

2016 Look Ahead: Phocuswright Senior Technology Analyst (Part I)

To kick off our 2016 Look Ahead interview series, we spoke with Norm Rose, an analyst and consultant focused on emerging technologies and how they impact business practices in the travel industry.

Norm leads Travel Tech Consulting, Inc., a firm that partners with Phocuswright to provide technology consulting to travel companies. He's also been an analyst with Phocuswright since 1999 and is the author of numerous publications and articles including Phocuswright's *Mobile: The Next Platform for Travel*. From 1982-1988, he held sales and marketing management positions at United Airlines and, from 1989 to 1995, was corporate travel manager for Sun Microsystems.

Here's what Norm had to say about the impact of self-service and mobile technologies on the hospitality and travel industries.

Which self-service technologies are you most excited by or interested in?

There was an article I was reading today saying that shoppers want more personalization. I had an airline send me four to five emails, and I finally said, "Forget it, I don't want your emails. They're generic and don't pertain to me and what I want. You have no insight into where I've been, what I've done." And I think the consumer is being trained to expect something more personalized.



Everything is mobile. Everything has to be focused on mobile. But I really encourage hoteliers in particular not to just try to automate existing processes but think how they can use solutions to deliver new services.

If I stay at the Four Seasons and I always get a massage, they should know that. You should enable me through a smartphone app or tablet, but also use these to proactively offer something like that to me, which is kind of the Four Seasons way

even offline. But certainly the luxury segment is being enabled by this type of ability to deliver proactive services that really meet your personal preferences.

The balance between high touch and high tech is something that people have been talking about for many years, and I think reaching that right balance is key.

What would you say is the biggest impact self-service technology has had on the hospitality & travel industries?

I would hope it would be in easing the friction that exists in travel. I think the idea is reduced friction and there has been some reduction. If you can avoid check-in at the front desk and can go straight to your room and use a phone to open the door, I think you're in an environment that approaches that.

I'm always traveling from West to East Coast, so I'm hungry when I get into a hotel. Being able to order food while still in the taxi or the Uber is helpful.

The balance that's difficult is reducing head count versus reducing friction. The real battle is hoteliers assume, "We've automated things, now we can reduce head count," but that ends up opening a new can of worms because sometimes you do need to talk to someone, even with automation available.

In your opinion, who is benefitting most right now from self-service technologies – airlines, hotels, travelers, or another party?

Every segment benefits depending on how much they reduce the friction for the traveler, but the benefit should be for the traveler always.

Certainly the airlines have benefited from mobile boarding passes and such efficiencies. I can go through the airport process and not have to deal with a human being, which helps reduce both friction and head count. The problem they still haven't solved is what happens when something goes wrong.

Who is winning in this space? It's pretty clear that the OTAs are winning on mobile, which is very frightening considering the hotel push-and-pull relationship with OTAs from a booking viewpoint. The OTAs aren't doing much within the on-property experience, but they're winning as far as booking. There's still a lot of room for interesting competition.

I hear a lot of comments from hoteliers that are worried that self-service technology doesn't have as much of a place in their hotel because their guests tend to be in the 50-and-up age range. Do you think self-service technology is only beneficial for younger generations of travelers?

I would disagree with that statement strongly. I think if hoteliers did an actual survey, they would find that their 50-plus travelers have smartphones. The issue goes back to the question what's the balance between high touch and high tech? I think maybe more affluent older travelers still want some high touch, the feeling that there is personal service not just personal digital service.

Hoteliers need to figure out how to combine digital with human environment to deliver superior service. It's not an either/or. Everyone has a smartphone now, and the correlation between smartphone owners and travelers is higher than the general population.

If you're a hotelier, you should recognize that Airbnb is not just a competitor for lodging but is also a travel service, and is offering not just accommodations but a local experience. A certain segment, maybe not 50 plus, wants that experience. That is an angle that is going to be a need and it's a big disruption that's coming. Airbnb is affecting hoteliers.

I think the concern is that tech is driving and enabling big disruptions, and it's happening as we speak. Therefore the only way to fight that is to understand your customers, understand where the friction is, and deliver an experience that is both high touch and high tech.