

# Communications Technology Trends in Hospitality



Today's hotel guests are expecting more technology, from free Wi-Fi to the ability to check in using their smartphones. Forward-thinking hotels are using technology to attract and satisfy guests as well as increase operational efficiencies.

## Introduction/Overview

The face of travel has changed in recent years, and much of that has to do with technology. Many customers now research room options and make reservations online, and rate their hotel experience publicly via social media. Hotel guests check in with a multitude of personal mobile devices and expect hotels to accommodate their bandwidth needs.

This white paper will explore some of the key technology trends in the hospitality industry, including:

- **The impact of Millennials** – This customer segment is the fastest-growing one in the hospitality industry, and they bring with them a unique set of demands and expectations. While this may pose strategic challenges for hotels, it is also an opportunity to stand out in a crowded marketplace.
- **More devices, more bandwidth** – Guests bring more devices with them today than in years past, and those devices are taxing hotel networks with their data-heavy applications and increased security requirements.
- **Technology is evolving in every room** – Today's guests now expect more than a landline phone and a decent TV set in their rooms, and their technology demands don't stop there. Meeting spaces and semi-public social areas must now be equipped to meet a variety of technology needs.

- **Wi-Fi usage is expanding** – Beyond increasing bandwidth demand from guests, Wi-Fi is changing how hotels do business with self-serve technology solutions and communication options for staff and management.

Smart hotels are riding the wave of technology today—not just meeting guest expectations and improving staff efficiency, but creating an experience that guests want to write home about.



**BE** informed.

# Traveling Millennials are Changing Expectations

According to a U.S. Census Bureau report released in 2015, Millennials are now 83.1 million strong—more than a fourth of the nation's population and bigger than Baby Boomers, who come in at 75.4 million.<sup>1</sup> Millennials are also the fastest-growing customer segment in the hospitality industry. They currently represent 32 percent of all U.S. travelers and by 2025 will represent over 50 percent of all travelers.<sup>2</sup>

The personality traits and habits of Millennials center on exploration, connection and emotional experience. They collect passport stamps the way others might collect coins. Millennials are also early adopters of technology, which often satisfies their desire for physical freedom while at the same time bolstering their ability to connect with others. Instead of phone calls and in-person interactions, they prefer to use technology to check into hotels, pay for their meals, seek out new restaurants, shop and entertain themselves.

Some Millennials are also more willing to pay more for a better experience. This is a huge opportunity for hospitality businesses that are willing to invest in improved products and services. It can also pose a strategic challenge, however, when budgets are tight and customers are more demanding than ever. Boutique hotels are cashing in as trendy replaces conventional, customized replaces generic, and bragging rights become the new social currency.



Other challenges arising from the Millennial travel explosion include:

- **Social media.** This has leveled the playing field for hotels and restaurants. Platforms such as Twitter, Yelp, Facebook and TripAdvisor are often the first place Millennials go to research locations, crowdsource travel ideas and get recommendations. It's also often the first place they go to complain when they've had a bad experience, or share information when they've had a remarkable experience.
- **Disruptors in the industry.** Businesses like Airbnb don't usually set out to replace hotels. Rather, they are serving a need that the hospitality industry has sometimes struggled to serve. Millennials are looking for novel experiences—not just places to lay their heads. Airbnb and companies like it make it easy to find, book, pay for and review those unique experiences.
- **Cybersecurity.** As heavy tech users, Millennials demand more Wi-Fi than generations before. This increased Wi-Fi usage in hotels and restaurants combined with increasingly clever cyber criminals means businesses must be ever more mindful of their security.

Another Millennial habit affecting the hospitality industry is group travel. Fifty-eight percent of Millennials prefer to travel with friends,<sup>3</sup> but many hotels have been slow to enable online group bookings. Millennials are known for their need for instant gratification, and adding those extra few steps to the process of booking rooms (i.e. calling and speaking to someone at the hotel) can mean the difference between getting their business and losing it to more Web-friendly competitors.

To continue to meet the needs of Millennials, hotels need to be more tech savvy and have a stronger focus on experience and customer connection.

<sup>1</sup><https://www.census.gov/newsroom/press-releases/2015/cb15-113.html>

<sup>2</sup><http://www.4hoteliers.com/features/article/8736>

<sup>3</sup><http://groupizesolutions.com/how-millennials-are-redefining-group-travel-6-things-hotels-need-to-know/>

# Bringing More Devices and Expecting More Bandwidth

Hotel guests travel with more and more personal devices, including smartphones, tablets, e-readers and laptops. Business travelers often check in with even more. A recent poll from SmartBrief found that 45 percent of hotel guests travel with at least two devices, and 40 percent travel with three or more. In that same poll, 85 percent of travelers said they believe Wi-Fi in hotels should be free.<sup>4</sup>

The increasing number of devices guests travel with, in combination with the expectation of free Wi-Fi, put increased demands on a hotel's network and bandwidth requirements. These demands are not easy for most hotels to satisfy, as hotel occupancy rates impact bandwidth dramatically. A big conference can easily overtax a hotel's network, while an under-occupied hotel can waste money paying for bandwidth that is not being used. Striking the right balance requires the right technology solution—which is why partnering with a company who understands the unique needs of the hospitality industry is so critical.

Better bandwidth can be a great opportunity for hotels when it's implemented well. Providing free, fast and reliable Wi-Fi is an easy way to encourage modern travelers to book rooms in your hotel. For business travelers, a fast and reliable network is no longer optional; it's a necessity in order to conduct business while on the road.

Networks today, however, must contend with more than the data load from emails or web browsing. Guests also download movies and connect to large files in the cloud. So even when occupancy rates are low, the fewer number of guests are still using more bandwidth than they did in years past.

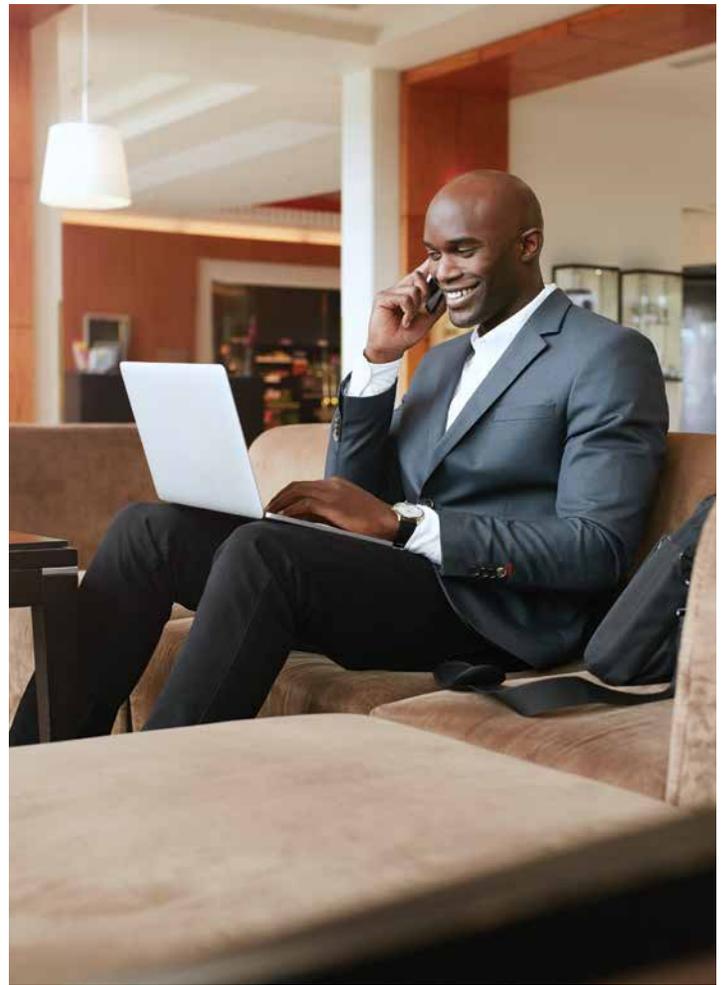
## Security Concerns in Hospitality

In the last two years alone, 78 percent of all companies experienced some kind of data loss or theft.<sup>5</sup> In November of 2015, Starwood Hotels and Resorts Worldwide disclosed that point-of-sale systems at over 50 of its hotels had been infected with malicious software.<sup>6</sup>

With more devices connecting to hospitality networks, more demand for Wi-Fi service throughout the property, and an

increased number of guests checking in and paying over the Internet, data security is a growing concern.

Hotels should begin with robust physical security (e.g. locks on server room doors and server cages), but there are two more critical steps that some hotels are skimping on. First, keeping an inventory of hotel data—specifically, knowing where the data is stored and how it is accessed. And second, training staff in cybersecurity issues such as password management and handling of sensitive and/or personally identifiable information.



<sup>4</sup><http://www.hotelnewsnow.com/Article/10764/10-trends-in-hotel-technology>

<sup>5</sup><http://www.hotelnewsnow.com/Article/16974/How-small-companies-can-improve-data-security>

<sup>6</sup><http://www.cnet.com/news/customers-at-sheraton-westin-other-hotels-hit-by-data-stealing-hack-attack/>

# Evolving Technology in Guest Rooms, Lobbies and More

It used to be that a landline phone and a good TV set were all guests needed to be satisfied with the technology in their chosen hotel. While those two pieces of equipment are still keystones in guest rooms, technology expectations have expanded—even outside the guest room door.

Today's guests often bring their technology with them in the form of smartphones and tablets. Guests email, instant message and place voice calls from their own devices. They stream movies to their tablets and place video calls on their smartphones. While guests still expect a landline phone and a good TV set in their room, hotels today need to put more consideration into hotel-wide bandwidth and integrated technology systems to enhance the guest experience.

Some key trends that experts see increasing in the near future include:

- Mobile technology that enables guests to unlock their room doors from their smartphones
- Device mirroring technology to stream media from personal devices to in-room TV sets or meeting space media devices
- Mobile control systems for lighting, heating, shades and entertainment
- Entertainment apps for guests' personal mobile devices<sup>7</sup>
- A proliferation of tech-enabled, more user-friendly meeting spaces and event halls

## The Role of the Landline Phone Is Changing

Most hotels have no plans to get rid of their landline phones, even though guests use them less frequently than in the past. Landlines are still important for guest safety and security, even if all they do is connect to 911 or the operator. They also ensure that guests and hotel staff can easily communicate with one another, and that guests have quick and simple access to services and amenities.



Some hotels are getting more use out of their landlines while at the same time creating a better experience for business travelers by enabling pairing between mobile phones and room phones.

## Beyond the Guest Room, Meeting Room and Lobby

Providing dedicated workspaces to business travelers—spaces with strong Wi-Fi signals, a multitude of electrical outlets and audio-visual equipment—is another way hotels can use technology to help attract guests. Hotels can also allow non-guests to rent those spaces for meetings, creating a secondary revenue stream.

Smart hotels put convention on the back burner and put customer experience first. Today's customers—vacationers and business travelers alike—rely on technology, yes, but they also want to engage with one another on their own terms. To help guests do just that, some hotels have gone beyond the standard meeting room and begun creating semi-public spaces. These spaces are comfortable, stylish and Wi-Fi connected, allowing guests to have a corner to themselves to get some work done or mingle among other travelers.

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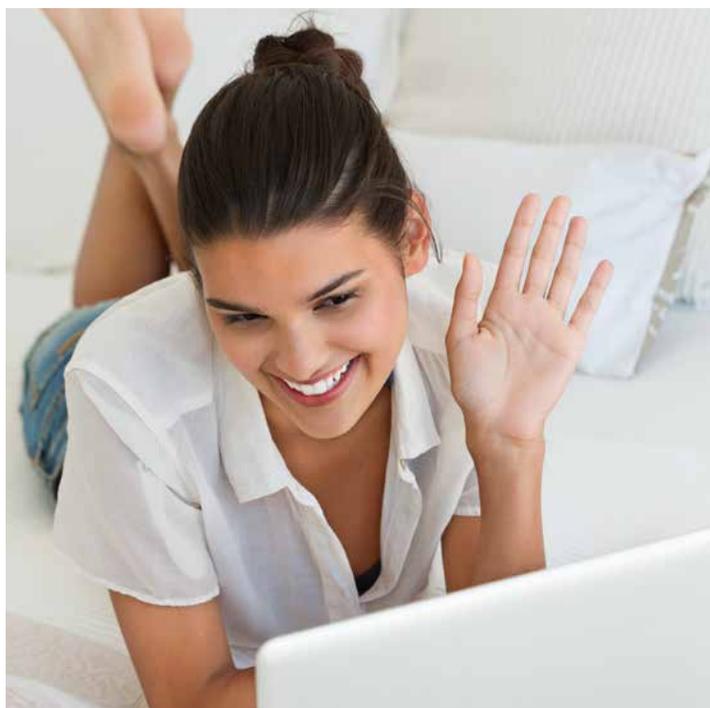
<sup>7</sup><http://www.hotelnewsnow.com/Article/16576/The-present-and-future-of-in-room-tech#Q1>

# Wi-Fi Expands Opportunities for Guests and Staff

Guests aren't the only ones getting the benefit of more technologically advanced hotels. Hotel employees stay connected to one another with smartphones. They meet with other employees around the world using video conferencing. They keep tabs on the customer experience through social media. In addition, some hotels sell rooms through smarter, geo-location-enabled content marketing, and in-person customer service provided by hotel staff and management is being augmented by digital concierge services and mobile check-in.

There are a growing number of opportunities for hotels to improve the customer experience by bringing technology into the mix. Today's travelers are more willing to use self-serve options, so technology is also an opportunity to reduce the number of staff required to meet customer needs.

Hotel brands are using improved connectivity, better bandwidth and complimentary Wi-Fi to incentivize bookings. Guests get access through hotel loyalty programs or by booking rooms directly through the hotel instead of a third-party site.



## Connectivity Is No Longer a Luxury Amenity

Though connectivity makes a nice carrot to attract business and leisure travelers to book hotel rooms, high-speed Internet access is also becoming more expected. Increasingly, travelers are including complimentary Wi-Fi in their search criteria.

Alternatively, there are travelers who bring mobile hotspots with them—a practice some hotels have fought against. Marriott found out the hard way that the fight wasn't worth it. In 2014, Marriott International paid a penalty of \$600,000 when the Federal Communications Commission found them guilty of blocking personal Wi-Fi transmissions at a convention center hotel in Nashville while charging conference-goers \$250-1,000 per device to use the hotel's Wi-Fi.<sup>8</sup>

While the Marriott example is an extreme case, one thing is certain: Charging for Internet access might work for some hotels today, but that practice may cost them business in the near future.

Travelers are accustomed to free Wi-Fi at coffee shops, airports and restaurants. Before they eliminated the charges altogether, Wi-Fi charges were the top guest complaint at Loews Hotels & Resorts properties.<sup>9</sup> Instead of fighting against the tide, hotels could benefit from looking at Wi-Fi as an opportunity to improve customer satisfaction.

If you're not doing this already, consider upgrading your network technology to enable the increased number of connections, and offer complimentary Wi-Fi service to your guests. It's an easy way to stand out in the hospitality market today—and being an early adopter of this practice will help you stand out in the near future when every hotel is doing this.

<sup>8</sup><https://www.fcc.gov/document/marriott-pay-600k-resolve-wifi-blocking-investigation>

<sup>9</sup><http://www.nytimes.com/2015/07/07/business/free-hotel-wi-fi-is-increasingly-on-travelers-must-have-list.html>

# Planning Considerations for the Hospitality Industry

Hotels today need a technology partner who not only understands their bandwidth needs, but has the full suite of solutions and necessary expertise to meet those needs. Advanced telecommunications and data solutions can enhance the guest experience, increase staff productivity and lower costs. A trusted technology provider can make all the difference when it comes to return on technology investment.

Frontier is that trusted provider who understands the unique needs of the hospitality industry. Our technology solutions meet those needs with products and services including:

- **TV:** Television services and packages to meet the demands of today's hotel guests
- **Managed Wi-Fi:** Professionally designed and installed property-wide, carrier-grade wireless Internet access with 24/7 monitoring and support for hotel staff and guests
- **Networking:** Ethernet, broadband and IP VPN for secure connections between multiple locations
- **Digital Phone and VoIP:** From basic phone service to a complete package with voicemail, caller ID and long-distance calling
- **Video Conferencing:** Remote collaboration made easy
- **Data Backup and Recovery:** Protect hotel and guest data from cyber attacks, data breaches and natural disasters

## Frontier Provides End-to-End Solutions for Hotels

When it comes time to upgrade communication and networking systems to meet today's guest and staff needs, set up an appointment with one of our experts. We'll help you meet those needs while considering your budget constraints and providing you with a well-rounded solution that's perfect for your business today and tomorrow.

Frontier sales executives are experts in the technology solutions that the hospitality industry needs to meet consumer demand and compete in today's market. Set up an appointment to discuss our growing portfolio of solutions for hotels, and find out what Frontier can do to help you improve your customers' experiences.



To find out what Frontier can do for your business, please visit us at [frontier.com/businessedge](https://frontier.com/businessedge).

