8TH ANNUAL CUSTOMER ENGAGEMENT 2019

TECHNOLOGY STUDY

INSIDE:

- **2020 Predictions: Planned Technology Rollouts for Hotel & Restaurant CET**
- **Consumer Data Reveals Tech That Will Drive Brand Loyalty**
- **Discover Top Technologies Driving Business & Customer Engagement Wins**

UNLOCKING ROI:
BALANCING CUSTOMER EXPERIENCE WITH BUSINESS ENHANCEMENT

HOSPITALITY TECHNOLOGY

HT

SMARTER HOTELS & RESTAURANTS

Customer Experience: The Key to Unlocking ROI

The technology landscape is changing rapidly, and hospitality companies are investing heavily to remain relevant and to differentiate themselves in a highly competitive environment. Early adopters are pushing the envelope on many fronts when it comes to customer engagement technologies, thanks to developments like artificial intelligence (AI), the Internet of Things (IoT), and emergent 5G networks.

Hospitality leaders have come to recognize that technology is an integral component for creating exceptional guest service and memorable experiences. The effective deployment of technology is now judged against multiple factors including: Does it successfully delight customers, increase efficiency, inspire loyalty, and generate profits?

In the span of less than a decade, technology has made huge inroads within the industry and is reshaping every facet of service delivery, the guest experience, and the face of competition. Significant digital transformation ushers in an era where technology is integral in serving nearly every customer touchpoint and effective implementation has become a critical determining factor of customer satisfaction. Digital has become ubiquitous, but digital for digital's sake is not enough. As a part of any business strategy, it must solve a problem and yield returns — this can only happen with thoughtful application.

While customization and creating personalized experiences remains a driving factor in successful customer experience technology rollouts, convenience is gaining steam. This is getting its footing in the retail sector as consumers are becoming more accustomed to hyper-convenient interactions — often facilitated by technology. BRP Consulting's *SPECIAL REPORT: The State of Store Technology*, based on findings from the BRP Consumer Study and its "2019 POS/Customer Engagement Survey," reveals that 96% of customers indicate that ease of checkout and payment are important factors when choosing where to shop.

To remain relevant and competitive, hospitality leaders must be agile enough to adapt to shifting consumer demands, and a have a willingness to take calculated risks into uncharted territory if they are to stand out and capture new market share. The adage of disrupt or be disrupted cannot be ignored, but simply deploying smart devices will not yield the desired results if not properly vetted and planned. For technology to be effective in customer engagement, it must deliver on both sides of the equation — enhancing business objectives and customer satisfaction.
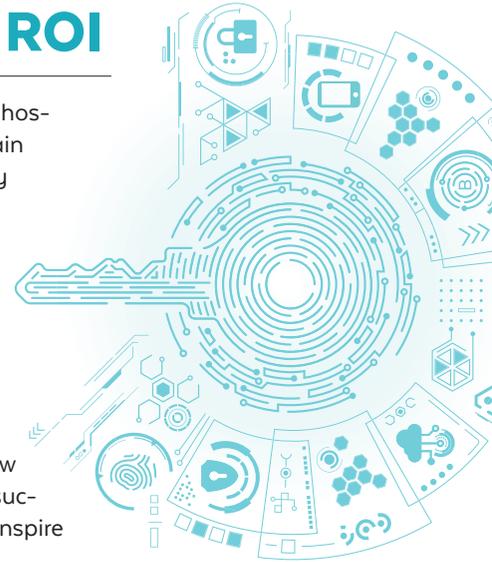
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Consumers Crave Transparency & Customized Convenience

As technology is integrated with every facet of the business, it is fundamentally changing how companies operate and deliver customer value. Exceptional experiences focus on the customer, not the organization, and must be designed with technology in mind from the ground up.

Technology cannot simply be an add-on. To create exceptional service experiences, hospitality executives must take a customer-centric approach, designing services and processes around the needs and expectations of customers. Yet, many are designed around what will create the most efficiencies for the organization, which can lead to service breakdowns, customer frustration, and unremarkable experiences. It is important to listen to and respond to customer needs or they will choose other options.

Understanding Today's Digital-First Diner

When choosing a restaurant dine-in experience, 67% of consumers rely on online reviews, 61% want to preview menus and nutritional information online, 59% are looking for a simple, streamlined online reservation booking process, and 56% expect free Wi-Fi access at the restaurant. Their needs are similar for takeout and delivery. The ability to preview menus and nutritional information takes the top spot at 62%, followed by online reviews (61%), simplified online ordering (59%), mobile ordering (52%), and the ability to track order status (50%).

Findings from the National Restaurant Association's *2019 State of the Restaurant Industry Report* support the fact that diners crave digital with data showing "a majority of restaurant customers rely on technology, in some capacity, to decide how and where they will get their food," says Hudson Riehle, senior vice president of the NRA's Research & Knowledge Group. "Now more than ever, restaurants must provide their guests effective technology solutions if they want to compete for a piece of the $863 billion in sales expected at restaurants in 2019."

Technology is so important to consumers today that they are willing to pay extra for access and the added conve-

TECHNOLOGY THAT DRIVES DINERS' DECISIONS

DINING IN:		TAKEOUT:	
Positive reviews/ratings online	67%	Ability to preview menus and nutritional information	62%
Ability to preview menus and nutritional info	61%	Positive reviews/ratings online	61%
Ease of online reservation process	59%	Ease of online ordering process	59%
The restaurant offers free Wi-Fi	56%	Mobile ordering	52%
Ability to make reservations from mobile	49%	Ability to track order status	50%
Loyalty program membership	48%	Mobile app with a variety of features	48%
Ability to track order status	47%	Mobile payment	43%
Mobile app with a variety of features	40%	Loyalty program membership	42%
Mobile payment	37%	Connectivity to delivery service (ie UberEats)	38%
Tableside ordering via tech at table	36%	Personalized communication based on order history	35%
Personalized communication	33%	Mobile messaging	30%
Digital signage	30%	Social media ordering	30%
Mobile messages	29%	In-car ordering	30%
Interactive kiosks	26%	Digital Signage	27%
Virtual reality	24%	Augmented Reality	24%
Augmented reality	23%	Robotics	23%
Robotics	22%	Interactive kiosks	23%
Chatbot	21%	Chatbot	22%
		Virtual Reality	22%

EXECUTIVE INSIGHT:

Taking Brand Engagement to the Next Level with an Advanced Network

DONNA M. COBB
EXECUTIVE DIRECTOR, ENTERPRISE MARKETING, COMCAST BUSINESS

Internet of Things (IoT) is a top strategy to improve customer experience for both restaurant (60%) and hotels (78%) in 2020. What network considerations and steps should be taken to accommodate an infrastructure that needs to support connected guest and employee systems and devices?

DONNA M. COBB: IoT covers a broad range of solutions that help connect your business, your customers, your suppliers and your infrastructure. IoT solutions collect data, which is then analyzed and helps create hyper-personalized experiences for your customer across your restaurant or your hotel. Even at the most basic level, IoT can help reduce energy costs by managing lighting and environmental assets. Consider the amount of time and resources wasted if an employee needs to leave the floor on a routine basis to check temperatures in cooler cases versus having a device to manage and monitor automatically.

How can a well-structured and powered network bolster customer loyalty?

COBB: In the hospitality industry, finding new ways to win the loyalty battle – capturing new customers and retaining them – is critical. Having the right network in place can help power those initiatives. By building a foundation of performance, flexibility and affordability, hospitality providers can be confident that the technologies they choose will provide a platform built for today and at the same time be ready for the next technology advancement. Customers demand seamless experiences, as an example, the ability to order and pay with their mobile device, demands a network that can adapt without causing slow-downs or bottlenecks in the process. An advanced network supports the devices and entry points that can help track customer preferences, provide personalized experiences, and even drive upsell opportunities.

Consistently, the majority of guests (84%) and diners (56%) say that access to free WiFi will drive booking and dining decisions. How has this demand changed how restaurants and hotels need to build out networks? What steps are often overlooked?

COBB: Access to fast, reliable, free WiFi is table stakes, not just for guests but for back-office applications as well. WiFi needs to handle all guests and all of their devices without impacting back-office connectivity that powers the business. It also needs to prevent the guest network from accessing unauthorized, sensitive data. Often hospitality businesses overlook the number of devices that are accessing the WiFi, and the impact on responsiveness. Most guests are carrying three connected devices, so it is essential to provide adequate bandwidth for a great experience. In hotels, as an example, a guest's stay is not confined to the hotel room. There needs to be seamless access in all public areas as well.

What do you think will have the biggest impact on hotel and restaurant networks in the next few years? How can brands prepare?

COBB: I believe the next big impact for hotels and restaurants will be the ability to take brands to the next level. Beyond customer satisfaction and loyalty, building trust and having a brand a customer can stand behind will become more important. In restaurants, it is not just about how you recycle, but are you migrating to more sustainable packaging and how are you handling food waste? Technology advances will enable ways to address these new challenges, and you need to be confident that your network is agile and powerful enough to keep pace with the ever-changing landscape of the industry.

58% OF DINERS WILLING TO PAY MORE FOR TECH THEY WANT

- +1-5% ($.20-$1) **13%**
- +6-10% ($1.20-$2) **12%**
- +11-15% ($2.20-$3) **12%**
- +16-20% ($3.20-$4) **10%**
- +21%+ ($4.20+) **11%**

RECEIPT
TOTAL
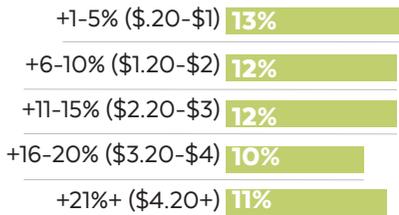
PROBABILITY OF DINERS RETURNING TO RESTAURANTS THAT OFFER PREFERRED TECHNOLOGIES

- Very Unlikely **6%**
- Unlikely **4%**
- Neutral **34%**
- Likely **30%**
- Very Likely **27%**

57% of diners indicate that repeat business is dependent upon availability of preferred technologies.
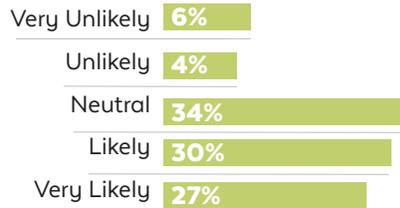
nience. When asked how much more they are willing to pay for technology given an average check of $20, over half (58%) of consumers indicated that they were open to paying extra, and as many as one-third indicated that they were willing to pay at least $2 additional. This is up considerably from results reported last year.

Digital functionality and features that matter most to consumers for dine-in and takeout experiences are location-based integration (60%), the ability to make reservations (59%), coupon and gift card redemption (57%), order status/delivery tracking (54%), mobile ordering (49%), loyalty program management (48%), and mobile payment (48%). Restaurant operators should evaluate their technology capabilities and priorities vis-à-vis this list to see how well aligned they are and work to close any gaps that may exist. For takeout and delivery, the most important features and

DELIVERY QUALITIES THAT WILL DELIVER ON EXPERIENCE

- Tracking orders **67%**
- Ease of canceling/changing orders **60%**
- Ease of tipping **58%**
- Ability to earn/redeem restaurant rewards **56%**
- Information on driver **52%**
- Ability to pay via mobile device **49%**
- Being able to rate delivery/food quality **49%**
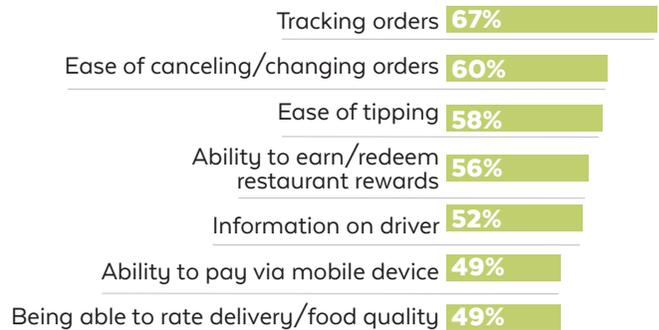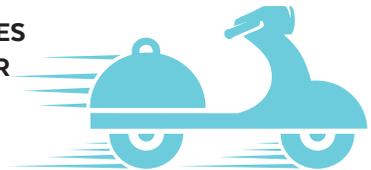
DINERS DEMAND MOBILE INNOVATIONS THAT OFFER CONVENIENCE

● **GUESTS WANT** ● **RESTAURANTS OFFER**

Feature	Guests Want	Restaurants Offer
Location-based integration	60%	29%
Ability to make reservations	59%	
Redeem coupons/gift cards, etc.	57%	
Track order/delivery status	54%	
Mobile ordering	49%	45%
Loyalty program management	48%	
Mobile payment	48%	38%
Ability to post reviews/take surveys	47%	
Enter contests	37%	
Ability to order via digital assistants/chatbots	35%	8%
Access to social media accounts	31%	
Access info on food sourcing/processing	29%	

functionality include order tracking (67%), the ability to cancel or change orders (60%), ease of tipping (58%), the ability to earn and redeem restaurant rewards (56%), the ability to access information about the delivery driver (52%), mobile payment (49%), and the ability to provide feedback (49%).

Restaurants across segment types are hyper-focused on delivery and implementing strategies that work with specific service models. Diners for their part want those delivery experiences to mirror what they have become accustomed to with other services such as Uber or Amazon. When asked to identify the service qualities desired from a delivery experience, the top three that diners identified are perfect depictions of the new on-demand economy. Diners want — and expect — to be able to have complete oversight of their orders from tracking to canceling and an easy "at the push of a button" way to pay/tip. These are all things that the Uber ride-sharing experience has made consumers aware of as possible and therefore table stakes.

Unlocking Experiences Hotel Guests Prioritize

When selecting places to stay, mobility and personalization are important but what ranks as top considerations are free Wi-Fi (84%), ease of online booking (79%), ability to view property photos and video (75%), and consumer reviews (71%). Each of these features far outweigh membership in a hotel's loyalty program, which was cited as an important criterion by only 46% of respondents.

What motivates consumers is evolving. They are willing to rely on consumer testimony triangulated with property

72%
of hotel guests are likely to return to a property when the tech they want is available.
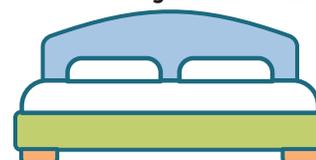
photos and videos rather than rely on artificial loyalty incentives to make informed decisions about where they stay. To win these customers, hotels need to take advantage of rich media, optimize websites and mobile apps, streamline booking processes, and show they are responsive to negative feedback posted in online reviews.

Technology is of critical importance to guests. Almost three-quarters of respondents indicated that hotel technology would be a prime factor in establishing loyalty and likeliness to return. When asked if guests would be willing to pay slightly higher rates for improved technology experiences, two-thirds responded with an emphatic yes, with one-third saying that they would pay at least $10 more. This data provides a compelling narrative regarding the ROI technology has on customer satisfaction and loyalty.

TECHNOLOGY THAT DRIVES BOOKING DECISIONS

The hotel offers free Wi-Fi	84%
Ease of online booking process	79%
Being able to view photos/video of the property	75%
The hotel has positive consumer reviews	71%
Ability to make reservations from a mobile device	48%
Member of hotel loyalty program	46%
Able to check in/out via kiosk	43%
Smart TVs/Content Streaming	42%
Personalized communication	41%
Mobile app with variety features	40%
Digital signage	35%
Mobile messaging	34%
Employees equipped with smart devices	31%
Interactive kiosks	27%
Wearable devices	25%
Voice control	25%
Biometrics	22%
Robotics	22%
Chatbot	21%

MIDDLE TIER
The middle tier of tech guests prefer indicates that mobility, personalization and empowering guests to have "ownership" over journeys and experiences is key to positive experiences.

MOBILE FEATURES GUESTS WANT HOTELS TO DELIVER

Feature	%
Room reservations	76%
Ability to change reservations/itinerary	65%
Receive/redeem coupons, gift cards, etc.	62%
Search for hotels with location-based integration	61%
Room selection on property map	58%
Request service	58%
Retrieve bills	56%
View property maps/calendar of events	52%
Control guestroom	52%
Book award travel	51%
Schedule wake-up calls	49%
Mobile check-in/out	49%
Loyalty program management	48%
Order room service	47%
Mobile payment	42%
Access to and ability to post reviews	40%
Access to social media/purchase services (spa, golf, etc)	37%
Ability to order/request services via chatbot	36%
Mobile key	36%
Integration between mobile phone and in-room TV	35%

Digital functionalities that matter most are those that involve transacting business: reservations (76%), the ability to modify or cancel reservations (65%), and use of coupons and gift cards (62%).

The ability to purchase services via mobile stayed about the same. The evolution here will be for hotels to allow guests to book ancillary services or purchase products when making the room reservation. Guests are used to platforms like Google and Amazon eliminating the need to navigate away from a page. In order to deliver on this, hotels will need robust PMS, CRS and guest information platforms in order to process and aggregate purchasing information.

Guests have some reluctance to the presence of voice-controlled devices in their guestrooms. One-third of respondents expect these devices in their guestrooms because they have them in their homes. However, two-thirds of respondents had reservations. Their hesitancy is based on privacy concerns (63%), perceived inability to accurately process voice requests (52%), lack of perceived convenience (48%), and preference to be served via other methods (40%). **HT**

SECURITY CONCERNS HOLD BACK GUEST DEMANDS FOR VOICE IN HOTELS
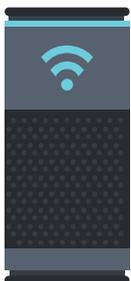
Concerned about privacy security issues	**63%**
Concerned about accuracy of voice requests	**52%**
Do not see any convenience	**48%**
Want to use voice to control guestroom environment	**46%**
Like to use voice to order room service	**40%**
Expect to have voice-control capabilities because tech is in guest's own home	**32%**

KEY TAKEAWAYS
Consumers are increasingly discerning and fickle with needs that are constantly changing. For example, some respondents selected phone (20%) and in person (21%) as the most preferred and first method they would use for requesting service or interacting with hotels and restaurants, while others selected mobile website/app (18%), text messaging (15%), and email (14%). At issue is how quickly companies can respond to changing needs and the disruptions that will ensue. Brands will need to continue to invest in technology and people to create the appropriate balance between high tech and high touch that will result in compelling experiences that generate guest loyalty and profit.

Restaurants Push Tech Envelope for Engagement

Integrating Guest & Employee Tech Delivers Positive Experiences & Competitive Edge

The line between restaurant and technology brands are becoming blurrier as restaurants seek partnerships to give them access to tools and capabilities in areas such as predictive analytics and artificial intelligence that can be integrated with point-of-sale (POS), mobile app, and other restaurant systems to enhance the customer experience. Recent examples include McDonald's with its acquisition of Dynamic Yield, an AI platform that delivers personalization and decision logic, and Starbucks announcing a deal with Brightloom (formerly eatsa). Brightloom is a technology company working to create an end-to-end digital customer experience platform for the restaurant industry. Starbucks, in exchange for an equity stake in the company, is granting a license to select components of its proprietary digital flywheel software.

From finding restaurants and ordering entrees to settling checks, evaluating service or simply being a Wi-Fi hotspot, technology is at the center of today's restaurant customer acquisition and service delivery models. Technology is the enabler of many of the service experiences encountered throughout the guest lifecycle and a central part of a restaurant's extant strategy for creating growth, guest satisfaction, and guest loyalty. Consequently, responsibility for the guest experience in most restaurant companies has been elevated and become part of the essential duties for one or more top-ranking (i.e., c-level) executives in the organization. Often, responsibility is shared, representing the complexity, interdisciplinary nature, and various organizational interfaces and interdependencies that impact customer experience.

Of survey respondents, 39% consider customer experience to be a marketing function falling within the domain of the chief marketing officer, up from 33% in our 2018 study. This is intuitive because the chief marketing officer typically owns all customer-facing strategies, the customer relationship, and customer loyalty. The chief marketing officer is also responsible for branding, competitive distinction, attracting new customers, and driving sales, all of which determine and are impacted by the customer experience. Another compel-

ling factor for chief marketing officers to assume greater responsibility for customer experience management is that the lion's share of technology expenditures for customer experience-related initiatives fall directly under the marketing umbrella.

At the same time, 21% of restaurants (a 7-point increase over last year) reported that the chief executive officer has principal ownership of the customer experience, indicating that this function is so important to the company's competitiveness that it requires a top-down focus.

Respondents report a decline in the number of chief information/technology officers (15%, down from 22% last year) having primary responsibility for the guest experience. While this role is no longer just a back-of-house supporting role, the expected contributions from the chief information/technology officer are more aligned with technology selection, integration, and on-going operation and management. This shift is also indicative of better partnerships between the information technology area and business functions and the increased technological proficiencies and skills of those at the executive level heading up the core functional areas of the business.

To achieve distinction, a restaurant concept and all related services need to be designed around target customers and the types of experiences they seek. Experiences need to be personable, memorable, convenient, and empowering — while providing choice and flexibility through multiple delivery mechanisms or platforms.

Focusing on Guest Experience to Fuel Sales

Restaurateurs were asked to share how they allocate budgetary resources in support of customer experience. The number-one investment area is customer-facing applications (such as mobile websites, apps and kiosks). Over half of respondents indicate these as top priorities, which makes sense because they are applications focused on generating customer sales, upselling and increasing throughput.

TOP AREAS FOR DISTRIBUTION OF IT DOLLARS FOR CX

50%	45%	38%	34%	29%	24%	9%
Customer-Facing Applications (mobile website/ app, kiosks)	Customer Relationship Management	Marketing	Point of Sale	Third-Party Delivery	Workforce Management Systems	Network Infrastructure

RESTAURANT REPORT

Closely following at 45% is investment in customer relationship management (CRM) initiatives designed to increase frequency of purchases, drive guest check averages, and foster loyalty. Digital marketing (e.g., search engine optimization, content marketing, and social media) scored third at 38%, followed by improvements to the POS system, which continues to be the hub for restaurant technology, at 34%.

Restaurant delivery is rising in popularity to serve guests who are short on time and are looking for the ultimate in convenience. To serve this growing market need, restaurants are turning to a number of technologies such as voice-controlled devices (such as Amazon Echo), in-car ordering, and mobile apps to make it easy and convenient for customers to order, track and pay while also sharing feedback on their experiences. Integration with third-party delivery systems (such as Uber Eats, Grubhub, and DoorDash) is gaining momentum at 29%.

Rounding out the list is workforce management systems to increase restaurant efficiency and productivity while lowering overhead (24%), network infrastructure such as Wi-Fi and security (9%) and other (8%). Interest in workforce management systems doubled this year over last year. This growth can be attributed to the realization that efficient operations and streamlined processes contribute to overall guest experience in the "on-demand" economy, where everyone wants everything immediately and with little effort.

Data indicates a decline in network infrastructure invest-

WINNING THE DELIVERY WARS WITH TECH INVESTMENTS

Integration between customers' mobile device and POS	53%
Delivery specific marketing/rewards	45%
Customer real-time feedback options	40%
Food quality/temp control & tracking	35%
Driver-tracking	35%
Voice ordering	20%

When asked what investments they are making to enable seamless delivery, operators are investing more in giving customers easy ways to order food for delivery, offer feedback, and receive incentives. The middle tier of delivery-related technology allows guests to have more insight to the inner workings of delivery that can ultimately impact the overall experience — monitoring food quality and tracking the driver's progress.

ments related to Wi-Fi. While Wi-Fi is becoming more commonplace at restaurant establishments, restaurateurs should not underestimate the need for ongoing network investment and upgrades to keep pace with customers' data demands and expectations for speed.

Strategic Alignment

To further understand how restaurants are deploying customer engagement technologies and their intentions going

PRIORITIZING GUEST-FACING TECHNOLOGY ROLLOUTS

● 2019   ● PLAN TO HAVE

Technology	2019	Plan to Have
Social Media Engagement	69%	21%
Mobile Webpage/App	61%	23%
Mobile Ordering	45%	33%
Integration of Loyalty Programs	44%	35%
Mobile Payment	38%	38%
Mobile Devices for Employees (Ordering/Payment)	26%	40%
Location-Based Technologies/Services	29%	36%
Internet of Things (IoT)	30%	30%
Interactive Digital Signage/Menu Boards	24%	31%
Interactive Kiosks to Order and Pay	18%	28%
Tableside Payment	10%	30%
Tableside Ordering	14%	21%
In-car Ordering integrations	10%	24%
Chatbots	8%	25%
Biometrics	15%	18%
Augmented Reality	8%	25%
Virtual Reality	6%	26%
Voice-Controlled Devices	8%	23%
Robotics	8%	20%
Blockchain	1%	20%

forward, operators were asked to chart progress and plans for 23 different customer engagement technologies. The top five most widely adopted customer engagement technologies are social media engagement (69%), mobile web pages or apps (61%), mobile ordering (45%), loyalty programs (44%), and mobile payment (38%), and for each of these technologies, there is high interest in investing in them next year by those who have not yet adopted them.

Emerging tech with lower current adoption rates include blockchain (1%), virtual reality (6%), augmented reality (8%), voice-controlled devices such as Amazon's Echo (8%), robotics (8%), and chatbots (8%). More than 20% of respondents indicate these will take greater priority in the coming year.

While restaurants continue to invest in mobile, a disconnect exists with the alignment of strategy and resource allocations. Last year, 82% of restaurant respondents indicated that developing a comprehensive mobile strategy was a high priority. Yet, few have truly delivered on this goal, especially when one considers the gaps between the adoption of mobile web/apps (61%) versus the adoption of mobile ordering capabilities (45%), the integration of loyalty programs (44%), mobile payments (38%), and location-based services (29%). While restaurateurs indicate intention to invest more in these areas in the coming year, the data suggests there is more work to do to create a holistic and seamless mobile guest experience.

An interesting observation in this year's study is the emphasis being placed on back-of-house operations and appli-

3 BACK-OF-HOUSE SOLUTIONS GAIN FAVOR WITH RESTAURANTS FOR GUEST-FACING IMPACT

● ALREADY HAVE ● PLAN TO HAVE

24% **49%**
Personalized offers based on guests' history

23% **48%**
Customer Experience Management platform

21% **48%**
Predictive Analytics based on customer data
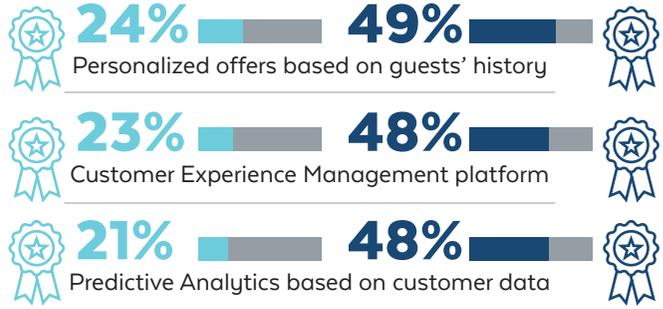
cations in recognition of the difference efficiencies, effectiveness, and speed have on the guest experience. By the end of next year, respondents suggest that 73% will have the data analytics capabilities in place to generate personalized offers based on guest history and past purchase behavior, 71% will have deployed a customer experience platform, and 69% will have adopted predictive analytics as part of business practices. Restaurateurs are using data more effectively to improve decision-making and operational planning, employee scheduling, ordering, upselling, inventory management, marketing promotions, customer throughput, and more.

IMPACT COMPASS: CUSTOMER ENGAGEMENT VS. BUSINESS OUTCOMES

MOST EFFECTIVE
MODERATELY EFFECTIVE
LEAST EFFECTIVE

● Engagement ● Business

ENHANCING CUSTOMER ENGAGEMENT

Customer Experience Management platform **2.5 2.4**

Mobile webpage/app **2.7 2.5**

Mobile Ordering **2.7 2.6**

Mobile Payment **2.7 2.6**

Interactive Digital Signage/Menu Boards **2.4 2.3**

Social Media Engagement **2.5 2.6**

Loyalty program **2.7 2.5**

Smart mobile devices for employees **2.3 2.3**

Tableside Ordering **2.2 2.2**

Predictive Analytics **2.5 2.4**

Internet-of-Things (IoT) **2.1 2.1**

Personalized offers based on guest preferences history **2.6 2.4**

2.3

Chatbots **2.1 2.0**

Tableside Payment via a device mounted at the table **2.4 2.2**

Blockchain **1.9 1.8**

Biometrics **1.9 2.0**

Robotics **1.8 1.8**

Location-based technologies/services **2.3 2.2**

2.3 2.4

Virtual Reality (VR) **1.8 1.7**

Augmented Reality (AR) **1.8 1.8**

Voice Control **2.0 1.9**

In-car ordering **2.2 2.0**

Interactive Kiosks to order and pay **2.3 2.4**

2.4

ENHANCING BUSINESS PERFORMANCE

TOP WAYS RESTAURANTS ARE SUPPORTING CUSTOMER EXPERIENCE

Investing in tech/apps to assist employees in serving guests. **42%**

Improving reporting/measurement for CX **37%**

Omni-channel customer loyalty/reward **37%**

Investing in tech/apps to empower guests to serve themselves **33%**

Enhancing workflow management/increasing training. **33%**

Single view of customer **30%**

Increasing budget for CXM **25%**

Expanding staff/resources to CXM **23%**

Investing in tech/apps to allow automated service . . . **18%**

We asked restaurateurs to indicate the business value (i.e., business performance) and impact on customer experience derived from a list of 23 Customer Engagement Technologies. Using a 3-point Likert scale, respondents provided agreement levels with the effectiveness of each technology/capability in terms of enhancing customer experience and company's business performance. Results were then plotted on the four-quadrant Impact Compass (previous page). CETs that scored high in business performance but low in customer experience are "Good for Business" (bottom right); CETs with both high business performance and high customer experience scores are the "Most Effective" (top right); CETs with high

customer experience scores but low business performance scores are "Good for Customer Engagement" (top left); and CETs that scored low in both categories are "Least Effective." The real opportunities to focus on are those that simultaneously contribute to high impact and strong business value. Restaurants are primarily investing in those technologies, particularly in areas of mobile and social engagement, that fall within this sweet spot.

This Impact Compass illustrates the importance of investing in mobile ordering and mobile payments and suggests that restaurants need to do more to improve commerce through mobile web/apps and loyalty programs. Customers are finding value in these apps, but restaurants are not yet fully realizing the business potential.

The restaurant industry has come to recognize the strategic importance of customer experience management. As such, it is placing more intentionality around initiatives to streamline and personalize experiences, make them memorable, and finds ways to better monetize them.

Over the years, restaurants have become savvier in the use of customer data to engage customers, offer personal or context-sensitive promotions, drive impulse sales, encourage repeat business, and more. Restaurants indicate that the preponderance (32%) of mobile messaging to engage customers is sent pre-arrival to generate interest whereas 22% of messaging is sent as a follow-up to a visit.

For restaurants to be effective in engaging customers, they should develop a consistent and unified communications plan using triggers to identify when messaging should be sent and the type of message (e.g., promotional, informational, etc.) that should be sent. Because most restaurant customer data comes from a small number of sources, restaurants should be able to create a single view of the customer and to deploy customer recognition and loyalty programs across channels. **HT**

CHARTING RESTAURANTS' USE OF GUEST DATA

● Pre-Arrival ● During Visit ● Post-Visit

	Pre-Arrival	During Visit	Post-Visit
Using mobile messages for customer engagement	32%	8%	22%
Sending personalized email offers	39%	5%	36%
Anticipating seating/table preference	31%	19%	9%
Sending alerts and offers via apps	44%	12%	19%
Providing transportation & related info	17%	14%	12%
Providing entertainment services/reservations	17%	15%	8%
Suggesting menu options based on order history	31%	29%	7%
Recognizing guests with personalized greeting	22%	34%	7%
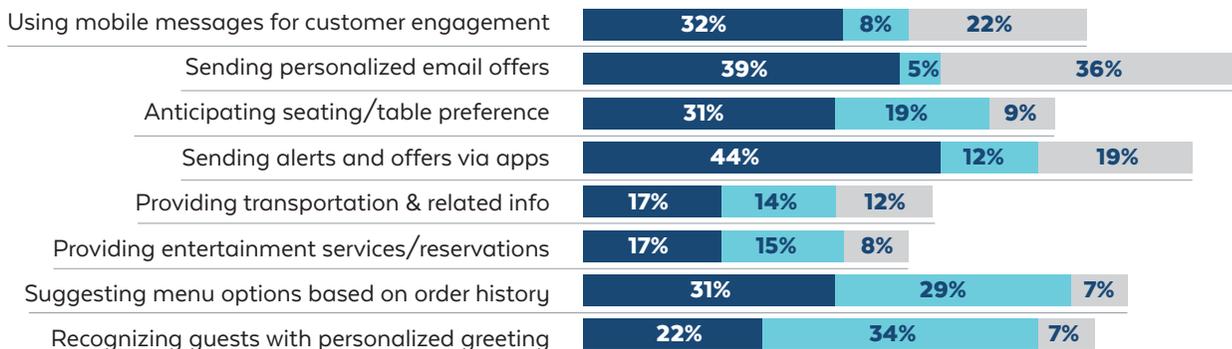
Hotels Address Paradox of Differentiating Digital

Tech dependent guests drive hotels to create CX cultures that blend the physical and digital.

As lifestyles have become increasingly digital-centric, hotels from global brands to boutique concepts are seeking to gain competitive footing through experiences. Being able to deliver these experiences consistently and at scale across channels, touchpoints, and one's portfolio of brands takes on even greater strategic significance in an era when social word of mouth is driving potential guests' decisions.

Hotel companies are investing in enhancements to the guest experience with an emphasis on mobile serving every phase of the customer journey, in-room (smart) technologies, loyalty program upgrades, data analytics, cloud computing, and personalization. Of course, offering faster broadband access and improvements to data security remain ongoing priorities, but these have become table stakes.

Primary ownership for customer experience management within the lodging sector is moving to the chief information officer. Thirty-eight percent of respondents (up from 25% last year) indicate that chief information officers have ultimate responsibility and play key roles in architecting guest experiences, selecting and managing technologies and processes, and monitoring impact and guest satisfaction.

This is a significant shift from last year's study and a departure from what we reported for the restaurant segment, which put the focus of responsibility under chief marketing officers. This shift elevates the strategic role of the chief information officer and demonstrates growing confidence in their abilities to drive business results rather than simply play a supporting role to organization and its business functions. It also provides recognition for how important it is to have leaders with deep technology knowledge and an organization-wide view working through technical complexities and business processes to ensure deployed solutions are effective.

### Following the Money: CXM Budgets Favor Apps
The top customer experience priorities based on budget allocations are customer-facing apps (56%), customer relationship management/loyalty (52%), property management system enhancements (50%), and marketing (48%). To support these areas and the overall customer experience, hotel companies continue to invest in network infrastructure (28%), in-room technology (16%), point-of-sale (10%), and workforce management systems (6%).

This data reveals the degree of emphasis hotel companies are placing on catering to those having a digital lifestyle, to empowering customers through mobile apps and the web. As more transactions and services go digital, it is important to personalize and customize interactions based on context; hence, the investment priorities in customer relationship management and loyalty programs. Because property management systems are at the heart of a hotel's infrastructure, they require ongoing investment and upgrades to keep pace with advances in technology and new service needs to meet changing customer expectations.

Because many hotels are still reliant on legacy technology for property management systems, upgrades can be costly. In terms of marketing investment, we continue to see a shift from traditional marketing in favor of digital marketing and social media to attract and engage customers where they are and with mechanisms that provide greater tracking capabilities to measure impact and effectiveness.

Investment in in-room technologies (smart room devices and the Internet of Things) is lagging other areas. This is partly because the business value of deploying many of these technologies is still questionable or having too long of a payback. Additionally, many hotel companies are relying on guests to bring their own devices. Main areas of in-room technology investment are enhanced Wi-Fi (91%), integration between mobile devices and in-room TVs (82%), personalized messaging via in-room TVs (55%), in-room controls for lighting, thermostats, etc. (45%), voice-controlled

DISTRIBUTION OF IT BUDGETS TO CXM

Category	Percentage
Customer-facing Apps	56%
Customer Relationship Management (CRM)/Loyalty	52%
Property Management Systems	50%
Marketing	48%
Network	28%
In-room Technology	16%
Point-of-Sale	10%
Workforce Management Systems	6%
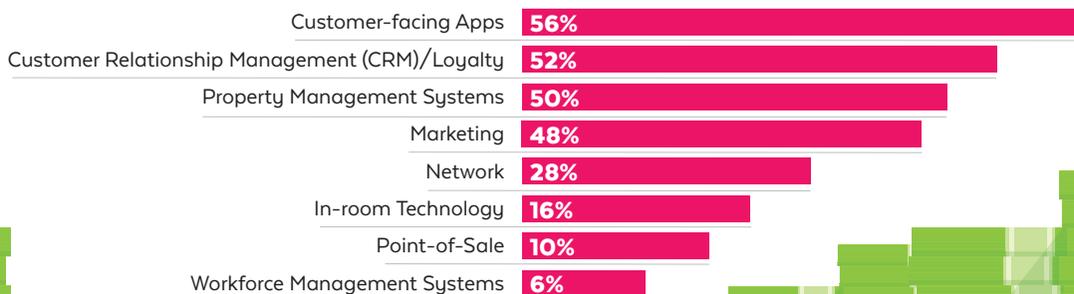
HOTELS PLOT OUT CXM TECHNOLOGY PLANS

● 2019   ● PLAN TO HAVE

Technology	2019	Plan to Have
Social Media Engagement	96%	4%
Mobile Website/App	90%	8%
Loyalty Program	80%	6%
Smart Mobile Devices for Employees	72%	18%
Interactive In-room TVs	58%	28%
Personalized Offers Based on Guests' History	56%	32%
Interactive Digital Signage	52%	26%
Customer Experience Management Platform	52%	28%
Mobile Check in/out	52%	40%
Predictive Analytics	46%	38%
Mobile Room Keys	40%	46%
Internet of Things	32%	46%
Mobile Payment	28%	54%
Interactive Kiosks	24%	30%
Location-based Services	24%	46%
Biometrics	22%	28%
Voice-Controlled Devices	16%	28%
Wearables	16%	28%
Chatbots	14%	38%
Virtual Reality	14%	16%
Augmented Reality	8%	18%
Blockchain	4%	26%
Robotics	4%	22%
Autonomous vehicles	2%	10%

devices such as Amazon's Alexa (30%), and interactive touchscreens (24%).

As smart buildings and homes become more commonplace, expect to see greater interest in deploying these technologies in hotel guestrooms, particularly in newer construction. There will also be more support for syncing guest devices to in-room technologies to control room climate, provide room access, request guest services, and deliver entertainment options. Network infrastructure, especially broadband access, will require ongoing investment.

According to *Hospitality Technology's 2019 Lodging Technology Study*, connectivity is driving all guest-facing investments, including in-room technologies, and this requires a strong, reliable network backbone. Keeping up with escalating demands while trying to balance other needs and priorities remains a constant industry challenge. For hotels to build a future-ready base for innovation there is consensus that the industry needs platforms and not merely pieces.

Finding and Prioritizing Opportunities

To further understand how hotels are deploying customer engagement technologies and their intentions going for-

ward, hoteliers were asked to comment on 24 different customer engagement technologies. The top 10 areas of customer technology investment are: social media engagement (96%), mobile web/app (90%), loyalty program enhancements (80%), smart mobile devices to aid employees in doing their jobs (72%), interactive in-room TVs (58%), personalized offers based on guest preferences and purchase history (56%), interactive digital signage (52%), customer experience management platform (52%), mobile check in/ check out (52%), and predictive analytics (46%).

Providing smart devices to employees addresses several business challenges. Empowering staff to answer guests' questions or fulfill requests better and faster ultimately provides returns on the customer experience. The business case for staff devices can be made here — and it's seen with planned investments up to 90% — as it addresses the strategic goal for hotel tech investments to increase productivity.

While each of the areas mentioned above will continue to be important in the coming year, growth is anticipated in mobile payment (54%), mobile room keys (46%), IoT (46%), location-based services (46%), and chatbots (38%).

Areas not gaining much traction or interest in the imme-

IMPACT COMPASS: CHARTING BUSINESS GAINS VERSUS ENGAGEMENT WINS

MOST EFFECTIVE
MODERATELY EFFECTIVE
LEAST EFFECTIVE

● Customer ● Business

ENHANCING CUSTOMER ENGAGEMENT

ENHANCING BUSINESS PERFORMANCE

Customer Experience Management platform **2.5 2.7**
Personalized offers based on history **2.8 2.7**
Predictive Analytics **2.4 2.7**
Loyalty program **2.6 2.6**
Mobile payment **2.7 2.6**
Mobile Web Page **2.8 2.7**
Smart mobile devices for employees **2.5 2.7**
Social media engagement **2.6 2.6**
Location-based technologies/services **2.4 2.4**
Interactive Digital Signage **2.4 2.2**
Interactive in-room TVs **2.7 2.5**
Mobile Check-in/Out **2.8 2.6**
Interactive Kiosks **2.3 2.2**
Internet-of-Things (IoT) **2.3 2.2**
Mobile room keys **2.6 2.3**
Wearables **2.0 2.2**
Biometrics **2.1 2.2**
Chatbots **2.3 2.2**
Augmented Reality (AR) **2.0 1.9**
Robotics **2.1 1.9**
Voice Control **2.2 1.9**
Autonomous Vehicles **1.9 1.9**
Blockchain **1.9 1.9**
Virtual Reality (VR) **1.9 1.8**

2.3
2.4

diate future are autonomous vehicles (2%), robotics (4%), blockchain (4%), augmented reality (8%), and virtual reality (14%). In the case of AR and VR, strong use cases to prove how the technology can solve a problem are not prevalent at this time. While there is potential, the low implementation and interest indicate a perception that they are solutions in search of a problem.

To provide additional context and strategic guidance regarding customer engagement technology prioritization and investments for hotel decision-makers, hoteliers indicate the value and impact derived from the list of 24 customer engagement technologies (CET). The Impact Compass (see above) measures CET performance on a 1-3 scale in two categories: customer experience (the vertical axis) and business performance (the horizontal axis). The resulting graph provides directional tools and guidance for how and where to invest in CETs. As noted in the restaurant section the real opportunities to focus on are those that simultaneously contribute to high impact on customer experience and strong business performance (i.e., Most Effective). There is high correlation between respondents' ratings for impact on customer experience and business performance. That is, most CETs fell squarely into the Most Effective or Least Effective categories. The biggest reported gap was "mobile room keys" which has strong guest experience impact but fewer realized business benefits (e.g., increased customer loyalty, sales, and profits) at this stage of their adoption cycle.

Respondents are primarily investing in technologies — particularly in the areas of mobile, social engagement, pre-

dictive analytics, personalization, and guest loyalty — that fall within this most effective sweet spot. The graph provides an illustration of how an organization may wish to prioritize opportunities and allocate resources to maximize benefits.

There are some technologies (such as chatbots, interactive kiosks, voice controlled, augmented reality, and the Internet of Things) that appear to have promise, but based on the results, the business case for return on investment is not ready to be made. For other technologies (such as wearables and biometrics), the business case shows greater

STRATEGIC OBJECTIVES FOR HOTELS TO SUPPORT CX PUTS HYPER-FOCUS ON STAFF

Expanding staff/internal resources	**48%**
Investing in staff-facing technology	**42%**
Omni-channel customer loyalty/reward programs	**39%**
Single view of customer data	**36%**
Investing in guest-facing self-service technology	**27%**
Increasing budgets for CXM	**27%**
Improving reporting/measuring	**27%**
Investing in technology to automate service	**24%**
Enhancing workflow management/training	**18%**

CHARTING USE OF GUEST DATA TO ENHANCE EXPERIENCE

	PRE-STAY	DURING STAY	POST STAY
Using mobile messages for customer engagement	41%	41%	25%
Sending personalized email offers	66%	31%	59%
Anticipating room preference	69%	16%	6%
Sending alerts via app	31%	47%	13%
Providing transportation services and information	53%	22%	9%
Providing amenities information/reservations	53%	38%	3%
Suggesting television content	6%	13%	6%
Personalized room set up/amenities	53%	31%	9%
Recognize guests with personalized greeting	69%	53%	16%

potential than the ability to positively impact the customer experience.

Technologies appearing in the lower, left-hand quadrant are ones to watch in the coming years to see how they evolve, how demand grows, and the impact they will have, both on customer experience and business value to determine if and when to invest in them.

Unleashing Data Analytics to Drive Value

Hotel technology architecture is comprised of multiple systems often having different data structures, operating systems, and underlying technology. The multitude of systems and the heterogeneity of the systems environment create numerous challenges for hotel technology professionals and operators. Among them are data integration and creating a single view of the customer that can be easily shared in real-time across channels and throughout the organization.

As more service encounters and transactions go digital, hoteliers are able to collect, store, and analyze troves of customer information, preferences, and purchase history, giving them new opportunities to serve, monetize, and clone customers to increase their lifetime value. The central reservation system, the hotel website, and mobile apps are three systems that are typically among the first to deal with a guest during the shopping, initial inquiry, and booking stages. As such, they capture important guest information (such as name, preferences, and payment information) along with browsing data. Much of this data is used in downstream services.

The property management system remains the primary hub and repository for all guest information, activity, and charges. The PMS is closely followed by customer relationship management/loyalty systems (81%), which store guest profiles and preferences, among other important guest data. The multiple data points and disparate data make it hard for hotels to aggregate and share guest data captured at the property level across the organization. Data warehouses and data analytics tools are making it easier for companies to gather, store, analyze, and use guest data in real-time across various channels and branded concepts.

Hoteliers are now more intentional with guest communication plans to support the various phases of the guest lifecycle, from lead generation and booking confirmations through post-stay follow-up. Data analytics platforms provide tools to develop important insights and create custom messages and incentives to drive purchase decisions and repeat business, to promote hotel services and amenities, to build anticipation prior to the guest stay and share important stay-related information, and to provide follow-up and collect feedback following the guest stay.

Hotels are looking to better engage and serve guests at each stage of their journey to enhance experiences, engender loyalty, and increase guests' lifetime value through greater visit frequency, upgrades, and purchasing additional amenities and services.

"Consumers feel a greater sense of loyalty to a brand when they've played a key role in the creation of their experience," Lisa LoRusso, vice president revenue management systems and tools for IHG, notes.

The role technology plays in the service experience and its influence on customer satisfaction continue to grow in significance. As artificial intelligence, data analytics, 5G networks, and voice-activated commands become more capable and prominent, we anticipate seeing major changes to how service is delivered and the roles employees play in the delivery process. Technology is a competitive level and must be at the forefront of every decision. **HT**

POWERING THE SMART GUESTOOM

91%
Enhanced Wi-Fi

82%
Integration between mobile device and in-room TV

24%
Interactive touchscreens

55%
Personalized messages via in-room TV

45%
Control the room (temperature/lighting)

30%
Voice control
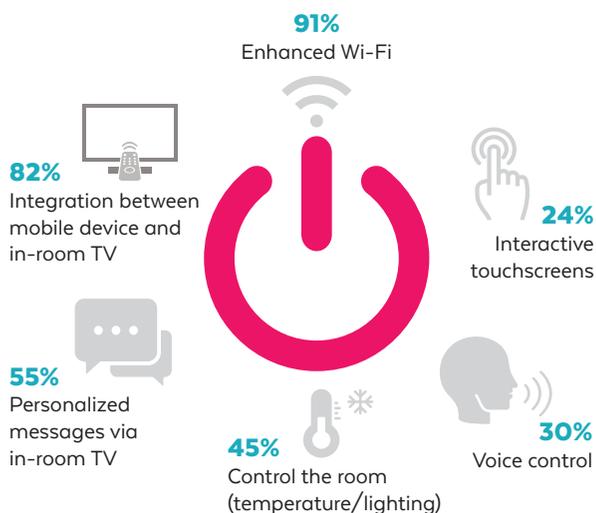
Hotels, Restaurants & Guests Offer Insight on Engagement Technologies

To analyze customer engagement technologies and customer experience management across the hospitality industry, *Hospitality Technology* queried its subscriber base on a broad range of topics, from tech adoption and budgets to service capabilities and future plans. The survey set consists of 130 hospitality executives from corporate, franchised, professionally managed, and independent hotels and restaurants across all lodging and restaurant industry segments.

Using a research panel, 515 hotel and restaurant consumers were surveyed to understand technology preferences, functional needs, and selection criteria when shopping for, selecting, and frequenting hospitality businesses. Using gap analysis, response results are compared from both the supply and demand sides of the equation to see how well hospitality providers are addressing the needs and wants of their guests. Travelers targeted for the survey stayed at a hotel (and by default dined in restaurants) at least once over the past 12-month period. **HT**

RESPONDENT SNAPSHOT

12,013
locations representing annual revenue of $23.82 billion.

2,619,800
rooms representing $32.705 billion in annual revenues.

RESTAURANT BREAKDOWN

Independent brand	41%
Corporate franchisor	31%
Franchise	7%
Foodservice management company	7%
Other	13%

BUSINESS TYPES

Quick Service	8%
Fast Casual	29%
Full-Service/Casual	38%
Fine Dining	13%
Other	12%

HOTEL BREAKDOWN

Economy	4%
Mid-scale	44%
Upscale	22%
Luxury	22%
Other	8%

OWNERSHIP MODEL

Corporate franchisor, brand entity	22%
Independent owner of corporate-branded property	28%
Independent owner of non-corporate brand	25%
Property management company	25%

CONSUMERS

51% female
49% male

AGE

Millennials (18-38)	30%
Generation X (39-53)	35%
Boomers (54-72)	26%
Maturists (Older than 72)	10%

FREQUENCY OF HOTEL STAYS OVER LAST YEAR

Once	16%
2-4 times	48%
5-6 times	20%
7+	16%

TYPES OF HOTELS FREQUENTED

Economy	12%
Midscale	40%
Upscale	35%
Luxury	11%
Alternative Lodging	3%

PURPOSE OF TRIPS

Business	12%
Leisure	62%
Both	26%

NUMBER OF TIMES DINED OUT/ ORDERED FOOD IN A MONTH

Less than 4 times	35%
4-7 times	35%
8-11 times	16%
12 times+	15%

TYPES OF RESTAURANTS MOST OFTEN FREQUENTED

Quick Service	31%
Fast Casual	19%
Full-Service/Family Casual	39%
Fine Dining	1%

8TH ANNUAL CUSTOMER ENGAGEMENT 2019

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