on a keyboard, but they don't realize that this is going to end with EMV, PCI and chips on creditcards. There are no real measures taken as an industry to stand up for credit card as a guarantee, and it focuses solely on PCI compliance. The real conversation should be with the credit card companies on how the hotel industry can continue to use credit card as a guarantee for bookings and incidentals in the hotels.

MILLAR: How as an industry can we approach the problem of technology offerings to our guests, especially from a generational angle ?

GRUEN: Perhaps a decade ago, this would have been a legitimate issue. But today, with cell phone usage exceeding 100% in some European countries and internet usage in the high nineties, technology is used by virtually every segment of the population. Airlines have already moved to a largely self-service technology-based paradigm without much backlash from any age segment. There's no reason it should be different in hotels.

DE JONG: I do not think there is such a difference in generation in terms of accepting to use technology. The iPod is used by all generations because of its simplicity. There is nothing difficult about a hotel room's technology. One uses what one feels comfortable with.

WOOD: Advances in CRM technology will ultimately make this a little easier for hoteliers. Guest profiling is moving forward at a rapid pace now. TV systems will soon offer you choices, based on your profile, which obviously includes age, that detail what other people your age and from your country have been looking at or been interested in.

Again, because of the nature of our business, we must be in a position to offer technology to those that require it, but for those



Balancing innovation with practicality: the IT challenges in 2011 cont.

that don't, it must be unobtrusive. As with multi-media systems, guests can either navigate around the myriad services and programs on offer, or they can just watch normal TV – whatever that is these days! After all, if our super CRM systems are that good, they will ensure that all the additional features which may be available are not «forced» upon the unsuspecting guest! Having a hotel application available to download onto your mobile is a good example. If you don't want it – don't download it! But ultimately, of course, you may benefit from doing so. It's a balance, which not everyone gets right, in how to use technology both effectively as well as efficiently, but I believe that we should continue to strive toward the goal of seeking new ways in which we can utilize technology to both our advantage (operationally) and our guests' advantage (in service delivery). We have always had the challenge of how to satisfy the 25-year old guest one night, and the 80-year old grandmother the next, and guess what: we always will! But providing the guest with a choice has always been the hotelier's mantra, so let's put the right infrastructure in place and be selective with our technologies which are run over that infrastructure.

Technology should be unobtrusive, and most importantly it should work! Check a guest into a room with no HSIA and see how long they take to complain! And yet if they do not wish to have HSIA, it's not confusing the guest by being available. I am seeing a move by vendors to «simplify» their technology, and I see this as a most positive development.

MILLAR: Let's turn to money for a moment. Financing technology has always been an issue in our industry, with many hotels unhappy about current financing models, and lack of models in terms of technology investment justification and ROI calculations. Should 2011 be the year that as an industry, we approach this issue? If so, how could this be done?

BOOTH: Showing an ROI on technology is very difficult due to the nature of defining and measuring what «return» means on an upgrade. A more appropriate model that can be applied for many technology projects is comparison of total cost of ownership (TCO) of the solutions with careful focus on risk-related elements and benefits.

GRUEN: SAAS is not only a technology shift, but also a financing shift. No longer does the hotel need to shell out large amounts of cash up front for new hotel management software. Instead, the hotel pays a monthly usage fee and can cancel any time. In essence, these expenditures shift from capex to opex. We are also seeing more hotel chains package the technology – in particular hotel management software – as part of their management services. This makes the technology cost almost disappear inside the management fees. It also means that if a property switches brands, there shouldn't be a high cost of switching to new technology.

DE JONG: I believe that 2011 should be the year where we no longer see offering technology as a goal, the numbers as a showstopper to not have to do it, but this should be the year that hotels put the customer experience upfront. What do they expect from me as a brand and how can I fulfill this? Good businesses are not run by Finance or IT, but by people who believe in the match between offering and consumer perception. Ask the right people the right question and all obstacles are gone.

WOOD: I have had many discussions this year with vendors who are aware of these financing issues. Combined with the general economic situation prevailing at the moment, it means that it's a tough time for hoteliers and vendors alike.

I am seeing different initiatives being proposed, which is encouraging, although I feel that there should be a fundamental change in the approach to hotel technology in general. I believe the days of justifying an ROI are gone. Technology is far more than just a phone system or just a TV system: it's the lifeblood of the hotel. Whether a stand-alone hotel or part of a large chain, technology is a key part of the operation, both for the administration as well as guest-facing applications.

Investing in the correct infrastructure is no longer an option; it is a necessity that should be budgeted for alongside room refurbishment and bed replacement. Having a good IT strategy, which includes the financial aspects, has become key to the overall business plans of many hotels.

In 2011, I believe that we should be bringing the financial element of IT procurement to the forefront in educational shows and exhibitions, as without financial investment, growth in this industry will be stunted. We have two well-established platforms here in Europe in which to educate hoteliers, the HFTP (Hospitality Financial and Technology Professionals) and BAHA (British Association of Hospitality Accountants). Both organizations are active in the fields of technology and finance, both have shows and exhibitions, and both are keen to educate.

MILLAR: How do you see the future of distribution in our industry, especially with the ever-increasing popularity of Internet-enabled mobile devices?

BOOTH: Mobile Internet penetration and speed will continue to grow at substantial rates. Augmented reality applications like mTrip will have profound impacts on consumers making purchasing choices. Mobile options for both check-in and key-locks will also impact the choice of our guests. However, the hospitality industry remains one that is focused on people – today's and tomorrow's technology will play key roles, albeit secondary roles, with smart hotels providing technology choice, but ensuring they deliver an exceptional lifecycle of guest experience – this is what drives loyalty in the end.

GRUEN: Over the last decade or so, hotel companies have watched idly while Expedia, Booking.com, HRS.de and others have taken over the hotel sales department and cashed in on hefty commission fees.

Now we are beginning to experience a backlash. The online travel agencies may have overstayed their welcome, especially as they try to dictate rates and policies to the hotels.

Hotels and chains are looking at ways to increase their direct bookings, whether through innovative functionality on their own website, higher level guest recognition and services for direct bookers or simply more informative and faster websites with last room booking capability. Hotels will couple these efforts with more personalized E-marketing activities.

So while the online travel agencies will always play an important role, the industry will likely revert back to a healthy split between direct and indirect business, similar to the ratios in the airline or rental car industry.

WOOD: The Internet continues to grow in importance with regard to distribution, year on year it becomes more powerful as a distribution tool. However, as is normal, we continue to be slow as an industry to fully reap all the benefits.

Technology should be unobtrusive, and most importantly should work!

The growth in mobiles continues to produce mind numbing figures year on year. This is without a doubt the technology of today, used by our guests of tomorrow. The ability to not only surf but book services online from the mobile has now become an everyday occurrence, and yet so many web sites are still not «mobile enabled.» Many hotels still make it very difficult for potential guests to book online. Unless hotels adopt this technology, they *will* be left behind by their competition.

We have entered the era of the «App,» and we need to be aware that distribution is merely an «App» of the booking process. This should be quick and simple for our guests, and ideally loaded on their telephone, alongside all the other Apps that they use.

DE JONG: The device is just a tool, not a distribution method. The battle between third-party websites and own websites will continue to get worse now that recovery has started and hotels are looking for control of their distribution.

Tying people into the conversation, engaging with social media, and focusing on your own web marketing strategy will lead to success. Battling the third-party websites will lead to failure, as they are too strong. If you are willing to pull the gun you have to be willing to pull the trigger, and no one (not even the top five) has been willing to do this. Measure your business, start with your websites and make a strategy... ■

SCENARIO PLANNING

The future is embedded in the present

« Trying to predict the future is like trying to drive down a country road at night with no lights, while looking out the back window. »

- Peter Drucker

If one of your tasks as a CEO is to ensure that your organization remains competitive 5 or even 10 years from today, then visualizing how the future may develop is not a meaningless parlor game; it's a vital necessity. You need to understand today how your company is likely to be challenged when tomorrow, the competitive landscape around you changes. And change it will.

THE FUTURE IS NOT A STRAIGHT LINE

Many organizations base their plans on linear thinking. This approach may produce acceptable results for the near-term future, but beyond two or three years, the future is not likely to proceed in a nice, straight, predictable line. The road ahead is curved, forked – anything but straight.

This means that your strategic plan is only as relevant as your ability to foresee how the future could unfold a few years down the line. And not just in one direction but in three or four possible directions, because at any moment, several different futures are possible.

Luckily, as John Naisbitt wrote, « the future is embedded in the present. » With skillful observation and analytical thinking – plus a little creativity and imagination – it is possible to identify the trends and events that are likely to change tomorrow's playing field, and then to take this a step further and develop plausible story lines to explain how the future could logically unfold if various trends play out. This process is called *scenario planning*.

OPENING YOUR EYES TO ALTERNATIVE FUTURES

Scenario planning is a structured approach to visualizing how alternative futures might emerge. Depending on which trends prevail and what kind of events occur, three or four (or more) quite different futures could evolve – and your company has to be ready for any one of them. By developing for you a set of realistic alternative scenarios for the mid-term future, this fascinating process helps you:

- improve the flexibility of your strategic plan
- spot likely new investment and market opportunities (and threats!)
- identify signposts that may tell you which future is going to develop
- foster unconventional thinking in your management team

DIFFERENT FUTURES CONTAIN DIFFERENT OPPORTUNITIES

Interested in knowing more about the futures you will have to face? Call or e-mail Woody Wade to explore the possibility of introducing this process to your organization.

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