DIGITAL TRANSFORMATION OF THE GUEST EXPERIENCE

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Introduction:

Customer Experience Becomes a Competitive Advantage or Disadvantage in the Travel Industry’s Future

“I love waiting in long lines to check into my hotel, where I’m entertained by promotional signage begging me to download their app.” — Said no one ever

Digital transformation is universally changing businesses. While becoming digital is important, the biggest opportunity for digital transformation is instilling modern DNA into the vision, purpose, and culture of aspiring brands. While digital implies a technological approach to competing, its power is in building brand agility and resilience in a transforming marketplace. As trends change, so do the brands and experiences guests seek and value. Modern brands must not only keep up with changing customers and technologies, but also must explore new ways to create and deliver new and relevant value throughout the entire guest journey as it evolves.

Digital transformation goes beyond marketing, operations, and the latest tech. Modern brands are most successful when change purposely delivers meaningful, frictionless, and integrated experiences in the moments that matter to guests ... in each touchpoint throughout the guest journey and lifecycle. Those individual and collective experiences become the brand. And, this is the challenge facing hospitality brands in their quest to digitally transform. Many executives aren’t 100% plugged into evolving guest behaviors, expectations, preferences, and aspirations. Yet, decisions are being made in the name of guest experience without actually being guest-centric. That’s just one of many difficulties involved in digital transformation. Many hospitality brands, for instance, are still burdened by legacy systems and technologies, silos, inadequate customer journeys and user experience (UX) design, outdated guest perspectives, etc.
For all of these challenges, these are also times for great innovation and, equally, disruption. Guest experience (GX) combined with modern technology becomes a catalyst for digital transformation and also a competitive advantage. That’s why these times represent so much promise and opportunity. Everything is open for improvement and re-imagination: not only in terms of technology, but in terms of how and with whom you work; in terms of processes and policies; and in terms of new perspectives from outside industries, which prompt you to learn, unlearn, iterate, and innovate.

Hospitality is a high-tech and high-touch industry. GX (from the guest’s perspective) is expected to be high-tech and high-touch. This is why the future of GX needs architects focused on integrating modern tech and touchpoints at scale. Meaningful transformation and the resulting constructs for guest experience shouldn’t wholly be built upon legacy foundations. Legacy foundations are usually where we start, but that means our “thinking outside the box” is happening in a familiar paradigm, which is not the unfamiliar territory where new possibilities can be invented. Future customers are not rooted in legacy. Favorite devices, apps, and services influence them and how they value brands, products, and services. Those who build on blank canvases create the future, because they start with the questions: What if? and Why can’t we …? The future GX needs re-imagination, ingenuity, and new technologies to bring improvements and ideas to life.

To get there, architects must observe the existing guest experiences versus what they really prefer. They must compare these experiences to those of other industries offering guest journeys, which are reshaping customers’ preferences and behaviors. Apply those insights to deliver a meaningful and unforgettable guest journey and experience. In the process, successful brands will modernize products and offerings, deliver innovative value propositions and solutions, and create agile models for business, systems, and operations. That’s the basis for cementing next-generation customer loyalty. Dated technologies and processes won’t open new doors of opportunity. The digital transformation of guest experience starts by asking new questions. Success comes by seeing modern guests in a new light, exploring alternative markets for inspiration, tracking how emerging technology trends impact consumer behavior, and learning to blaze new trails others will be forced to follow.

**Guest Experience is Not the Same as Guest-Centricity**

Hospitality brands always tout the goal of placing the guest at the heart of the business. When it comes to GX, customers must be at the center of everything. But, there’s a difference between customer centricity and customer experience (CX), despite the terms being used interchangeably sometimes. Customer centricity is defined by how strategists interpret customer behaviors and expectations, and in turn, direct the engagement by how brands market, sell, serve, and engage customers throughout their journey and lifecycle.
CX is the actual physical, intellectual, and emotional situations a customer undergoes when interacting with a brand. It’s measured by the sum of each experience customers have at each touchpoint, individually and collectively. In contrast, the customer-centric approach may or may not consider the actual customer experience as part of the success metric.

In practice, many customer-centric approaches aim to improve customer experiences by making investments in technology, services, operations, et al., without really understanding the experiences customers have, the experiences they want, benchmarked against experiences they love. The last part is important. Desirable experiences must be evaluated not only in your industry, but also every other industry that shapes their expectations for delightful and sought-after experiences.

CX starts with customer empathy. Architects of tomorrow’s guest experiences realize that great experiences people have in their life come from anywhere. Customers are learning that delightful experiences should be universal, setting new and higher standards for the hospitality industry. Regardless of service, whether its expectations of luxury or value, they want a “five-star” experience. But, the idea of five star isn’t about opulence or pampering in most cases. It’s about convenient, intuitive, integrated engagement that puts people back at the center of everything.

Technology, innovation, transformation; it’s not just about modernizing infrastructure. It’s about building a construct that optimizes guest experiences ... the experiences they feel, cherish, and remember. That takes intent and purpose.

Let’s explore an example that’s outside of the traditional hospitality realm. Spirit Airlines in the United States is demonstrating how prioritizing CX is becoming the standard at every level. In a recent update sent to all past and present customers, Bob Fornaro, President and CEO of Spirit, shared progress on the company’s investment in guest experience. Spirit is investing in more than customer-centric updates. It is investing in experiences that customers simply expect regardless of provider or expense.

In just six months, Spirit Airlines made the following strides in GX based on direct customer feedback:

• Designed a fast, intuitive mobile-friendly website.

• Implemented kiosks at all stations to expedite check-in.

• Introduced mobile boarding passes.

• Expanded customer service channels to Facebook and Instagram.
This may seem as standard protocol for most airlines. But the point is that this is becoming the baseline for every customer. To win in GX takes more than updating to match what everyone else is doing. Spirit didn’t just stop at the minimum threshold. It partnered with the Disney Institute to, according to Fornaro, “create a common purpose and a fresh set of service standards, which anchor our new Service Training.”

The Disney Institute aims to help create best-in-class service experiences that help deliver Disney-like, “magical” experiences. Spirit Airlines is now part of the Institute’s alumni. In the company’s announcement, Fornaro explained the benefits of this investment: “We call this Spirit Signature Service. Our entire inflight team has been through this training, and it is beginning to move through our airport stations as well! This commitment to Guest service has had a great impact on your experience with us. Thanks to these dramatic improvements, our Guest satisfaction scores have reached an all-time record high!”

Every company, in its own way, can benefit from prioritizing guest experiences. The reality is that customers are changing. What used to be good enough, or even market differentiating in the past, is no longer what it takes to win now and in the future. Traditional brands are losing momentum because their customer-centric strategies are not delivering the experiences evolving customers seek.

Customer Relationship Management (CRM) visionary Paul Greenberg believes the future of CX is rooted in developing products, services, and engagement strategies for customers who view brands from a position of “self interest.” In his book, *The Commonwealth of Self-Interest*. Greenberg asserts today’s customers seek to engage with “companies like me.” This self-interest doesn’t mean selfish. It simply means customers want personalized and outstanding experiences.

To learn and grow, Greenberg suggests that brands consider two key questions:

**How do I satisfy the self-interest of each of my (fill in the number) customers so that their experience with me is good enough to want them to continue to do business with me?**

**What does that mean to an organization already constrained by multiple factors?**
Guest Experience is the New Frontier

Today’s most admired and successful brands in every industry sector excel in digital transformation. Their “secret” is placing the CX at the center of everything. It’s so important that 62% of adults online have chosen, recommended, or paid more for a brand that provides a personalized service or experience, according to Forrester Research. Customers are learning to expect personalized experiences and value them so much that they are relationship and loyalty builders. It’s estimated that loyal customers are worth up to 10 times as much as their first purchase. Personal experiences become personal memories — good and bad. Why leave those experiences to chance?

But, unfortunately, many businesses do just that. They operate in independent silos without integrated approaches or cross-functional collaboration. They invest in technology to promote scale and efficiency over personalization and guest experience. They think multi-channel rather than cross-channel guest journeys. The absence of a unified view of guests leads to fractured guest experiences.

As much as all brands preach customer centricity and CX, there is no single customer view across the guest journey. There is no articulated vision for what customers will actually experience at each touchpoint and how those engagements add up to the greater goal. There’s a notable lack of personalization throughout the guest journey. There’s a void of meaningful guest insights to feed personalization. But without understanding of customers, their preferences, how they communicate, what they value, what devices they use, and how those interactions effects behaviors, brands are, at best, well intended in their engagement and services. At worst, they risk disruption by modern brands willing to invest in personalized, real-time experiences from the customer’s research to booking to in-stay and post-stay.

But what are experiences? Before we can solve for experiences through technology, we have to understand how technology has changed what people want, value, and how they make decisions.
The **New** New Normal Begets **New** New Guest Experiences

Many dominant brands built reputations on giving customers what they could expect — good, consistent service and predictability. Relationships were nurtured through programs aimed at bringing people back into a predictability loop. This created a status-quo mindset, where the design of products, services, and experiences were largely transactional and good enough for most people. But along the way, customers became connected and, as a result, informed, empowered, demanding, and elusive. Now, connected customers expect anything but the status quo. People want to feel like they matter as customers. They don’t want generic products or spaces. They don’t enjoy mass emails or text messages about general sales and promotions. They don’t want trendy chatbots to help them buy goods in Facebook or apps. Great customer service isn’t enough anymore.

“Today’s traveler is not looking for a cookie-cutter experience,” explains Michelle Woodley, President of Preferred Hotels & Resorts, “but they are looking for a consistently compelling experience.”

Customers want to feel valued. They want one-on-one personalized engagement at every touchpoint in the digital and physical worlds. As times change, many strategists look at the states of guest activity and feedback to make decisions about future investments. But data doesn’t always tell the full story. For instance, 32% of hotel guests booked directly on the supplier’s website, and 23% of them did so via Online Travel Agencies (OTAs) using a desktop or laptop computers. Only 6% and 5% booked via an OTA mobile app and supplier’s mobile app, respectively.

This might give the impression that future investments should concentrate on desktop computer-based online experiences. But if you look at the reasons why mobile lags desktop computer use, the answer isn’t necessarily tied to lack of consumer desire or interest in using mobile devices. Mobile devices are becoming the “go-to” devices for users in almost every instant of consumer decision making. Google refers to the beginning of the mobile-first consumer journey as micro-moments. This happens when consumers want to begin or continue the process of choosing where to go, stay, what to do, etc., using the device closest to them at all times — their smart phone. But somewhere along the journey, consumers are forced to switch from mobile phones to desktop computers simply because the mobile UX prevents further progress or becomes so unintuitive that they give up and hop to another channel. It’s not ideal, and they do so reluctantly.
Most technology stacks don’t facilitate an integrated decision process, because it’s not designed or connected to do so. Yet every day, consumers are relying on mobile devices to do everything else. And, this is becoming the standard for them personally. Mobile communications and computing are disrupting every industry, not just hospitality. In an era of Uber, Lyft, Airbnb, Postmates, Amazon Prime, and other apps and services that cater to people’s wants and needs in real time, the hotel industry is, by default, a reluctant player in the on-demand economy.

Opportunity is knocking. Borrowing from industries where mobile is front-and-center of user experiences, hotels and hospitality brands can design modern experiences that transform guest journeys from the point of inspiration to the point of conversion and beyond. The reality is guests want more than consistent and good services; they want personalized, intuitive, and seamless experiences right now and at every step of their journey. Disruptive technology — mobile phones, social media, and on-demand apps — are powering this shift in guest behaviors.

Every time guests use their devices, they are literally reprogramming their expectations and preferences. For example, people interact with their phones an average of 13 times per hour. If you play these numbers out over a conservative estimate of 12 hours per day, consumers may check their phones up to 156 times daily, which can add up to a whopping 1,092 times per week. If activity was further segmented to only include Millennials or Centennials, the younger generation behind them, it’s safe to assume that usage rates would be notably higher. People are learning how to communicate, discover, and learn differently. This means that they shop and transact differently.

“Like all modern consumers, guests have a short attention span,” explains Josh Haddadi, Digital Solutions Manager at Outrigger Hotels and Resorts. “No matter how many tools we use or how much information we have, everything has to be simple and easy to digest.”

As consumers become increasingly connected, their expectations, preferences, and behaviors also evolve. The result is more informed and empowered consumers. As favorite apps and networks evolve to personalize engagement, the standards for guest experiences rise. This behavior will only continue to advance.

This is your guest. This is your customer. This is who influences your other customers. To them, impatience becomes a virtue. Small screens are the new big screens. And, their mobile communications behavior is changing the customer engagement dynamic in every industry. It is reshaping current assumptions about CX. Mobile communications and the entire crop of emergent devices and technologies following, such as augmented/virtual reality, Internet of Things (IoT), artificial intelligence/machine learning, will further effect how you sell, serve, productize, and innovate.
Digital Darwinism Forces Evolution of Every Industry

What separates modern brands from the traditional? Modern brands are born digital for a mobile-first world. They intuitively cater to the on-demand nature of customer expectations and preferences in the design of products, services, and user experiences. Modern brands use technology to build cross-channel engagement strategies that are connected and seamless. Whether it’s on mobile, desktop, in app, or on the Web, technologies are designed with experiences in mind. Each touchpoint is native to the device yet intuitively connected from the brand.com to the app to CRM/post-stay engagement. These design insights spill into on-property innovation and invention to blur the line between physical and digital. Additionally, technology is aimed at hyper-personalization to deliver the right message, service, or solution at the right time on the right device in the moments that matter to consumers. Modern brands also adopt an agile operational approach to perpetually experiment with experience design, personalization, and product pilots as tastes and times change.

Chetan Patel, Vice President of Strategic Marketing & E-Commerce at Onyx Hospitality, has experienced this challenge firsthand.

“The process-oriented nature of the hotel industry makes it difficult to react to digital transformation with the necessary levels of agility,” says Patel. “It is a massive undertaking to adjust processes and retrain staff across the organization.”
Every day, emerging technologies are affecting businesses and markets in all industries worldwide. Connected consumerism and the influences of new technologies and services on human behavior disrupt markets. This is digital Darwinism. Brands must evolve as consumers and markets evolve. Many businesses are captive by their own legacy processes and perspectives — making it difficult, if not impossible, to keep up with trends as they emerge and advance. Unfortunately, this pattern relegates laggard or reluctant brands to perpetual catch-up with every new trend. Instead of getting ahead of connected customers, they’re stuck running to stand still, bolting-on shiny objects to legacy systems without considering resulting consumer shifts and the new potential and possibilities each represent.

Disruptive technologies aren’t new, but they are accelerating and relentless in their ability to influence consumer behavior.

At varying paces and in different ways, many brands have embraced emerging technologies, but these are merely attempts at reaching people, not understanding how or why technologies change communication and engagement dynamics. As a result, customers instantly feel what those on the brand-side can’t. Brands are trying to be hip with the latest and greatest, but consumers are let down when their experiences aren’t personalized and meaningful.

“Today, I might be a business traveler looking for speed and convenience,” explains Woodley, “but tomorrow, I might be traveling with my family, and I may want a more intimate, face-to-face interaction. We are always looking for new ways of understanding those nuances while respecting the privacy of the guest.”
The Experience Divide Separates Traditional Brands From Modern Brands

When brands bolt-on new technologies attempting to improve or update the guest journey, they often lack the empathy, context, and prowess required. These new “digital” products, services, or enhancements aren’t “born digital” with a true sense of human-centeredness. In fact, to connected consumers, they feel a sense of “out of touchness” by brands aiming to connect. Many of these attempts are not as intuitive, usable, or useful as some of their favorite “born digital” devices, apps, and websites. Individuals only care if a brand meets personal expectations and/or recognizes personal preferences and aspirations, facilitates a desired outcome, and delivers what’s wanted, when, and how it’s wanted. Consider that 53% of mobile users abandon websites that take more than three seconds to load. Connected customers abandon transactions at the first instance of friction or confusion. Why?
Modern brands are catering to connected consumers in every industry conditioning them to expect convenience, personalization, uniqueness, and immediacy. These are the four pillars of modern commerce. Connected, modern consumers have no shortage of options. They tune out unimaginative brands, preferring to chase experiences that define and serve who they are. That’s an opportunity and the difficulty of digital Darwinism. The values and belief systems of traditional hospitality executives and modern guests differ, because they are built on divergent foundations. We have to see the world through the eyes of a modern consumer. They’re different than the guests who were the archetypes for the hospitality foundations and models in place today. Brands must not only understand modern guests, but also innovate, deliver new value, and modernize the entire foundation for GX.

Digital Darwinism doesn’t differentiate. Hospitality brands now compete with the likes of Uber, Tinder, and the Dollar Shave Club. The good news is that digital Darwinism favors those companies that try to understand the technological and human dynamics of their markets. Modern guests don’t know or care to think about the reasons why you cannot provide guest experiences in the same ways that Uber, Airbnb, HotelTonight, and others do. While you must consider how to keep up with or outdo traditional competitors, you must also consider that you also compete against on-demand startups and any app or online service that introduces modern services in modern ways.

Modern brands are “born digital.” These startups could focus on developing new product, service, and brand models from scratch without the legacy shackles that govern business as usual and traditional commerce. These consumer products darlings developed creative and compelling ways to cultivate new customer relationships though innovative and more personal business service models. Connected customers instantly gravitated toward their relatable mission and purpose and also cleverly targeted product-sets and mobile-first designed apps. Modern brands deliver against expectations of modern customers. They invent and reinvent guest journeys continually delivering new value. Over time, this shift further pumps customer expectations. They don’t go backward.
As consumers learn to expect personalization, conveniences, and immediacy, service gaps materialize between connected behaviors, preferences, and expectations and the capacity and capability for businesses to meet or exceed them. I call this the experience gap.

The experience gap signifies the differences in between business priorities and modern consumer behaviors and values. Every day that the trajectory between the two isn’t aligned, the gap only widens. This opens the door for new competitors to fill the unmet needs of evolving consumers. I don’t believe that executives intentionally seek to deliver friction or convey “out of touchness,” but they, by default, serve a different audience of shareholders and stakeholders. Modern consumers seek to serve themselves. They are self-interested and will support brands “like them” or that “get them.” Other modern brands are only validating their perspective by consistently delivering experiences rooted in conveniences, personalization, and immediacy. The challenge is that you are and aren’t your customer. Many executives and decision makers simply do not live the brand the way customers do. Yet, they make decisions about what they believe carries an effective balance between what’s best for the business and for guest experiences. Modern, connected guests see things from a very different perspective.

A global traveler survey conducted by Sabre’ found that expectations of personalized guest experiences aren’t anything out of the ordinary, really.
How do modern guests define personalization? In the most basic sense, they expect personalized engagement on the right device, at the right time, with the right message in ways that mirror all of the above. More so, they expect an integrated, seamless, intuitive, frictionless, and delightful journey throughout their lifecycle. No pressure!

This means that modern hospitality brands need to invest in platforms that facilitate personalized engagement across channels, devices, and customer segments — also known as an audience of one. They must also provide:

- Unified guest profiles with centralized guest management,
- Dynamic personalization at every step of the guest journey, and
- Comprehensive guest insights and performance analytics.

In addition, modern brands need an agile operational model and culture that allows for adaptability and experimentation.

The path to closing the experience gap starts with a shift in perspective, to see modern, connected guests differently and to improve and design relevant products, services, and processes that cater to this new generation of connected, experience-hungry guests. The good news is that in all they do, consumers leave digital breadcrumbs for us to analyze and design for modern guest priorities: personalization, convenience, immediacy, and differentiation.
The Digital Transformation of Guest Experience is Built Upon a Foundation of Service Innovation

In 2008, the Service Innovation Roundtable of Cornell University’s School of Hotel Administration reviewed the importance of service innovation to improve GX. Numerous lodging and hospitality firms explored ways to focus intentionally on innovation to improve guest satisfaction and boost revenues and profits. While examining service innovation is now a mandate for all hospitality brands, the 2008 session, in particular, led to a working definition that we can build on:

Service innovation is the introduction of new or novel ideas that focus on services that provide new ways of delivering a benefit, new service concepts, or new service business models through continuous operational improvement, technology, investment in employee performance, or management of the customer experience.

The digital transformation of the GX aligns not only with service innovation, but also with greater digital transformation trends across every industry. Progressive brands are prioritizing investments around customer experience, and as they mature, disparate efforts lead to enterprise-wide change in the name of the modern customer. Hospitality brands are in good company.

At the same time, startups and ambitious competitors invest in innovation to not only compete, but also disrupt the status quo. But there’s a shortcut, and it’s the kind that doesn’t shortchange results. In fact, it accelerates digital literacy and expertise development internally.
Emerging technologies are disrupting markets by changing customer behavior and how they choose to navigate their journeys. One of the biggest disruptors is mobile phones — one of the single greatest areas for service innovation in the hospitality industry and beyond.

For many travelers, mobile phones have not only become the first-screen, it’s quickly evolving into the only screen. They compromise when they have to move from their phone to a laptop or desktop computer to continue their journey. To them, it’s disruptive, and the more they live a mobile lifestyle, the more these compromises begin to open them up to new options. It’s not complicated, however. Connected customers have intent to do something. They just behave differently than traditional customers as they go through the guest journey.

**Here’s how travel is changing:**

- **In 2016, 40% of visits to U.S. travel websites now come from mobile devices.**

- **About 70% of travelers with smartphones use them to do research, and almost half of leisure travelers make their final booking decision on mobile phones.**

- **72% of travelers with smartphones look for the most relevant information regardless of the travel company providing the information.**

These behavioral trends add up to small areas of immediate opportunity, as well as ways to introduce new and improved touchpoints to lead modern guests on their journey.

For example, in early planning stages, 78% of leisure travelers haven’t decided which airline to use. Eighty-two percent haven’t figured out where to stay when they start thinking about a trip. And, 67% of travelers are more likely to book with a travel brand that provides relevant information about the destinations they’re interested in. This means that modern consumers are becoming more loyal to their need and to the company that helps them in each moment rather than a particular brand. They need help and are looking for brands to provide it.

Brands that help their customers by “being there” during the discovery and planning phases and also are “helpful or useful” by providing relevant content (pictures, videos, reviews, etc.) convert more than not. Furthermore, brands that modernize the journey by integrating and personalizing experiences across channels and devices and communicating at the right time, in the right way, with the right messages, will cater to the “self-interest” in today’s modern customers.

Knowing that consumers are getting screen burn from looking at their mobile phones for so long, many brands are still underplaying or misunderstanding the relationship between technology and new consumer mindsets about experiences, however. Now more than ever, travel brands need to assess how connected consumerism is changing and how the customer journey can be reimagined for an evolving, mobile, real-time world.
These insights can lead to innovation in physical, brick-and-mortar experiences, ranging from lobby design, check in/out processes, entertainment, and dining. Not doing so only escalates the likelihood of missing critical engagements or opportunities to deliver superior experiences in moments that matter to your customers (modern and traditional). Additionally, missed opportunities set the stage for a new wave of startups to fill the void.

In my research with Google specifically around micro-moments related to travel, we observed that the modern guest experience not only begins on mobile devices, travel decision making tends to play out in four approachable (meaning anyone can start experimenting) moments that matter: dreaming, planning, booking, and experiencing.

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<tr>
<th>Dreaming</th>
<th>Aka I-want-to-get-away moments: When people are exploring ideas for their next trip.</th>
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<tbody>
<tr>
<td>Planning</td>
<td>Aka time-to-make-a-plan moments: When people have chosen a destination and are ready to research the details.</td>
</tr>
<tr>
<td>Booking</td>
<td>Aka lets-book-it moments: When the research has been done and people are ready to book.</td>
</tr>
<tr>
<td>Experiencing</td>
<td>Aka can’t-wait-to-explore moments: When the trip is underway, travelers experience their trip and share it with others.</td>
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The right technology platform connects all the dots. Service design and GX brings everything to life.
Work in service innovation is greatly aligned with the digital transformation of GX. Yes, technologies, processes, and policies — for the most part — work today. But, their functionality is more transactional and less experiential. To accelerate work on this front, all efforts must be zeroed-in on modern guests and how they undergo their journey. Then, each moment, touchpoint, and outcome must be delivered by an integrated technology platform that delivers seamless and intuitive offline/online experiences for providers and guests. As you prioritize your strategy and technology roadmap, do so by uncovering the areas where you can make immediate impact as tied to the evolving guest journey. That starts with a shift in mindset. To date, technology has been operational and transactional. But now, technology roadmaps and ecosystems must be guest-centered, productive, and integrated. As such, there are immediate areas of friction, as well as moments that matter to guests where you’re underperforming or completely absent. Additionally, plan for more extensive investments in technology and resources to invent and innovate the guest journey and experience.
Service Innovation for Modern Guests Reshapes the Journeys and Experiences

In Q1 2017, Starbucks reported that one-third of gross sales were generated through their mobile app. Starbucks has always positioned itself as a technology company that’s in the gourmet coffee business. Recognizing several years ago the shift in modern consumerism, Starbucks re-thought the guest experience in store, online, and in-between purchases. To do so, Starbucks merged several disparate groups — mobile apps, IT, and marketing — into a single business group to double down on the mobile customer.

At the time, I interviewed Starbucks Chief Digital Officer Adam Brotman as part of my research series on digital transformation. Brotman emphasized that Starbucks looked to other industries for innovation cues, including consumer electronics companies and other startup companies. As a result, he prioritized mobile efforts to serve as the bridge to consumer engagement.

“I started with mobile; that was the heart of it where we really acted as a team. That worked well and catalyzed, moving into web, where we were charged with figuring out what our mobile web strategy looked like and how it connected to our loyalty and payment groups. From there, it snowballed pretty quickly,” says Brotman.
Starbucks isn’t alone in this approach. Amazon constantly invests in new products and programs, ranging from Prime membership for improved service options to its instant order Dash IoT buttons and smart assistant Echo, and more. Uber, once a breakthrough ride/hail app that competed against taxis, aggressively invests in service innovation for passengers and opening new markets, such as self-driving cars, food delivery, cargo transit, and more.

Once viewed as an affordable pizza brand, Domino’s too is investing in service innovation to stay ahead of competition. Domino’s Chief Digital Officer Dennis Maloney shared in an interview with Harvard Business Review13 that the company is not just in the pizza-making business, but also in the pizza-delivery business.

“We are now at the point where more than half of our orders and our sales are coming through our digital channels — which makes us a very big e-commerce company,” says Maloney.

His point is that beyond making a delicious pizza at an affordable price, like Starbucks, Amazon, and Uber, Domino’s also must be in the technology business. Technology has helped Domino’s push a once-conventional industry forward. For example, consumers can order pizza using the Domino’s app, directly via Twitter, or even by texting an emoji. The company also transformed the entire pizza-making and monitoring-order processes, developed a proprietary point-of-sale system, and invested in the digital transformation of how Domino’s manages its operations. Its service innovation keeps delivering. Domino’s produces custom-made delivery vehicles, which ensure hot pizzas arrive at customers’ doorsteps — what they call, “the best app in its industry.”

Service innovation is in the corporate DNA of these companies. To them, innovation isn’t viewed as a cost center. Instead, it’s an investment in experiences that convert into a multi-faceted return-on-investment approach that “future-proofs” companies against digital Darwinism. It expands reach, opens new markets, and better serves customers through innovative products, services, and experiences.

Hospitality companies are no different. In many ways, all hospitality brands are in the technology business. Modern consumers are either mobile- or digital-first in how they research, communicate, and transact. Travel is no different. In fact, it’s among industries where many guests are more advanced, demanding innovation in guest services and experiences. Your company needs you to be the Steve Jobs, Elon Musk, or Mark Zuckerberg of hospitality. Someone’s gotta do it.
Key Takeaways: The Modern Guest Experience Blueprint

The digital transformation of guest experiences takes just that — digital transformation. Modern technology to enable meaningful experiences at scale is in and of itself a value-add. Add high-touch to high-tech, and suddenly GX becomes an incredible competitive advantage. Travel brands must now place modern and traditional guests at the center of all innovation and transformation strategies. To do so, decision makers must live the brand the way their customers live their favorite, modern brands.

Hospitality brands no longer compete only against traditional rivals. Competition comes from any service that delivers exceptional experiences. They set the bar for the “wow” factor and also everyday guest expectations in not only the experiences they deliver, but also how they do so. Innovation affects everything now — products, services, operations, policies/procedures, and rewards.

To inspire your work and guide your next steps, look beyond traditional competition. You now compete against all modern commerce brands, including Uber, Airbnb, Lyft, Starbucks, Amazon, and even Domino’s. Individually and collectively, they are raising the stakes for what used to be “good enough,” while also raising customer expectations to demand exceptional, personalized experiences in every step of their journey. The digital transformation of guest experience is as much about creativity and imagination as it is technology, people, and process. Now, it’s time to get to work to improve the guest experience as it exists today and also develop the blueprint for the guest experience of tomorrow.
REIMAGINE THE GUEST JOURNEY AS AN INFINITY LOOP

Prepare a digital transformation roadmap based on a guest journey that is organized by an infinity loop where one side is aimed at “attracting” guests and the other is focused on “retaining” them and earning their loyalty.

PLOT KEY MOMENTS IN THE JOURNEY

Organize the guest journey by each micro-moment: dreaming, planning, booking, and experiencing. Add to each respective section key transactional moments and touchpoints that will greet guests as they move from step to step. Articulate what modern guests are thinking and hoping for in each stage. Humanize it. Find innovative and creative ways to bring it to life!
MAP THE GUEST JOURNEY VIA EXISTING DATA AND INPUT

Gather data and assemble (as you can) the respective stakeholders for each touchpoint, as well as supporting systems, processes, and strategies to review the journey as it exists today. Reconstruct the journey as aligned with the infinity loop. Document areas where you excel, identify friction points and fragmentation, and uncover areas where you are absent or lacking against expectations of modern experiences and your brand promise.

MAP THE CUSTOMER JOURNEY OF MODERN COMMERCE BRANDS FOR NEW INSIGHTS

Map customer journeys of popular modern brands outside of hospitality to gain insights into behavior, preferences, wow factors, and operations. Reverse-engineer insights and chart a course to implement them into your GX transformation roadmap.

Personalizing the Experience at Every Step of the Guest Journey

<table>
<thead>
<tr>
<th>Brand.com Experience</th>
<th>Booking Experience Web, Mobile &amp; Call Center</th>
<th>Pre - Trip Upsells, Add-ons, Trip Planning, Personalized Communication</th>
<th>Check-in, Messaging &amp; In-Stay Experience</th>
<th>Sharing &amp; Reviews, Campaign Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>Shop + Book</td>
<td>Pre - Trip</td>
<td>In - Stay</td>
<td>Post - Stay</td>
</tr>
</tbody>
</table>

Guest Experience
SEAMLESS, CROSS-CHANNEL JOURNEYS THAT PRIORITIZE PERSONALIZATION

Digital transformation of GX builds from a single view of the guest and an integrated platform that engages them as an audience of one. Whether they’re desktop computer, mobile phone, or navigating new voice-controlled IoT devices, messaging apps, smart watches, or whatever’s next, modern guests expect native, intuitive, and personalized engagement.

EXPLORE WHAT MODERN CUSTOMERS VALUE

Getting back to the roots of hospitality starts with putting people at the center of everything. People are different. Standards have changed. We can no longer take for granted legacy policies, processes, and assumptions of guests. There is value to be delivered in every touchpoint, and that value lies in the eye of the beholder — your modern guest.

“In everything we do, we always ask ‘How does this benefit the guest?’, and digital transformation is the same. We want to keep the focus on the customer’s needs, not our needs.” -Josh Haddadi, Digital Solutions Manager at Outrigger Hotels and Resorts

INITIATE SERVICE INNOVATION THAT BLURS THE LINE BETWEEN DIGITAL AND PHYSICAL EXPERIENCES

Digital insights for modern guests/customers will lead to new opportunities in service innovation, personalized and frictionless online journeys, and also the innovative design in physical spaces. In fact, as you study the preferences and expectations of modern guests/customers, invite UX experts to the digital transformation table. UX philosophies and approaches can apply to digital AND analog. In fact, it’s leading many traditional legacy brands to ctrl-alt-del dated design experiences.

IDENTIFY AREAS OF STRENGTH AND WEAKNESS FOR REQUIRED EXPERTISE

To win in a modern commerce world, teams must learn and unlearn. Some skill sets are beneficial. There are also skill sets that are not currently in-house. Identify strengths, weaknesses, and areas completely missing and assess what’s needed full-time and via technology partner, contractor, agency, and consultancy.

“Education and training must be a priority for the entire organization, across every touchpoint. Technology has to come second.”

“Michelle Woodley, President, Preferred Hotels & Resorts
CHART A ROADMAP TO ORGANIZE EFFORTS
There are more opportunities to transform the guest experience than you can realistically tackle. It’s critical that the group prioritize efforts and divide and conquer based on ownership. Emphasize pilots to get quick learning and wins. Make sure to prove and communicate success to all stakeholders along the way.

DEVELOP A ROADMAP AND RACI/RASCI CHART
The digital transformation of guest experience is a cross-functional endeavor — play it like rugby, where the ball is taken down the field with all players interacting. Transformation requires champions, stakeholders, executive sponsors, technology, and dedicated resources. All players need to understand who’s responsible, accountable, consulted, and informed on each line item in your roadmap. Many brands undergoing digital transformation form dedicated cross-functional steering committees or taskforces to lead and manage initiatives. Many implement a RACI or RASCI chart to help govern initiatives toward next-generation guest experiences. Doing so assigns key roles to stakeholders so that everyone understands their part in leading change and innovation.

(R) Responsibility — owns the project/s.
(A) Accountability — to whom (R) is accountable and who must approve the efforts.
(S) Supportive — provides resources or plays a supportive role in implementation.
(C) Consulted — has information or is informed as necessary to complete the work.
(I) Informed — is notified of the progress and results but does not need to be consulted.
In an Increasingly Digital World, Humanity Becomes the Killer App

Innovation and transformation are not cost centers but investments in relationships. The digital transformation of GX is a human story. While the name implies a technology-centered approach, those who excel in modern engagement understand that all innovation is human centered. Hospitality’s roots were fed by delivering human, personalized experiences that, in many ways, were impaired by enterprise technology over the years. In the end, service innovation is about exceptional, personalized, and modern service. The rest is defined by how that service is delivered and how the people responsible for delivering guest experiences are empowered and rewarded to do so.

Now in an era of digital Darwinism, modern guests desire rich, immersive, and one-on-one personalized experiences across devices, channels, and physical spaces in each moment that matters and throughout their entire journey. As times, tastes, and trends change, you have to be willing to innovate and reimagine your value proposition. Always. You must take risks knowing that sometimes you will fail. But, overall, these failures will teach you, give you new experience and expertise, and make your company and team stronger.
Methodology

Altimeter conducted interviews with hoteliers and industry experts during 2017 to inform this research.

About Brian Solis, Principal Analyst

Brian Solis (@briansolis) is a digital analyst, anthropologist, and also a futurist. Brian studies the effects of disruptive technology on business and society. More so, he humanizes these impacts to help people see people differently and understand what to do about it. He is an award-winning author and avid keynote speaker who is globally recognized as one of the most prominent thought leaders in digital transformation and innovation.

Brian has authored several best-selling books, including What’s the Future of Business (WTF), The End of Business as Usual, and Engage!. His latest book, X, explores the intersection of where business meets design to create engaging and meaningful experiences.

About Altimeter, A Prophet Company

Altimeter, a Prophet company, is a research and strategy consulting firm that helps companies understand and take advantage of digital disruption. In 2015, Prophet acquired Altimeter Group to bring forward-thinking digital research and strategy consulting together under one umbrella, and to help clients unlock the power of digital transformation. Altimeter, founded in 2008 by best-selling author Charlene Li, focuses on research in digital transformation, social business and governance, customer experience, big data, and content strategy.

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About Sabre Hospitality Solutions

Sabre Hospitality Solutions enables hoteliers to enhance the guest experience, identify cost savings, and increase revenue. The cloud-based, SaaS solutions powered by the SynXis Enterprise Platform, used by more than 39,000 hotels, resorts and chains, provides unlimited scalability to manage all distribution, operations and retailing needs across every touch-point of the guest's journey.

We offer distribution to all channels using the SynXis Central Reservations, the industry’s most flexible and easy to use reservation and distribution solution. Additionally, our solutions include hotel daily operations management through the SynXis Property Hub, device responsive SynXis Booking Engine and digital design and marketing services to increase direct bookings and deliver exceptional guest service right from the booking.

Footnotes:
2. Customer Experience In Hospitality, Forrester
3. White House Office of Consumer Affairs
4. Sabre + GFK Global Traveler Research, December 2016
7. Sabre + GFK Global Traveler Research, December 2016

Disclosure
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