



Innovative Technology Benefits the Hospitality Industry

Introduction

In the current climate of reduced revenues and cutbacks in expenditures, introducing new products to the hospitality market is more difficult than ever. Companies in the hospitality industry face a highly competitive environment in which differentiation and innovative customer experiences are key elements in improving revenue by building brand awareness and loyalty among customers. Customers today are more demanding than ever, and expect the best from leading hospitality companies. From always-on access to guest reservation systems to personalized services delivered where and when the customer requires it, the demands placed on hospitality companies to stay ahead are growing. [1]

Differentiation

Hotels are under such pressure to keep up with expectations of guests that they are implementing new technologies to regain their edge. Leading hospitality properties are using technology products to differentiate themselves from their competition and thereby increase market share and improve revenue. Even smaller hotel brands are turning to technology products to equip their public spaces and guestrooms with the latest electronics. The Digital Door Viewer (DDV) is one such technology product that can be beneficial to both hotel guests and to hotel operations. The DDV is a functional and visible amenity that helps to differentiate the property.

The following statement is an example of the thinking of many hoteliers. "What we're trying to do is give people the chance to experience firsthand the latest in technology," said Elon Kenchington, chief operating officer of the Gansevoort Hotel Group, explaining that choosing the right technology has become as critical as other elements of a hotel's design. "It's an integral part of not only the success of an operation, but also what makes one brand better than another or more interesting to travelers than other brands," he said. [2]

The need to accept innovative technologies to maintain market leadership positions is globally recognized in the hospitality industry. David Teklit, IT Group Manager for Jumeirah Hotels in Dubai, UAE makes this observation: "To create the 'wow' effect and to excite customers, you have to be ahead of the curve, which means delivering the technologies they don't yet have in their homes." [3] The DDV is one of these technologies. Differentiating a hotel property means to create something that is perceived industry wide as unique. Design, brand identity, image, technology, amenities, and customer service all present opportunities for hotel companies to distinguish themselves from the rest. For increased protection, most companies strive to be different on every level. The goal remains the same, to gain customers' loyalty and the resulting lower price-sensitivity. The decision to equip guestrooms with Digital Door Viewers is the result of a commitment of the hotel to differentiate itself in their market.

The value of the Digital Door Viewer has been proven in properties such as the MGM Grand in Las Vegas. According to James Hogg, as director of operations for the MGM Grand Skylofts, the Digital Door Viewer is a simple yet significant upgrade on an old-fashioned hotel room aspect. "One of my colleagues had gone to a

trade show and saw the Digital Door Viewer and it just makes perfect sense,” he said. “I mean, we bought it because it looks good, but you don’t realize how much it can change your guests’ perceptions.”

The Skylofts wanted something that surprises guests and adds to their experience. Based on the feedback given at the Skylofts, the Digital Door Viewer is fulfilling those needs. “I’ve never, in a hotel, seen 99% of the guests love something so much. They ask how they can get one for their house,” Hogg noted. “One guest even put it this way: ‘I want people to ring my room doorbell just so I can look through it.’ People love playing with it. It’s tactile and smart.”[4]

The need to differentiate from competitors has turned into a multi-million dollar investment for today's hotel companies. While a differentiation strategy does not allow a property to ignore costs, it cannot let costs become the primary strategic target. The race for differentiation has incited increased rivalry within the hotel industry; hotels continue to spend millions of dollars to gain a competitive edge.

Differentiation and keeping the hotel property looking bright is so important that the Wilshire Grand Hotel in Los Angeles is spending USD 20 million on guestroom upgrades even though the property is scheduled to be torn down in two years. [5]

What does the DDV do that a peephole doesn’t do? The obvious answer is that the view from the DDV is far superior to the peephole and that the DDV is far more convenient to use since the guest is not forced to place her face very near to the door to view. But the more accurate answer is the DDV is not a mere replacement for the peephole, rather it is a technology differentiator that is highly visible and that makes a statement concerning the desire of the hotel to position itself as a market leader by providing the guest with every possible amenity.

The DDV conveys a positive property image while the peephole does nothing. The peephole has been accepted for so long because it was the only thing available. Now the Digital Door Viewer provides an attractive choice more consistent with a modern property image. Even if a guest does not use a peephole the guest will notice the DDV. The DDV gives the impression that the hotel offers more to its guests than the competition. The DDV adds value to the hotel property image.

As a differentiator the Digital Door Viewer has a number of benefits, including:

- Communication of exclusivity - A door with a First View Digital Door Viewer is no ordinary door.
- Superior performance - guests are impressed by the clear view.
- Convenience - Everyone agrees that peepholes are awkward and difficult to use.
- High visibility - Hotel guests will notice.

Security

Many sources of advice on hotel room security recommend using the peephole to see who is outside before opening the door. [6] The Overseas Security Advisory Council of the U.S. Department of State has published a "Hotel Security Sample Checklist". The sample checklist is a composite of measures which many companies now prefer to be standardized in the hotels they frequent. The checklist includes the entry: Adequate room door security (peephole, privacy lock, etc.). [7] The Overseas Security Advisory Council has also published this advice: "Do not open the door for anyone you are not expecting. If available, use the peephole. Ask any room service person to slide the receipt under your door before you open it. If someone knocks on your door claiming to be hotel staff, deliverymen, or workmen, call the desk and verify the identity of the person, and determine if the person is there for a legitimate reason." [8] It is true that, despite ample advice to the contrary, some guests never peep before opening the door. One possible reason that guests do not use the peephole is that it is uncomfortable, difficult to use and often does not provide a clear view.

The Digital Door Viewer eliminates all of the problems of a peephole and is therefore more likely to be used by the guests who may choose not to use the peephole. Following the procedure of looking before opening the guestroom door is a clear benefit to both the guest and to the hotel property. Guests, who have always been inclined to use a peephole, will certainly find the DDV to be significantly superior to the peephole providing a better view and thus better security.

The DDV can be promoted as an additional security layer even though the topic of security is a sensitive one to all hotel properties. However, as clearly demonstrated by recent attacks on major hotels in India and Pakistan, traditional security measures, even in the best hotels are not enough. Peepholes are not state-of-the-art surveillance devices. The DDV is a personal security system designed to give the guest a clear, safe method of viewing.

Guests at a hotel in India were trapped in their rooms during a terrorist attack. Their stories have been recorded in many news articles describing their experiences. Those in the guest rooms were eager to have any information about what was happening. Hearing explosions and weapons fire, and with all hotel electrical systems disabled, many used the peephole in the door in an attempt to see what was happening in the halls. The peephole played a role in the ordeal suffered by these guests by giving a small glimpse of actions in the hallways. Unfortunately the peepholes gave a limited and distorted view and the guest had to be right next to the door to use it! As one guest reported the hotel security personnel advised him to: ""On Friday afternoon, I heard someone trying a key in my door. They couldn't open the door because I had dead bolted it. When they knocked, I remembered what the security guys had said. Tiptoe to the peephole, if you see someone suspicious, get away from the door." [9]

Obviously, if weapons are being fired in the hallway the risk of being struck is greater the closer one gets to the door; using the peephole is dangerous. Another serious problem with a peephole is that someone on the outside can see into the room! At least one news story of a recent hotel attack reported that a family trapped in a room "taped the peephole so that nobody could see in." [10] The Digital Door Viewer can be used from arms length without standing directly in front of the door. It is impossible to see into the room with a DDV. The Digital Door Viewer can provide people in hotel rooms with a better, safer view of the activities and conditions outside. The ability to have a clear, safe look outside your door may be a small matter in normal circumstances. In an emergency or crisis a more secure way of seeing better is a priceless benefit.

Cost

The DDV price may be seen as expensive. This view is taken by persons who see the value of the DDV only in direct comparison to a peephole. The true worth of the DDV is the sum of its functional, image and marketing value to the entire property. The successful counter to the price objection is to explain the true value of the DDV in terms of property differentiation and security.

An economic justification for the purchase of Digital Door Viewers can be based upon calculating how the cost can be recovered. For example, how much the average daily room rate would have to increase in order to recuperate an investment in Digital Door Viewers can be estimated. The following example represents an analysis of the payback.

This example is based on the performance statistics in the Singapore hotel market in April 2009 and the method can be applied in any market. The average daily rate in USD was 170.24. The occupancy rate was 64.9%. [11] By projecting this data the average 150-room property can thus generate approximately USD 12,098,190.72 in room revenue in 24 months. Introducing DDVs in all guestrooms within two years would mean the purchase of 75 DDVs per year, at an estimated cost per unit of USD 399. Related costs are estimated at approximately 1.0 % of the per-unit cost, resulting in an estimated total investment of USD 60,448.50 over a two-year period. This cost expressed as a percentage of room revenue is 0.5 %.

The investment could be recuperated by either an extra 0.5% increase in average rate, occupancy, or some combination of the two. In case of average rate, an ADR increase of just USD 0.85 would be needed in order to recuperate the total investment within two years.

It is obvious that in preventing just one violent or criminal activity directed forwards a hotel guest the cost of a Digital Door Viewer would be insignificant.

Conclusion

Technology investments differentiate hospitality properties, improve the guest experience and create more satisfied customers resulting in increased brand awareness, loyalty and reduced price sensitivity. Because of changing guest requirements, new traveler and security demands, and the need to constantly stay ahead, hospitality companies of all sizes are making innovative technology investments.

The Digital Door Viewer provides a strong option to hospitality properties for building the power of innovative technology into investments that in the end will lead to improved business results. Costs can be recovered within rates and time frames totally consistent with industry standards.

Footnotes

[1] Microsoft MapPoint and the Hospitality Industry, White Paper, January 2005

[2] New York Times, November 11, 2008, Itineraries, Hotels Offer Guests the Latest Technology Tools, By Susan Stellin

[3] Hotel Business Special Report, The 'Archi-Techs': Building A Better Tomorrow, Hotel Business Magazine, Vol.17, No. 11, June 7-20, 2008.

[4] Hotel Business Magazine, Sept. 21 - Oct. 6, 2007, Page 34, Taking a digital perspective, MGM Skylofts revolutionize peephole, by Christopher Ostrowski

[5] The New York Times, Sunday, June 7, 2009, Checking In: Dressing It Up Before Tearing It Down, by Fred Bernstein

[6] Hotel, Motel Security, Safety Advice for Travelers by Chris E McGoey, CPP, CSP, CAM;

[7] Hotel Security Sample Checklist, Global Security Concerns, Worldwide 12 Jun 2006, Overseas Security Advisory Council, Bureau of Diplomatic Security, U.S. Department of State

[8] Hotel Safety: Staying Safe in Your Home Away from Home, Global Security Concerns, Worldwide, 1 May 2004 , Diplomatic Security's Office of Intelligence and Threat Analysis (ITA)

[9] Trapped in Mumbai: A Survivor's Tale, By Madhur Singh /Mumbai Friday, Nov. 28, 2008, <http://www.time.com/time/world/article/0,8599,1862739,00.html>

[10] CCN.Com/Asia, 3:17 p.m. EST, Fri November 28, 2008, <http://www.cnn.com/2008/WORLD/asiapcf/11/28/mumbai.westerners/>

[11] Asia Pacific performance results for April 2009, Smith Travel Research, May 28 , 2009, <http://www.hsyndicate.org/news//4041619.html>