

14 recommendations for hotels in 2014

by **Kelly McGuire**  Member of the HSMAI Revenue Management Advisory Board

To wrap up this special edition of *The Hotel Yearbook*, we thought we would take a big picture view and put digital marketing in the wider context of this year's many challenges facing marketing decision-makers in the hotel industry. Kelly McGuire, who leads the Hospitality and Travel Global Practice for SAS, put together this comprehensive list of action items for us. Good luck!

Here are my 14 actions that our analytic hospitality executives should put on their “to do list” in 2014. Five are higher-level – helping you to build that strategic analytic culture we’ve been talking about. The remaining nine are more tactical – but they will help you stay on top of trends I’ve been tracking that I think will have a major impact on the industry in the years to come.

1 Think more strategically: This is probably something we say to ourselves every year, but it’s easy to get bogged down in day-to-day analyses or job tasks. It is important to take time to think strategically about where you and your team are, and where you want to go. Do you understand your organization’s business strategy? Do your goals line up with this business strategy? Do you have an opportunity to take on a project that will demonstrate your commitment to the organization’s business strategy (and get you some positive attention while you are at it)? Build these activities into your plan now so that they stay on your radar when you get slammed.

2 Encourage cross-departmental decision making: We’ve been talking about integrated revenue management and marketing for a while now. With digital marketing coming into the forefront and the recognized value of review and ratings data across multiple departments,

cross-departmental thinking will be even more of a focus in 2014. If you haven’t established regular communications with your counterparts in other departments (think marketing, operations, finance, revenue management), you are behind. You should already be bringing your best information to the table, and making decisions as a team. Next step – integrated data and analytics to automate some of that routine decision making. On that note...

3 Develop a common business language: Many companies have started data visualization projects to pull together data from across the organization and provide “single version of the truth” reporting for executives and managers. These projects will fail without first establishing a cross functional team to come to agreement on definitions of key metrics, data access and data acquisition rules. You would be surprised how much disagreement there can be about even the most “core” operating metrics. I think we’ll see much more focus on data management in 2014 as these initiatives get underway.

4 Carefully evaluate new data sources: There are plenty of new data sources out there – more every day. It can be tempting to gravitate towards all that is new and shiny, but adding new data sources can be time-consuming and resource intensive. You need to fully understand what



the data is and how it can contribute to decision making. Can the data enhance or augment existing analyses or business insights? Do you have resources available that can understand the data and be able to use it in analyses? What actions could you take with insights gained from that data source? If the answers to these questions aren't clear, then it's probably not worth the effort at this time.

5 Tell a story with your data: If you want to get your point across to a wide range of personas within your organization, you have to think carefully about how you use data in your presentation material (this includes both presentations and written materials, by the way). Rows upon rows of numbers, mathematical formulas or complex graphs will not grab the attention of any but the geekiest of audiences. Instead, distill all that information down into the couple of "pictures" that makes your point with the most impact. Wrap that in a compelling set of real-world, relevant examples, end it with a solid call to action, and you'll get the attention you need from your peers and executives.

6 Build an accurate guest profile: We've been talking about this for a while now, but along with your other data management efforts, focusing on building an accurate guest profile is the crucial first step to many other initiatives that will keep your company profitable in 2014 and beyond.

The technology is here, and most companies have started to collect this information – but it's time to focus on augmenting that profile with as much actionable information as possible.

7 Use ratings and reviews beyond "monitor and respond": The hospitality industry has recognized the importance of ratings and reviews in many aspects of our business. We've gotten good at the "monitor and respond" processes. Now is time to think about other ways that this data can be used – including integrating it with internal guest satisfaction measures. We should be looking at augmenting guest profiles with activity from social channels. In addition to price influences, there are other opportunities to forecast trends and anticipate issues using these sources, like predicting service problems or forecasting PR effects.

8 Watch distribution costs: The buzz in the industry lately is about the rising cost of distribution. This will rapidly become a problem for the industry as more players move into this space. We need to start managing this more closely – and finding opportunities to drive guests to more profitable channels. This leads me to my next set of items:

9 Leverage the mobile presence: As more and more activity moves to the mobile device, hotel companies need to carefully evaluate their mobile presence, and leverage that channel not just for bookings, but also as an engagement tool. Hoteliers should think creatively about how they can provide value through their mobile app, or risk losing consumers who prefer the integrated mobile experience they can get from a third party, like an online travel agent.

10 Understand how your website is performing: As competition heats up for the online consumer – between third party distribution channels and meta-search (and so on, and so on), how does your website stack up to the competition? Is it easy for consumers to find it? To navigate through it? Does it effectively represent your brand? Does it show up in search?

11 Evaluate the cross-channel experience: I talked about mobile and web, but there are many channels through which a potential guest can reach you. Are you delivering the same experience through all of these channels? Does the brand look and feel the same (adjusting for channel demographics etc., of course)? Are they recognized or treated the same through all channels? Consumers are using multiple points of contact during the booking process, so the experience needs to be consistent across all of those points of contact.

12 Simplify the booking process: Closely related to no. 8 & no. 9 above, we need to be sure that we are making it as easy as possible for our guests to do business with us. This is not always the case. Is the booking link buried in the page? How hard is it to find the exact product/price they are looking for? How many screens do they have to go through to enter their information? Are fields labeled carefully? The easier the booking process, the more likely they will be to complete their transaction, and use your site next time as well! (And hold your booking engine provider accountable for ensuring that the booking process is as efficient for the customer as possible!)

13 Start on the path to personalization: As you've worked your way through items 8-11, think about strategies for personalizing the guest experience. With all the data that you collect at each interaction point, and an accurate and complete guest profile, you have the opportunity to predict what content you should surface at each interaction point that will encourage them to take the action you desire. You don't necessarily have to "know" who is browsing your website or mobile device. You can use what you observe about them to predict the right content to surface, and then update their profiles once they identify themselves. Personalization doesn't stop at the website either. You have an opportunity to provide personalized service at every touch point on premise as well – surfacing key pieces of information about the guest, and analytically-driven recommendations of what to offer or recommend. If you are not already thinking about how to set up your organization for this, you should start. Personalization provides an important opportunity for you to differentiate your brand in a vastly commoditized marketplace.

14 Re-evaluate your loyalty program: The loyalty program is the best way to capture information about guests, and ensure that you are recording all of their activities with you. As long as you are taking the time to update guest profiles and evaluate the guest experience, take the opportunity to see if the loyalty program is doing everything it could be for you. Mike McCall, Research Fellow at the Center for Hospitality Research has done some work in this area that could guide your thinking. We've talked to Mike before, on the impact of enrollments in customer loyalty programs, and his thoughts on how to leverage the explosion of customer data.

So, there's your year all planned out!



Kelly McGuire leads the Hospitality and Travel Global Practice for SAS. In this role, she is responsible for driving the offering set and setting strategic direction for the practice. McGuire works with product management, sales, alliances and R&D to ensure that SAS solutions meet the needs of the market. She also works closely with IDEaS Revenue Solutions, a SAS company, helping to integrate IDEaS revenue management solution with SAS' Customer Intelligence solutions. She has 20 years of experience in the hospitality industry. Before joining SAS, McGuire consulted with Harrah's Entertainment on restaurant revenue management strategies for their major markets. Prior to that, she was a senior consultant at Radiant Systems. She also worked for RMS (Restaurant Revenue Management Solutions) providing menu item pricing recommendations to major chain restaurants. McGuire has a BS from Georgetown University and a MMH and PhD in Revenue Management from the Cornell School of Hotel Administration. Her research has been published in *The Cornell Hospitality Quarterly*, *Journal of Pricing and Revenue Management* and the *Journal of Service Management*.



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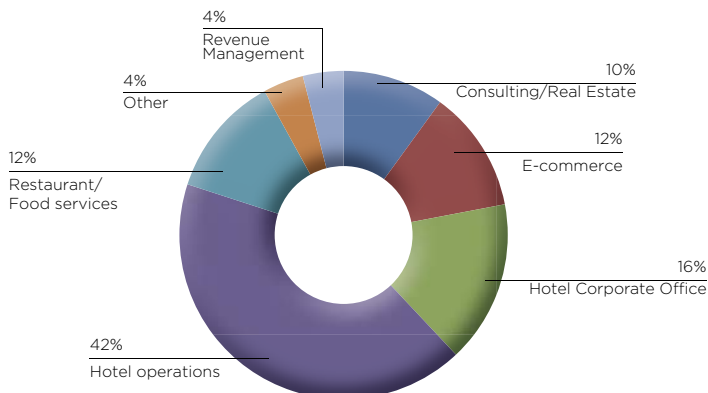
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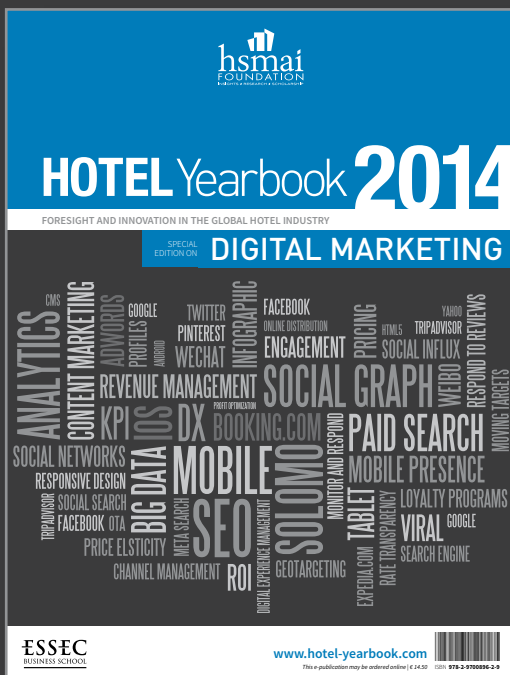
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