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## Introduction

**Personalisation (in hospitality) is “the ability to use data in the moment to create meaningful, relevant experiences”**

**According to a Experian survey<sup>1</sup> in 2016, 86% of UK brands use personalisation in marketing. Although a phenomenon of the digital age, personalisation is not new. The purpose of marketing has always been to understand and fulfil customers’ needs profitably.**

It is the digitalisation of this process that is new, plus a newfound demand for any product or service to be delivered now – if not sooner.

Today’s ‘always on’ consumer is using digital devices more than ever. Almost all (94%) of leisure travellers switch between devices as they plan or book a trip<sup>2</sup>. Many use two or more devices for planning and booking travel. No wonder Online Travel Agents (OTA) spend on average €75,000 per day advertising on Google, where purchasing decisions are made quickly, based on relevant sales messages that render further searching needless.

As a trend, personalisation has drawn momentum from the availability of behavioural analytics which, when linked to search engine results, enable businesses to send targeted advertising messages based on the user’s interests. Think of ‘you might like’ recommendations that are made when shopping on Amazon, or watching a boxset on Netflix. This is personalisation at work. Direct booking platform provider, Avvio, predicts that user personalisation will continue to be a sought after feature for hotels for some time to come. Frank Reeves, Avvio’s Co-founder and CEO explains: “Personalised messaging can be developed from customer behaviours and insights to make you stand out from the crowd, and help turn one-off customers into loyal guests.”

Digital personalisation enables brands to reach different customer segments using different messages. Instead of mass marketing through one generic TV commercial or press advertisement, marketers can tailor their messages based on consumers’ tastes and purchasing histories.

**Before the arrival of the OTAs, consumers had little choice but to book direct. The fragmentation of travel distribution has given consumers a range of third party booking options, including OTAs, so the primary objective of accommodation providers has become to build a longer-lasting relationship with their buyer and encourage them to return and book direct.**

Interestingly, less than 1% of Booking.com customers re-book hotels through the site, and an estimated 89% of online travel bookings are being abandoned<sup>3</sup>. Despite hotel chains’ efforts to persuade consumers to book direct, the OTA channel still enables hoteliers to offload un-sold inventory, trial promotions and stimulate occupancy quickly.

The OTAs have also proved adept at deploying personalisation tools, so hotels – chains and independents alike – are increasingly adopting the same techniques to win back market share.

Data is the great enabler of personalisation. In today’s digital marketplace, customers expect your business to know everything about them, their likes and dislikes. In order to meet these expectations, brands deploy in-depth databases to collect and curate data from disparate sources, which enables them to build highly detailed customer profiles.

To succeed in today’s world, a business can’t interact in a manner which suggests that a prospect is unknown to them. Instead, they accumulate data to improve the relevance of their sales and marketing communications, which optimises the chances of future sales and conversions.

Brands are now focused on the predictive power of data. According to a 2015 Forrester study, 89% of marketers now have predictive analytics on their roadmaps<sup>4</sup>, so the onus is on marketers to use this data, not only to understand past trends but also to predict future behaviour.

The wider travel industry has embraced personalisation. Localisation – the personalisation of a trip by promoting a guest experience that embraces local produce, culture and attractions – is already widely practiced in the hotel sector.

But what exactly can be personalised, and what determines whether a sales conversion is successful or not?

<sup>1</sup> Experian, WP Personalisation in Retail Marketing, September 2016

<sup>2</sup> Travel Booking Trends Revealed in Let’s-Book-It Moments, Think with Google. July 2016 (<https://www.thinkwithgoogle.com/articles/travel-booking-trends-book-it-moments.html>)

<sup>3</sup> Why Travelers abandon their online bookings, Sales Cycle, June 2016 (<http://arrivalguides.biz/trends/why-travelers-abandon-their-online-bookings>)

<sup>4</sup> How Predictive Analytics Boosts B2B Business Performance, Forrester, December 2015 ([http://pages.everstring.com/rs/246-GSV-300/images/EverString\\_Predictive\\_Marketing\\_Analytics\\_TLP.pdf](http://pages.everstring.com/rs/246-GSV-300/images/EverString_Predictive_Marketing_Analytics_TLP.pdf))

## Tomorrow's guest - the changing consumer landscape

**90%** of hoteliers say their guests will expect stays to be personalised by 2020

**41%** of travellers would choose a hotel that offers facial recognition

**74%** of online consumers are frustrated with irrelevant website messages

Source: Grant Thornton<sup>5</sup>

**The Millennial generation may outspend the baby boomers on hotel for the first time in 2017, and will become the biggest spending demographic in travel by 2020; but travel brands' are already shifting their attention to the new kids on the block.**

They expect more personalised experiences and, in return, are willing to provide more data, which enables the brands they engage with to personalise their offerings.

Gen Z has grown up with smartphones and tablets, expecting high-speed mobile broadband on demand. They have already performed 5.1 billion Google searches, watched 4 billion YouTube videos, sent 500 million tweets and downloaded 1 million apps. 60% share their knowledge and opinions online willingly – often using multiple devices simultaneously.

According to IBM's 2017 Uniquely Generation Z research<sup>6</sup>, 74% spend most of their free time online; the smartphone is the most frequently used device for three quarters of Gen Z, and 66% frequently use more than one digital device at the same time.

Their preferred communication channels are different too; with phone time spent on messaging apps like Snapchat and WhatsApp, whilst using the same media to engage with businesses – thereby creating the opportunity for travel brands to engage with them. In short, Gen Z takes personalisation for granted.

### What the always-on customer wants:

1

Recognise me

2

Treat me as an individual

3

Make it easy for me

4

Anticipate my needs

5

Give me a voice

<sup>5</sup> The Power of Personalisation: Hotels' Roadmap to 2020. Grant Thornton, 2016. (<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/the-power-of-personalisation-uk.pdf>)

<sup>6</sup> Uniquely Generation Z. IBM, January 2017. (<https://www-935.ibm.com/services/us/gbs/thoughtleadership/uniquelygenz/>)

## *The digital marketing landscape*

**“UK online retail sales topped £133 billion in 2016”**

Source: Capgemini/IMRG<sup>7</sup>

**“Worldwide e-commerce sales will reach \$2.5 trillion by 2018”**

Source: e-marketer<sup>8</sup>

**The online conversation is increasingly interactive. At its most basic, if a consumer visits a website, the site needs to remember both the visitor and the purpose of their search when they return.**

2016 research by Signal<sup>9</sup> found that 83% of UK consumers used a computer, tablet or smartphone to plan their last trip. 74% used them to book. Travellers’ use of multiple screens puts the responsibility on suppliers to recognise travellers as they switch devices, and to use the data available to make the customer experience seamless and consistent. But how intimate do consumers want that relationship to be?

Consumers want to manage their digital identities, choosing where their information is shared online, and with whom it is shared. They know businesses benefit from their data, and are willing to leverage that data against discounts and upgrades. However they also expect technology to filter out irrelevant content or messaging. They expect brands to know when to communicate with them - and when not to.

With greater interaction comes great responsibility. Customers may want engagement with some brands, but not others. Return on investment goes out of the window if processes are over-complicated or the technology to collect and interpret data is too costly. In a world of big data, where machine learning and artificial intelligence is replacing human brainpower, there are no secrets.

Nevertheless, many organisations have seen huge uplifts in enquiry conversion by following simple steps to increase personalisation in their digital strategies. In leisure travel, according to Skift and Boxever, brands have seen an average 19% increase<sup>10</sup> in turnover when their website uses personalisation. For some it has been far more. EasyJet, for example, has seen a 60% uplift since it introduced personalisation. Whilst Airbnb has championed personalisation across its platform from the outset with the Airbnb app. This app includes a sophisticated matching system, which pairs guests with the best accommodation, neighbourhoods and pricing to suit their needs.

Digital technology has changed the way hotel brands connect with guests by creating a 24/7 relationship, from finding a hotel, to checking in, during the stay and after departure. However some joined-up thinking is required. For example, 97 million Chinese tourists travelled abroad in 2013. By 2020, this number will have topped 200 million, but how many hotel websites are available in Mandarin?

In 2015 investment by Starwood saw their mobile bookings rise by more than 50%. The following year they launched Let’s Chat, an app that enables guests to communicate with front desks via WhatsApp, BlackBerry or iPhone Messenger before or during their stay.

The complexity of the accommodation sector’s customer base makes it hard for hoteliers to distinguish individual customer profiles. Even within loyalty programmes, there are often too many people to keep track of. Intercontinental Hotels Group (IHG)’s 161 million annual guests belong to their loyalty programme.

Hotels are finding new ways to collect the data to help them understand customer behaviour. Westin Hotels is trialling smart-sensor technology to track guests’ sleeping patterns, and offers personal coaching tips to help them sleep better.

Guests are already able to manage their stays through their smartphones, which could undermine hotels’ use of personal service as a means of differentiation. Futurist Dr Ian Pearson calls this “The care economy. As technology becomes more sophisticated, it forces us to focus on the personal interaction side and that becomes a differentiator.”

Accommodation providers must also overcome concerns and greater regulation around data security. However this is unlikely to halt the personalisation trend because hoteliers regard personalisation as the key to offering their guests added value.

<sup>7</sup> UK online sales exceed £130 billion in 2016, fuelled by sales growth on smartphones. IMRG, 2016. (<https://www.imrg.org/media-and-comment/press-releases/uk-online-sales-in-2016/>)

<sup>8</sup> Worldwide Retail Ecommerce Sales Will Reach \$1.915 Trillion This Year. eMarketer, August 2016. (<https://www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369>)

<sup>9</sup> UK Consumers Increasingly Plan and Book Travel Digitally, Smartphones Experience Largest Gains in Use. Signal, October 2016. (<https://www.signal.co.uk/press-releases/uk-consumers-increasingly-plan-book-travel-digitally-smartphones-experience-largest-gains-use/>)

<sup>10</sup> The Future of Personalized Marketing In Travel. Boxever and Skift, 2014. ([https://skift.com/wp-content/uploads/2014/09/Skift-Boxever-The\\_Future-of-Personalized-Marketing.pdf](https://skift.com/wp-content/uploads/2014/09/Skift-Boxever-The_Future-of-Personalized-Marketing.pdf))

## Why personalisation?

There are four reasons for hospitality providers to use personalisation.

1. Higher conversion rates – personalising the user experience enables operators to understand customers’ needs, target the right audiences and attract genuine prospects.
2. More revenue – attracting real prospects and solid leads, translating into more sales.
3. Greater customer retention – personalisation generates more repeat business, fosters brand loyalty and encourages word-of-mouth recommendations.
4. Add the personal touch – personalising the user experience can help to replicate the human interaction customers enjoy when buying offline.

In effect, personalisation provides value in acquiring, converting and keeping guests. But how can each result be achieved in practice? Here are some examples of how, and why, accommodation providers have benefited from the power of being personal.

### Case study 1 – Airbnb

*“My partner had booked a temporary Airbnb as a stopgap, while we waited for our new London apartment to be refurbished. At the time I hadn’t realised, but the wonderful thing about Airbnb is the variety.*

*London, of course, has more choice than many cities; but it was less about the number of apartments to rent and more about the interiors of those apartments and the visual quality of the web experience.*

*One of the great things about the Airbnb experience, is that you’re in total control. The photos of the apartments allow you to see small details that strum your emotional heartstrings. For example, a picture on the bedroom wall or a kitchen table like the one you had in your grandparents’ home.*

*These items are personal: they have a story and you relate to them in your own way. They draw you in and create a strong sense of belonging that makes you feel like you were always meant to stay here, “This is my kind of place.”*

*The next step of the service experience is even more compelling; you actually get to talk with the owner of these objects and this beautiful apartment. You get a chance to ask about certain details and in the best cases, you actually feel like this total stranger is a friend, someone who is there to listen and make every little thing feel just right.*

*In our case, when we turned up at the apartment we booked, we met a guy called Dorian who was waiting there for us patiently, even though we were late. He gave our tired family a big smile and happily carried our insanely heavy luggage up two flights of stairs.*

*Dorian showed us around our “home away from home” with great pride and passion. He gave us complimentary gifts, one white wine and one red wine, some bread, cheese, milk and chocolate biscuits for the kids. And to top it all off, after he left he sent us a long list of recommendations for breakfast, dinner, family friendly bars and more. Amazing!*

*Now that’s what I call personalisation and one reason why established hotel chains are feeling the pain.”*

Editor’s note - in some respects this is not personalisation because ‘Dorian’ performs the same service for every guest, but personalisation is achieved because the guest can connect to certain items and objects in the Airbnb apartment, attributing personal significance to these things, so they feel they are getting a much more personal experience.



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 9,500+

## Case study 2 – Robert Holland, MD of Hotel Partner Yield Management

*"In my previous life as a hotel General Manager I understood that the customer experience starts long before they walk through reception at the hotel. Today the customers' online journey is a vital part of the brand experience and, as OTAs embrace personalisation, treating every hotel website visitor to the same static and ubiquitous content will no longer cut it. We need to tailor our approach based on customer knowledge and the intent of their website visit.*

*I used Avvio's personalisation software to have different online conversations with my website visitors based on three simple criteria: 'Are you looking to book?', 'Have you already booked your stay?' and 'Have you already stayed?'*

*With online personalisation now everywhere (think Google, Netflix, Amazon, Facebook, BA.com etc.) customers rightly expect that businesses will tailor the online experience around them and their intent/need. Hospitality has always been about putting our guests first and I believe that hospitality now has to start online."*

## Case study 3 – Emma Castaldo, Hotel Manager, Bermondsey Square Hotel, London

*"At the Bermondsey Square we wanted to complement the customer journey by making it seamless. As an industry, we tend to resist new technology because hospitality has traditionally been based on personal service. 90% of the customer journey is made in an impersonal way. Only when the guest reaches the front desk does it become personal, so this brings in the personal element much earlier. It's about preparing them for the time they are about to spend with the hotel. All about starting to offer hospitality.*

*Our starting point was to look at what the OTAs are doing; how they are engaging with their customers and understand why customers are moving towards them. We considered the rewards and asked ourselves how we could counteract that, focusing on getting the customer to book direct, especially from the second interaction onwards. In a crowded hotel search market you can't put a small hotel ahead of the OTAs.*

*The investment was as much about time as money. We had to update our property management system and make sure we had the right (and correct) content. There are lots of systems out there that carry hefty price tag, but it the sheer effectiveness and all-round value that made much more sense to work with Avvio.*

*There is lots of data out there. We can track number of returning customers but not necessarily as a direct result of personal engagement. Personalisation helps to drive direct business. In terms of enquiry conversion rate, 7% is perceived as the maximum conversation rate; 5% is good and less than 3% is poor. Conversion of bookings made through a phone call is around 75%.*

*To ensure a consistent customer experience across online and offline channels you have to make sure that the content in third party and direct channels is consistent. Expedia and Booking.com encourage us to keep content updated and have provided tools that make this very easy.*

*We're not aware of any limitations to how far we can take personalisation as yet because, like many independent hotels, we are still in early days. However we are constantly trying to be innovative by developing one-to-one communications between our guests and the hotel.*

*I'd encourage any hotelier or serviced apartment operator considering personalisation to look at technology and outsourcing where it won't affect the customer journey. Put all your resources into welcoming and engaging the customer to ensure they return. Retention and recruitment can be supported by automation to allow workforce to focus on customers."*

## Case study 4 – Tom Shanahan, The Inn at Dromoland Hotel, Newmarket on Fergus, Co Clare

*“We signed up with Avvio in 2016 to capture our website visitors’ attention with a view to increasing website and booking engine conversions. Initially, we noticed a lot of people leaving the site and not returning, and now thanks to the personalisation tools we’ve implemented, our site now recognises when they return and are prompted with messages to view our best available rate, discounted packages and encouraged to book direct.*

*Our starting point for a visitor returning within 48 hours is to prompt them with a ‘Still searching for dates?’ message, after which we alert them to value based packages and a book direct message.*

*To ensure a consistent customer experience across our online and offline channels the message is carried on all platforms in terms of service offering and best rate guarantee – the end customer is our number one priority – we consistently listen to our guests’ feedback and try and action so they get to experience their most important requirements.*

*The Avvio personalisation tools add value by encouraging the visitor on a repeat visit to stay on our site through specific message prompts, and follow through and make a booking.*

*Although the Avvio system is excellent, any technology is only as good as the information supplied to it. It is vital that the person looking after this is up to date with product knowledge and changes in the industry to maximise the benefit.*

*Currently personalisation is all about recognition of a repeat visitor and trying to capture them with the most important details that they look for in order to make a booking – it tends to be value or added-value driven. As guests’ requirements change over time, we have to adjust the ‘personalisation’ message.*

*To strike the right balance between collecting customer data and data privacy we only communicate with past guests via email newsletters, and there is an opt out option on each email we send. For any information collected at external events, or direct at the hotel, there is an opt in policy.*

*Although personalisation is relatively new to us, it certainly seems to be helping with our conversion rate.”*

Personalisation is what separates a great hotel experience from a mediocre one. When done well, guests will hardly notice because everything feels just right. It’s all a matter of deciding how far you want to go.

At one level it could mean ensuring that the room temperature is set at the guest’s preferred level, with their favourite music tracks available, TV channels (or programmes) pre-selected, responsive lighting and preferred mattress or pillow provided. In a serviced apartment, the fridge would be pre-filled with the guests’ favourite food ingredients and the preferred magazine or newspaper would be laid out ready to read over breakfast.

On another level, personalisation could simply mean allocating a lower floor room because a guest prefers not to use the lift, or making sure the minibar is stocked with the guest’s favourite drink. Others might make exclusive content or offers available to guests. After all, why wouldn’t returning guests want to find their rooms exactly how they like them, every time they stay?

Some operators go further than others. For example, the walk-in closets at the Clarion Collection Tapto in Stockholm include a selection of guests’ favourite clothing brands to try on. If they find something they really like, they can add it to the bill.

Hyatt’s Andaz brand has replaced check-in desks with personal hosts who welcome guests and remain their point of contact throughout the stay. The Bratislava Sheraton researches guests’ publicly-stated likes on social media and presents guests with an appropriate gift on arrival, whilst Barceló Hotel Group offers guests a choice of aromas (including none at all) to greet them in their rooms on arrival.

Intercontinental Hotels Group (IHG) has deployed apps that allow guests to input preferences about room temperature or which type of bed they would like. When a guest passes a restaurant or retail outlet, a promotional offer or video can now be delivered to them directly via their mobile.

IHG and the Ritz-Carlton have both created concierge apps that provides local insights for guests, whilst Hyatt has teamed up with Uber to enable guests to order cabs from their integrated app instead of via the on-site concierge desk. The Conrad concierge mobile app allows guests to choose Chinese TV channels, minibar foods and other amenities in Mandarin on their mobile before they arrive. In the not too distant future, these personalised services will be expected as standard.

## Loyalty programmes

**Hotel loyalty programmes have embraced personalisation. The challenge to those managing these programmes is to offer different loyalty benefits as customers become more connected to the brand.**

Starwood Preferred Guest app members experience changes to reflect the hotel they're actually in. Starwood makes suggestions based on what they already know about the guest. As loyalty programme members stay with Starwood more frequently, the experience becomes more personalised, culminating in access to the company's personal ambassadors who will manage their travel needs, develop a one-to-one relationship and a deeper understanding of what they value.

According to PwC<sup>11</sup>, 40% of business travellers and 27% of leisure travellers say that a personalised experience - such as remembering the room they had last time, or extra amenities used, and offering these again during the booking process - impacts their choice of loyalty programme.

However, as Emily Collins, senior analyst at Forrester Research, told the New York Times in 2016<sup>12</sup>, while discounts matter, consumers "overwhelmingly say they want special treatment and offers not available to others in a loyalty programme...They come for the perks, but they stay for the experience."

The challenge for hotels is finding the balance between incentivising customers to book direct, without isolating those who don't. Hotels need to convince guests that their business is valued regardless of whether they book direct, but there are extra rewards when they do.

## Personalisation and serviced apartments

**With most of the large hotel chains now boasting apartment brands, personalisation is also permeating the serviced apartment sector with varying degrees of sophistication.**

SACO's MyCo, an online booking tool, draws on lessons learned from Amazon and Netflix by creating personalised website experiences based on prospects and customers' behaviour, location, profile, and other attributes. Website content is tailored to fit each profile.

As SACO Marketing Director Jo Redman explains, "Corporate travellers are increasingly booking through OTAs so online bookings are not necessarily all leisure business. It all starts with understanding why the customer is travelling in the first place, followed by where they want to visit. This helps us to identify the types of location they prefer and so we can offer them future opportunities based on what we know they like. We have to keep learning from the OTAs. Get your content right - then wherever it is used it reflects the brand correctly."

"You also have to train your staff to realise that personalisation cannot work without data. We all want to complete the booking as quickly as possible but we still need to collect that data. The reality is that we, like many brands, are in the earliest stages of the personalisation journey. As we collect more data and become more adept at interpreting it, our conversion rates will rise."



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<sup>11</sup> They say they want a revolution: Total Retail 2016, PWC, 2016. (<https://www.pwc.com/gx/en/retail-consumer/publications/assets/total-retail-global-report.pdf>)

<sup>12</sup> Cultivating Brand Loyalty in Even the Toughest Customer. The New York Times, June 2016. (<https://www.nytimes.com/2016/06/06/business/media/cultivating-brand-loyalty-in-even-the-toughest-customer.html?>)

## Case study 5 – Victoria Jackson, Citybase and Central London Apartments

*“Personalisation has been something that Citybase recognised a while ago and has been really trying to move towards. Travellers are more informed and discerning than ever; most guests will research across a range of sources, check prices and reviews before they make a decision to book.*

*We made a number of changes to our online booking capability to accommodate these habits in browsing and buying, including a website that adjusts to work on mobile, desktop and tablet and more powerful filter options to help users find exactly what they want - quickly.*

*Analytics, testing and segmentation help us understand beyond ‘gut feel’ what our key markets are, and where the opportunities are in terms of growth. It’s important to understand what the customer journey looks like in order to produce messaging that reaches people at the right time, how people decide where to go, how do they choose, book and prepare for their trips, when they consult their networks, read reviews, compare first hand experiences, how they plan things to do. You have to spend time and energy understanding your markets.*

*You’ve got to keep on top of the financials all the time. We are always investing in website functionality, SEO, PPC and AdWords, link building, content creation and the user experience in order to maintain a website that can be easily found and works quickly and intuitively according to what our clients are searching for. This is complemented by offline and traditional marketing activities: events, marketing materials, PR and business development.*

*There also has to be an investment in people. It’s no good having the strongest, most compelling brand and the most powerful, personalised marketing strategy if your people, products and services don’t deliver on all the great stuff you’ve promised. It needs to be consistently good from end to end; training and development needs to reflect what you promise and all your customer facing staff have to understand and buy into the brand they represent.*

*We increasingly find that travellers are no longer satisfied with an ‘off the shelf’ travel solution, they demand a more tailored service. If you want to generate brand loyalty, you must recognise and respond to this. In practical terms, to add value and drive repeat business it’s essential to give travellers a consistently great experience, from the first touchpoint through to booking, during and after their stay.*

*This could involve remarketing to someone who has browsed a particular apartment encouraging them to engage with us on social media and then beginning a conversation and a process of brand engagement.*

*Segmenting your customer data will enable you to send them relevant information about locations they have shown interest in, or if we know they are travelling with children, we provide a list of local fun things to do that might appeal to their interests.”*



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## Developing a digital personalisation strategy – the customer journey

**The objective of any personalisation strategy is to increase hotel revenue per search, but the choice of technology is essential if a customer's journey is to be tracked and the information shared with CRM systems.**

There are a number of innovative companies working with hotels and serviced apartments to create personalised online experiences to view to help drive direct bookings, including Voyat and Avvio.

Avvio is the premium booking platform for hotels and works with accommodation providers to drive direct business. Avvio's, Frank Reeves defines their approach to personalisation as "every website visitor represents a unique sales or marketing opportunity. Your property's website should adapt to their needs, in real-time, to deliver better results, improved booking conversion and in-turn, increased guest satisfaction and loyalty."

"Coupled with your CRM, a personalisation module allows your website to gather information about visitors as they journey around your site and provides opportunities to upsell as they book, adding personalised touches to future communications."

Avvio's hotel partners can implement a series of e-commerce tools that enable them to compete directly with the OTAs by using real-time searching and booking behaviour in the right context.

Avvio defines four phases in the customer relationship journey, as follows:

### **1. Getting (the enquiry)**

- Getting the prospect's attention with the right message, at the right time, and in the right place.
- Introducing the prospect to the hotel or serviced apartment brand.
- Inviting the prospect in to learn more.
- Engaging the prospect, getting to know and understand what they like, so you can engage with them on a more personal level in the future.

The priorities in this phase are to drive traffic with the highest chance of conversion, by understanding what is most important to the customer in terms of their location, budget and intended experience. Developing their personas is about much more than a list of job titles; brands should look more closely at different aspects of a target user's professional life.

### **2. Converting**

- Establish a relationship by removing the barriers to purchase.
- Adjust the experience so it's a better fit with the prospect's needs.
- Help the prospect to navigate and filter.
- Reassure the prospect to build their confidence in choosing your brand via price comparisons, reviews and guarantees.

The priorities in this phase are to present the best rate to the customer, encourage up-sells and minimise abandonment. By simplifying the booking process, brands remove the barriers to conversion.

### **3. Keeping**

- Limit cancellations.
- For returning visitors, turn the website into a personal concierge service.
- Elevate the experience.
- Add value beyond the purchase.
- Curate their experience via up-sells and recommendations.
- Offer a support platform.
- Provide discounts and special offers to show you value the customer.
- Solicit feedback and suggestions through reviews.

The priorities in this phase are to foster brand advocacy by elevating the customer experience; collecting data for re-marketing, reducing cancellations and encouraging repeat business.

### **4. Growing**

- Communicate regularly and relevantly.
- Inspire the customer to stay connected to you.
- Encourage them to share.
- Create new need.

Personalisation doesn't end when the guest checks out. Brands need to invite guests to create social media content through video, photos or reviews.

## User Generated Content (UGC) Booking abandonment

Effective personalisation demands good content, which is about quality, not volume. Knowing what your customers want will help define the content required for a website in order to give the customer a grasp of your product, service and its value proposition – including why your brand is better than the competition.

The content landscape is changing too, with hotels moving away from blogs to focus on reputation management, the monitoring and influencing how a property is perceived across the web through review sites, social media platforms and search engines.

Each of these forms of UGC has a massive influence on purchasing decisions. According to Ipsos MORI, around half of consumers are influenced by UGC during a purchase decision<sup>13</sup>. TripAdvisor says that 93% of consumers use online reviews when deciding where to stay, and that 53% would not book a hotel that does not have online reviews. Acquiring positive feedback from satisfied guests is a priority for hotel owners and general managers.

According to Sales Cycle, 81% of online travel bookings are abandoned<sup>14</sup>, with 13% leaving if the booking process is too long and complicated. So booking processes need to be quick, slick and personalised.

Most leisure travellers don't have a specific destination (let alone a specific hotel) in mind when planning a trip, so visual content is critical to paint a picture of the experience hotel guests can expect. Here, personalisation should include the facility to change images based on a customer's personal likes and tastes.

According to Skift, special offers are important to 45% of travellers<sup>15</sup>. But those offers have to be presented in such a way that they appeal to different markets and consumers. Shopify has found that 13% of online shoppers abandon a purchase<sup>16</sup> if the price is presented in a foreign currency.

Personalisation can also be taken too far. Insight from Tnooz reveals that a third of bookings on mobile devices are abandoned due to slow loading times<sup>17</sup>, whilst Sales Cycle's report shows a quarter (26%) of travellers abandon a booking when asked for personal information, and 21% when asked for payment information. Booking processes also need to be simple and concise.

## Localisation - experiences 'beyond the hotel'

**56%** of consumers say information in their own language is more important than price  
**65%** of multi-national organisations believe localisation is important to achieve revenue growth

Source: Common Sense Advisory Board, Globalisation & Localisation Association (2016)

**Localisation is a sub-set of personalisation, with hotel operators creating new income streams by acting as quasi-travel agents in advising guests what to do during their stays.**

Localisation is about creating a unique experience, from using local food produce and menus, to encouraging their guests to sample local culture, attractions and other experiences. Airbnb have done this by positioning their providers as 'hosts'. Hotels play a curatorial role, working with partners, building up user profiles and adding richer, relevant context into their typical booking path.

Frank Reeves from Avvio, says that operators are taking a more holistic approach to the guest experience.

"Airbnb's new trips product and Booking.com's 'Booking' experience bot shows that hotels need to pay more attention to guest experiences not just inside the hotel but also outside of it. Hotels also need to think beyond bringing 'local' into the hotel chain through artisanal or locally sourced products – focusing instead on experiences by leveraging local resources and partnerships."

"This will mean that the booking process can no longer be limited to the traditional hotel websites. We are already seeing requests recommendations on what to do when they arrive by presenting personalised suggestions from a list of local events and attractions and letting them purchase tickets or make reservations."

<sup>13</sup> A third of young people think social media will influence their vote. Ipsos MORI, March, 2015. (<https://www.ipsos.com/ipsos-mori/en-uk/third-young-people-think-social-media-will-influence-their-vote>)

<sup>14</sup> [Infographic] Booking Abandonment – Why People Abandon Their Booking. Sale Cycle, June 2016. (<https://blog.salecycle.com/stats/booking-abandonment-why-people-abandon-their-booking/>)

<sup>15</sup> Travel Brands Are Missing Out on Snapchat Right Now. Skift, February 2016. (<https://skift.com/2016/02/05/travel-brands-are-missing-out-on-snapchat-right-now/>)

<sup>16</sup> Why Online Retailers Are Losing 67.45% of Sales and What to Do About It. Shopify, August 2013. (<https://www.shopify.co.uk/blog/8484093-why-online-retailers-are-losing-67-45-of-sales-and-what-to-do-about-it>)

<sup>17</sup> Travel predicted to be losing billions due to poor mobile experience. Tnooz, August 2015. (<https://www.tnooz.com/article/travel-predicted-to-be-losing-billions-due-to-poor-mobile-experience/>)

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*Campaign: Opening Today: The Montcalm Royal London House - City of London distributed Oct 4th 2016*

Sent: **15,732**  
**28.32%** open rate  
**3.25%** click rate

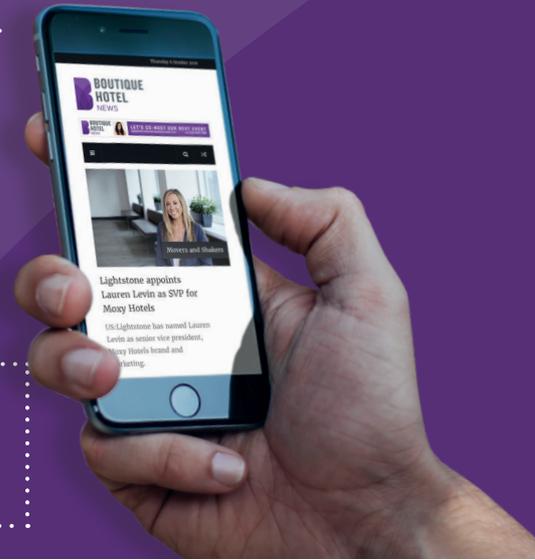


*Campaign: Hilary Lancaster of Fusion Interiors Completes Apart'hotel in Paris distributed Mar 18th 2016*

Sent: **10,652**  
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**3.23%** click rate



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## *Artificial intelligence – enabling mass personalisation*

**As a new decade beckons, Artificial intelligence (AI) will increasingly power personalisation. The popularity of messaging platforms like WhatsApp and digital assistants, like Amazon’s Alexa, Apple’s Siri, Google Home and Microsoft’s Cortana, has propelled AI into the mainstream enabling hoteliers to generate new business value by integrating voice into their technology.**

In a world where personalisation and big data are the mega-trends, AI enables hoteliers to develop understanding of their customer preferences and provide tailored recommendations on a huge scale. The booking process becomes simpler because potential choices are narrowed.

For years, companies have been amassing personal and behavioural data from their customers. Until now, much of this data has been stuck in computer systems. Forrester summarises in their October 2016 report<sup>18</sup>, that’s all set to change: “2017 will be the year the big data floodgates open, driven by a voracious appetite for deeper contextual insights that drive customer engagement.”

The usage of sophisticated AI technology will allow companies to build their services around the customer. Generic products and marketing strategies will eventually become redundant, as the customer grows to expect a product tailored around them, and their individual set of wants and needs. Services, particularly in the travel and hospitality industries, will be forced to become more customer-centric.

With increasingly sophisticated AI, the barriers for understanding big data analytics are diminished, democratising the practice of analytics related to the customer within the grasp of any curious person. Organisations will be increasingly able to understand what their customers want in real-time and respond appropriately, and a growing number of tasks will be able to be resolved with minimal human intervention. Hoteliers will be able to use a growing range of tools without having to be experts - not having to worry about science; just focussed on how the technique will deliver business value.

Voice is the next big thing in travel technology after mobile, where AI enables travellers to integrate voice-based services to check itineraries, as well as booking and paying for their trips. The user doesn’t even have to be confident using a computer or a smartphone.

Being connected to contextual and transactional data, these chatbots are even more powerful than humans so the traveller experience is taken to a new level, enabling consumers to make purchases based on recommendations. There are plenty of examples.

A third of Amazon’s business now comes from a machine learning-powered function<sup>19</sup> whilst 75% of movies watched on Netflix come from the company’s recommendation system<sup>20</sup>, which also runs on machine learning. Airbnb uses a machine learning package built for humans to show hosts the predicted demand of their chances to get a booking. Aerosolve provides hosts with a dashboard that shows them the probability to get a booking at a certain price by analysing different types of data and parameters including a listing’s location and quality.

Accenture has predicted that AI will be the new user experience (UX) and looking at statistics from Gartner research, they’re not wrong. According to Gartner, 89% of businesses<sup>21</sup> compete primarily on customer experience and by 2020, 85% of consumers [footnote 22] will manage their relationships without interacting with a human.

When you take a moment to think about this, it isn’t that surprising. With millennials taking over baby boomers as the largest demographic and with ‘Generation Z’ soon to follow, guests’ expectations are rapidly changing. Today’s guests have grown up glued to multiple devices, with the world at their fingertips and various apps flashing for their attention. This demographic spends as much of their life in the digital space as in the ‘real world’. A great online experience has become just as important as in-house guest service and this digital service relies heavily on UX.

AI has a major role to play in helping us understand who our shoppers are, what their intent is and what kind of journey they’re on when they make a booking. The technology can improve UX by interpreting how visitors interact with a website and booking engine and then adapting to make them more likely to convert.

To put it simply, AI can help accommodation providers be more proactive, rather than reactive. It could determine what each potential guest wanted before they asked for it.

<sup>18</sup> 2017 Predictions: Dynamics That Will Shape The Future In The Age Of The Customer. Forrester, October 2016. (<https://go.forrester.com/wp-content/uploads/Forrester-2017-Predictions.pdf>)

<sup>19</sup> Machine learning driving innovation at Amazon. Business Insider UK, April 2017. (<http://uk.businessinsider.com/machine-learning-driving-innovation-at-amazon-2017-4?r=US&IR=T>)

<sup>20</sup> How Netflix Uses Analytics To Select Movies, Create Content, and Make Multimillion Dollar Decisions. Kissmetrics, 2013. (<https://blog.kissmetrics.com/how-netflix-uses-analytics/>)

<sup>21</sup> Gartner, Gartner Customer 360 Summit 2011, [https://www.gartner.com/imagesrv/summits/docs/na/customer-360/C360\\_2011\\_brochure\\_FINAL.pdf](https://www.gartner.com/imagesrv/summits/docs/na/customer-360/C360_2011_brochure_FINAL.pdf)

## *The future of personalisation*

### **1. Organisations will implement GDPR**

Having pushed for consumers to be put in control of their own data, the General Data Protection Regulation (GDPR) will create best practice in data management and foster consumer confidence that data is used responsibly, and that they receive the right frequency and type of messages. Companies looking to leverage this for competitive advantage will have to build products that work harder to demonstrate the value in them parting with it so that consent is given explicitly and without issue.

### **2. Hotels & serviced apartments will launch full-service apps**

Guests will want more and more control over every element of their stays. From picking their rooms to checking in, ordering meals during their stays, choosing in-room toiletries and ordering ancillary services.

### **3. Marketers will increase investment in data and analytics**

As brands invest more in analytics and technologies to mine the exploding volumes of consumer data, machine learning will enable their ability to leverage big data to their advantage. Hoteliers will be able to engage with this technology at an application level rather than having to worry about how it works 'under the hood'.

### **4. Brave brands are already winning**

Analytics are already transforming how brands engage with customers, measure and optimise their marketing to maintain a competitive advantage. The future has already arrived, albeit that it is unevenly distributed right now. Companies should care because personalisation and AI will give them a serious competitive advantage.

### **5. Organisations will offer privacy as a service**

Some consumers want privacy. Successful brands will need to find ways to offer this option, as well as considering how to meet the privacy needs of consumers who book through OTAs. With the GDPR handing organisations responsibility for assessing the degree of risk around data security, privacy as a service will be a legal requirement. Winning brands will use this mandate for superior privacy practises to enhance customer service and income streams.

### **6. Consumer demand will drive capital investment**

Hotel and serviced apartment operators are already tailoring their products to meet changing consumer needs. For example changing locks to key cards. Hotels looking to retain and delight customers will have to continuously invest, or partner with others, to retain competitive advantage.

## *Introducing Allora: the world's first AI booking engine*

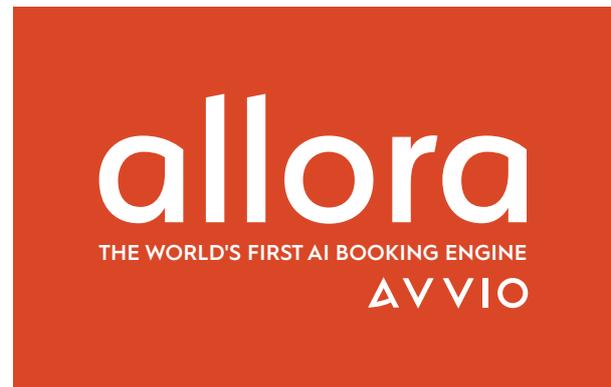
**The AI booking platform will soon be a reality, bringing a greater level of personalisation with it. In October, Avvio will launch the world's first AI powered booking engine, called Allora. Allora is more advanced, more adaptive and more intelligent than any other direct booking engine. By orchestrating better online interactions between hotels and guests, Allora focuses primarily on driving direct bookings and guest loyalty through a dynamic user experience.**

Allora works by collating and analysing vast amounts of data, including a website visitor's geography, guest history, booking preferences, website interactions, conversions and more, to better understand their behaviour. Allora then uses this understanding to offer personalised results tailored to each visitor's needs. This makes the booking journey dynamic and enables visitors to find what they're looking for more quickly. As a result, they're more likely to convert.

Due to the nature of AI, Allora is constantly learning and evolves with every interaction. It watches and learns from what's currently happening, and what has happened in the past, so that it can optimise the booking journey and drive conversions.

To speed up and strengthen the platform's evolution, Allora doesn't just learn from the information from one individual property but trains on anonymised data from across hundreds of Avvio's partner hotels. This enables each hotel to build on insights from across our network, and drive precision with their own data. The booking journey improves much more rapidly, boosting direct bookings and delivering a more personalised online service that reflects the exquisite experience hotel staff give to guests in-house.

Ultimately Allora isn't just a booking engine, it's more of an intelligent conversation platform which is genuinely trying to curate a more refined, more appropriate conversation with your website visitors, and that may be a conversation about loyalty or a booking, or an upsell. We can't continue to provide all customers with the same conversation, and Allora is going to change that.



## Conclusions

The hospitality industry is gradually embracing personalisation, although some operators are mired in the values of traditional (human) service. Although the wider introduction of services and products featuring Artificial Intelligence will change that, accommodation providers cannot survive without robust digital strategies. Online reviews and social media engagement are arguably more important to consumers now than traditional sources of information.

Here are the six key steps to unlocking the power of personalisation:

1. **Have a clear strategy in place – decide on what you want to achieve.**
2. **Join up personalisation across all your customer touchpoints – online and offline consumer relationships should be consistent and seamless.**
3. **Know your customers and focus on high impact segments.**
4. **Review and analyse your data regularly.**
5. **Track success, and learn from any mistakes.**
6. **Keep innovating - stay ahead of your competitors by being brave and through continuous improvement.**

In a personalised, digital world, accommodation providers and brands have to invest in the tools and analytical capability to help them understand consumers' likes and dislikes, or risk wasting an increasing proportion of their marketing spend. They need to do this to survive, let alone to compete.

All details correct at time of print (May 2017)

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