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## ISHC INNOVATORS AND DISRUPTORS

On September 12, 2014, at the annual conference we offered a member participation session on innovators and disruptors. The following is a recap of the presentations and notes from participants.

### Big Picture Themes

- + There is a great opportunity for **customization** for guests; their personal information is widely available through proprietary systems, LinkedIn, Facebook, and elsewhere.
- + Technology is available to make every guest experience a wow event but it is not widely applied in the hotel business.

### Innovators

- + Non-traditional lodging like Air B&B gives the customer what they want at an affordable price
- + Brand extensions such as Hyatt Place, AC (Autograph), and Curio
- + Hotels as art (21C Museum Hotels)
- + Waterpark hotels
- + Pop-up resorts and restaurants, e.g. Ice Hotel
- + Glamping (luxury camping)
- + LGBT targeted marketing
- + Apps for mobile devices and the impact and opportunity in technology; no excuses not to be known to potential customers... ability to book from a smart phone
- + Wellness-themed lodging (education, hiking, cooking, and nature)
- + The addition of safes in the bottom of lounge chairs
- + Next generation customization (the ability to do it because you can get the guest information)
  - Preferred coffees and beverages (Keurig makes it easy)
  - Focus on sensory awareness – touch, feel, and hearing (aroma therapy, ear plugs, and white noise)
  - All-inclusive customized to each guest preference (free parking, internet, newspapers, etc.)
  - Build the experience before the guest arrives – the vacation starts when they hit the front door; be engaged with the guest from first contact through check-in, throughout the stay, and after they leave
  - Actively make reservations for the guest before they get there and when they arrive
  - Authenticity of the guest experience (not just common and expected service)

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- “Live like a local” services and execution – know the area and share it with guests so they are more locally engaged
  - Customer engagement after the visit (send pictures, post pictures, personalized thank you, meaningful, personalized surveys)
  - Use of flat screens as an art and presentation form-fully digital rooms that create any experience the guest wants
  - + Design-driven product (more technology, available ports and plugs, ultra high speed, motion detectors (energy conservation))
  - + Activation of all available square feet of space; the lobby as an income producer (think Disney) and guest convenience, e.g. Sheraton Link
  - + Energized elevators (sound and sight); digitalized
  - + The creation of lifestyle brands like AC (Autograph) and Curio that appeal to GenX and Millennials
  - + Restaurant reservations treated like a theatre ticket – buy up front, use it or lose your payment

## Disruptors

- + The cost of guest acquisition is excessive and growing (many intermediaries in the path to booking); cost is 15 to 25 percent of room revenue
- + Brands have shifted all of their costs onto the local level and profits are being diluted
- + Non-traditional lodging like Air B&B competes with traditional lodging
- + Demand drain: timeshare, vacation homes, cruise ships
- + Brand extensions that allow the addition of new supply that skirt non-competition clauses in management contracts and franchises
  - These may have an impact on legacy and big-box hotels
  - Do these confuse brand loyal customers?
  - Do these attract new customers to the brand or dilute the market?
  - If these products are a “fad” what happens when they are no longer hip and cool?
- + Year-round education and the impact on traditional family vacations
- + Employee issues
  - The cost of labor is increasing, particularly in F&B, and in many cities restaurants are not viable operations
    - Unionization is an issue that needs to be carefully watched
    - City-mandated living wage ordinances create an imbalance between adjoining markets and a non-level playing field
  - There is no longer “glamor” to be in the hotel business

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- Lack of long-term engagement of the “new” generation-loyalty issues (they can be incentivized through negotiated agreements with clear expectations and rewards)
  - Employers need to uncover shared values and be genuine, authentic, and consistent; its more than money
  - Provide instant gratification to employees that perform above average, e.g. tokens that can be accumulated and monetized
- + Decline in golf and its impact on resorts
  - + Decline in whole ownership second home sales

### **Miscellaneous Other Topics and Notes**

- + The **non-traditional lodging sector** (mainly homes, apartments, condominiums) are popular and growing but can be problematic; issues of bed tax, fire and life safety, zoning and ordinances (clear and unclear), impact on neighbors and neighborhoods, impact on values, insurance, personal safety
- + Creation of an urban, vertical resort in a major city with either fully integrated resort amenities or share agreements with third parties
- + Hip and cool is overdone and on its way out – what do you do with a (say) W hotel when the customer moves on to a real hotel? Customer service trumps hip and cool!
- + Hotel managed F&B doesn’t work – lease it out; the opposing argument is that you lose quality control and there are no assurances that the lease will be successful
- + Foodies are changing the essence of F&B in hotels-there is an opportunity to capitalize on the food trend
- + There was sentiment that there is an opportunity to drive F&B revenue but it takes dedication, innovation, and stamina; F&B needs to stand for something and “make a statement” – put a stake in the ground...make it an experience and brag about what you stand for