

Putting the **GUEST** Back into Guestroom Entertainment



How to leverage today's consumer preferences for online connectivity, content streaming and voice control to maximize guest satisfaction and increase revenue opportunities.

Historically, hotels and resorts are slower to adopt new technology than consumers are to embrace it. Due to this, there is often a noticeable disparity between the new technologies that guests use at home and those they encounter in their guestroom. While enhancing the guest experience has certainly remained a top priority among hoteliers in their goal to increase



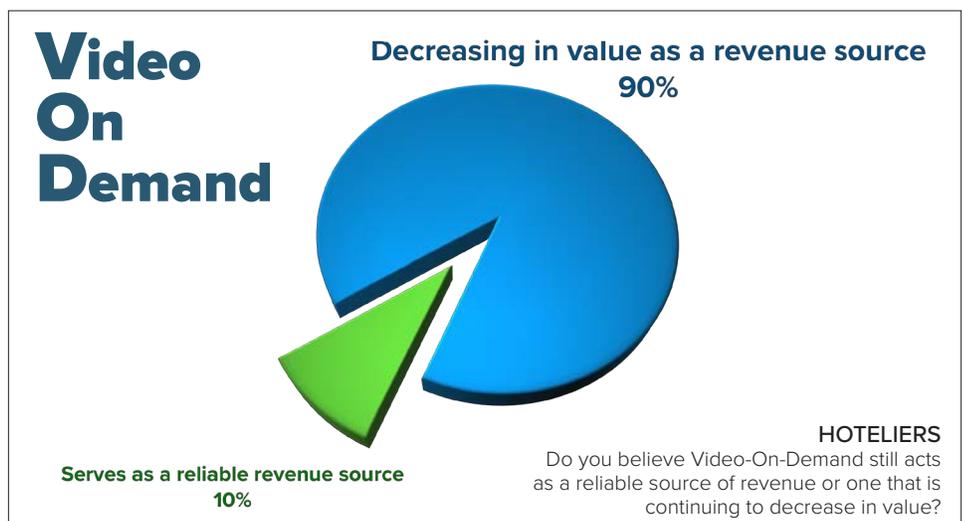
booking rates, a need to balance budgets has often grounded efforts to enhance services with the need to keep expenses at a minimum. Yet, with advances in mainstream technology having equipped consumers with applications that are accessible from anywhere in the world, hoteliers now have a need to reassess the adoption of new consumer innovations and consider them as guestroom amenities. As more guests look to their own devices and subscription-based online services when traveling, this newfound ability by guests to enhance their own satisfaction has often come at the expense of hotel services and revenue.

Nowhere is this perhaps more apparent than in the area of guestroom amenities and entertainment, where the ability of today’s guests to instantly access online services and enjoy their own content such as Netflix or Hulu, has resulted in the almost complete abandonment of services video-on-demand; once a reliable source of hotel revenue. However, rather than remaining complacent with this growing trend, hoteliers can also leverage advances in technology to re-connect with their guests. Using the latest innovations in guestroom entertainment and communication, hoteliers can simultaneously provide amenities that cater to online and faster-paced lifestyles, while not only replacing outdated and diminishing revenue sources, but creating new ones altogether. What follows are findings based on an HIS survey conducted with 565 guests and 207 hoteliers across the U.S., with respondents providing crucial feedback on what they expect and value the most in a modern guestroom entertainment and communications system.

Guestroom Streaming: Content Really is King

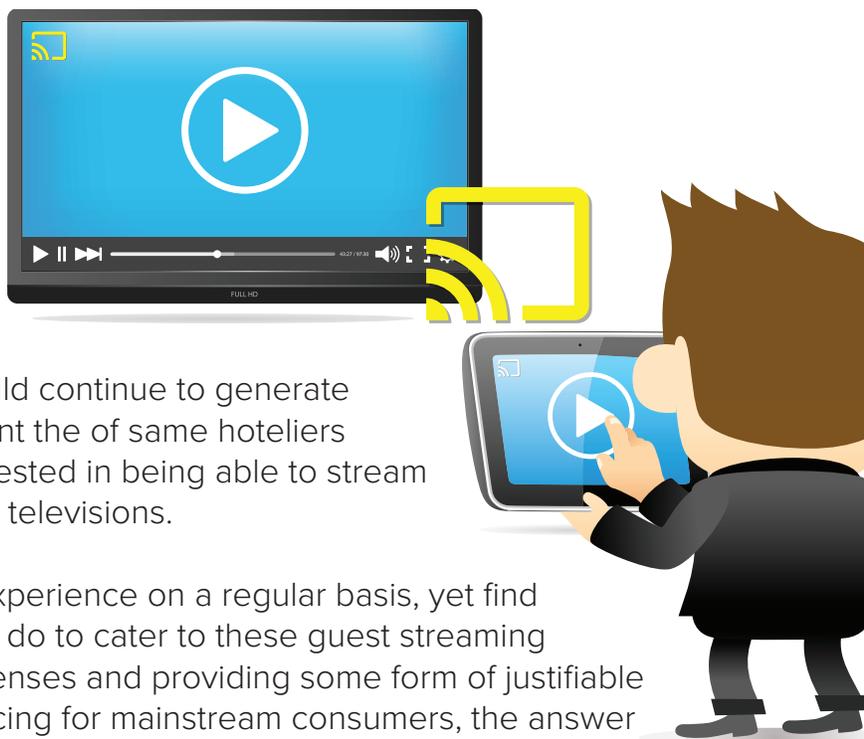
With the advent and widespread availability of online and cloud-based services such as Netflix, consumers have become accustomed to entertainment platforms that are unrivalled in their ability to update content

based on preferences and viewing history. Coupled with the fact that consumers are now able to bring and access such services wherever they travel, it is inevitable that hotel operations would be affected. An obvious first causality has been a universal decrease in video-on-demand (VOD) sales, with the HIS survey revealing that 64 percent of guests

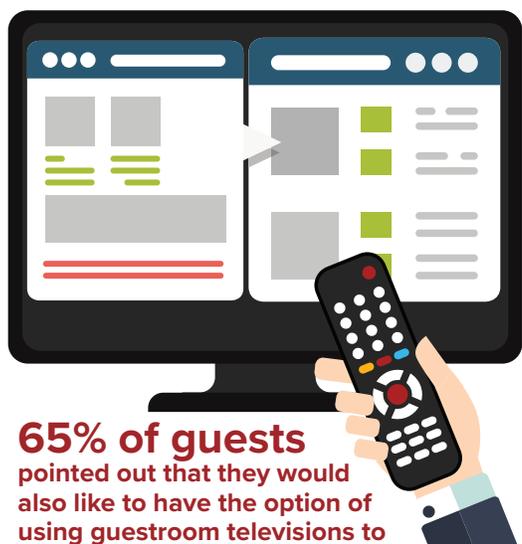


prefer to stream content from personal subscriptions, versus just 36 percent who opted for VOD services.

Reinforcing this finding is a trend identified by PFK Hospitality Research, showing more hotel brands eliminating VOD offerings as a result of revenue declining by more 56 percent from 2007 to 2012¹. In fact, when asked by the HIS survey, a mere 9.8 percent of hotelier respondents believed that VOD services could continue to generate revenue. Yet in a sizeable contrast, 90 percent the of same hoteliers believed that guests would be far more interested in being able to stream their own online subscriptions via guestroom televisions.



Many hoteliers can relate this to what they experience on a regular basis, yet find themselves asking what can they realistically do to cater to these guest streaming preferences, while offsetting installation expenses and providing some form of justifiable ROI. With today's technology not only advancing for mainstream consumers, the answer now comes with solutions that are capable of catering to such preferences, while actually enhancing a guest's experience of those same preferences, with additional features and functionalities that can simultaneously offer revenue-earning abilities. With 54 percent of guests surveyed indicating that they would seek out a guestroom entertainment platform that allows them to wirelessly cast their own content onto guestroom televisions, the potential for hoteliers to leverage this new demand certainly exists.



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A Diverse Solution for Diverse Guest Needs

Like smartphones and apps, any technology that provides users with multiple value-enhancing functions significantly affects its frequency of use. In their homes, consumers are increasingly finding television-based platforms that not only allow them to access personal content, but also allow them to check the weather, see who is ringing the door bell, lower the thermostat and even order a pizza. When staying at a hotel, guests are undoubtedly bringing their preference for such enhanced convenience and multi-functionality with them. When asked by HIS for example, in addition to indicating a desire for wireless casting abilities, 65 percent of guests pointed out that they would also like to have the option of using guestroom televisions to surf the internet. Another

53 percent sought out the ability to use televisions as a means to view their bill or check out, a feature that provides guests with the instant service that they increasingly seek, while also offering hoteliers the possibility of reducing staff workloads and associated costs.

¹. <https://www.marketwatch.com/story/7-disappearing-hotel-amenities-2014-01-08>

Perhaps of most interest to hoteliers is the HIS survey findings that demonstrate significant guest interest in using an entertainment system to access revenue-generating services. When presented with a list of features that they would like included within one all-encompassing platform, 42 percent wanted the ability to order additional amenities, such as in-room dining or making dinner reservations. Yet another 39 percent voiced their preference to use a guestroom television to view hotel information on available services, such as spa, bar, gym and gift shop hours. With guest demands for instant service likely to continue increasing, these survey results further demonstrate that it is not just about what kind of services a hotel offers that determine whether revenues increase; it is also about how a property promotes them, with efforts made to conform to evolving preferences in guest-to-hotel interaction being a vital aspect. With the latest in-room entertainment platforms offering full customization options on which services hoteliers want to make available via television screen, along with even the possibility of uploading promotional videos to further incentivize guests, such technology opens up a new method of faster communication that fully caters to today's personalized and online-driven lifestyles. Crucially, it also offers a virtually limitless potential in driving up alternate revenue source numbers.



Guest Adoption Rates and Security Go Hand-in-Hand

As with most technology that offers personalized service, in-room entertainment systems function by providing guests with the ability to input personal details, such as logins, passwords and user preferences. If faced with this option when using devices that are accessed by other members of the public, consumers can understandably become concerned over the risk of data and identity theft, and as a result may not opt to use a hotel's entertainment system at all.



Echoing this fact is the HIS survey finding that 65 percent of guests were highly concerned about inputting personal data into a guestroom's television, with a further 30 percent stating that they were somewhat concerned. This position among guests interestingly contrasted with hotelier perspectives, where approximately only half of those surveyed believed that data security was of high concern to guests.

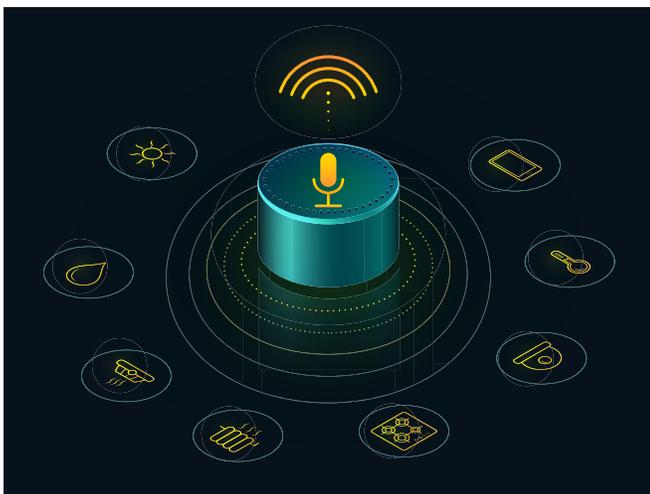
In order for any in-room entertainment platform to achieve high user adoption rates, and consequently, gain increased guest exposure to revenue-earning services, hoteliers must understand that security features always require a central focus in any potential deployment. An effective solution for example, should offer guests the ability to delete all personal data and online browsing history at any moment that they choose. For enhanced security, hoteliers should also consider a platform that

automatically deletes all user data upon guest check-out. By ensuring that such safety features are implemented, and by taking steps to make sure that guests are aware of them, only then can hoteliers provide their guests with the assurance that they need in using an in-room entertainment system, and importantly in discovering the additional benefits that it provides.

Adding Voice to the Equation

It would be impossible to ignore the increasing attention that has been given to voice-activated technology in hospitality markets and trade publications around the world. While some may initially view attempts to incorporate this new technology into guestrooms as simply another way of trying to turn guest heads, growing evidence continues to point to real benefits and further increases in revenue that these solutions provide. Given the popularity of Amazon's Alexa or Google Home in the mainstream consumer market, voice-activated assistants are best viewed in that, like content streaming and wireless casting, they offer increased potential for instant, more convenient and even greater personalized service.

Yet when surveyed by HIS, 92 percent of hoteliers conceded that they currently do not offer either Alexa or Google Home in their guestrooms. This stands in stark contrast to 60 percent of guests who stated that they would either be somewhat or very likely to use such a device if given the option. Further showcasing this significant disparity is Hospitality Technology's 2018 customer engagement study, where 55 percent of guests indicated a desire to be able to control guestroom amenities without having to get up or move, while only 17 percent of hoteliers disclosed that they were able to offer such functionality². Yet in the same study, 56 percent of hoteliers also stressed that they see voice-controlled devices as having the most impact on the hospitality industry in the near future. This same stance is again demonstrated by research conducted by Phocuswright, where yet another 56 percent saw Amazon's Alexa as being the technology most likely to alter the industry's landscape³.



While there clearly exists a current imbalance between what is offered and what guests want in terms of voice technology, more hoteliers are recognizing the advantages and the impact that it will soon have on the industry, with guests already expressing what sort of functionalities they would like to have available during their stay. When asked what top voice-activated features they would want to see implemented in an in-room entertainment platform, 60 percent of guests surveyed by HIS desired the ability to control guestroom television functions, with

[2. https://hospitalitytech.com/2018-customer-engagement-technology-study-plugging-digital-minded-consumer](https://hospitalitytech.com/2018-customer-engagement-technology-study-plugging-digital-minded-consumer)

[3. https://www.phocuswright.com/Travel-Research/Research-Updates/2018/Voice-Still-Unskilled-for-Travel-Planning](https://www.phocuswright.com/Travel-Research/Research-Updates/2018/Voice-Still-Unskilled-for-Travel-Planning)



usage data from Volara further indicating that 20.2 percent of all voice-based interactions involved the issuing of television commands. With guests often having to navigate through multiple menus and settings on an unfamiliar television in order to access viewing preferences, such statistics do not just indicate that guests would rather control televisions using voice, but are in fact already doing so in guestrooms across the country today.

Additionally demonstrating the growing demand for voice-activated guestroom amenities, another 65 percent of guests sought out the ability to control room

temperature, while 58 percent indicated their preference to manage guestroom lighting settings. With the rise of IoT partially behind the booming popularity of such devices in consumer homes⁴, today's guests are expressing demands to see the same level of convenience during their travels; which is not surprising, given that the hotel environment is one that is designed to provide a high standard of comfort and relaxation. In fact, when asked to state the reason behind the above response selections, more than 300 guests noted a significant convenience enhancement, including the ability to save time and not have to get out of bed to adjust the temperature or turn off the lights.

Yet like casting and streaming features, the ability to provide a solution that enhances convenience also opens up an array of revenue-boosting possibilities that make consideration of implementing voice technology a worthy investment for virtually any hotel. For example, 46 percent of guests taking part in the HIS survey said that they would opt to use voice technology to order such as towels or toiletries. A further 47 percent indicated that they would rely on voice to find out the opening hours of amenities such as spas and restaurants. Providing even further



evidence for the value of implementing voice-activated services, more than 96 percent of guest respondents went on to comment that such functionality would increase the chances of using a hotel's amenities, given the reduced waiting times and convenience of not having to locate a member of staff. Given that usage data collected by Volara confirms

4. <https://venturebeat.com/2017/10/31/why-digital-assistants-are-so-hot-right-now/>

higher rates of guests using Alexa to communicate with hotel staff and services verses phone-based requests, the potential to boost in-room revenues by implementing voice technology is already proving to be far more than an assumption.

In addition to its advantages of increasing revenues by making hotel services and information more accessible, voice technology offers yet another benefit from a hotelier's perspective with its ability to streamline operations. With expenses playing a critical role in determining a hotel's ability to achieve profits, the same advantages that voice technology offers guests in taking greater control of their hotel stay experience, also provide properties with an added potential to minimize labor-associated costs. More than 40 hoteliers surveyed by HIS consequently provided comments that bolster this perspective, with many acknowledging the ability of voice technology to save staff time and resources, while at the same time providing guests with speedier and more efficient service.

Give the Guests What They Want

Today's guests are not waiting for hoteliers to catch up when it comes to their in-room entertainment needs. With guests' ability to access their own content wherever they go, it is up to hotel leadership to realign in-room amenity offerings in a way that matches the growing demand for personalized, instant service. Solutions such as wireless casting and voice-control are providing hoteliers with the means to meet this growing guest demand, while at the same time offering an array of new opportunities to increase revenue streams and reduce operational expenses. Such significant advantages are likely behind Hospitality Technology's finding that 26 percent of hoteliers are currently planning to have voice control installed by 2019, with more sure to follow in the years to come⁵.

5. <https://hospitalitytech.com/2018-customer-engagement-technology-study-plugging-digital-minded-consumer>



Summary

In today's fast paced, increasingly digital and more complex world, hoteliers have a growing need to adapt their services and amenities to cater to a new generation of guests. To that end, it pays for hoteliers to stay informed on the latest trends affecting guest behavior and preferences. As this white paper demonstrates, through in-depth research collected on the experiences and expectations of both hoteliers and guests alike, travelers around the world are clearly making their demands known for amenities that offer the same high standard of convenience and instant satisfaction that they can now find at home. In an environment where the ability to access online streaming content is commonplace and where consumers are increasingly growing accustomed to controlling TV's and lights with a simple voice command, hoteliers can no longer afford to remain in the dark on how to best evolve their services to meet these new guest expectations.

For access to the complete HIS survey and its findings, please visit <http://www.hotelwifi.com/GREsurvey>

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