

Experience Radar 2012

Consumer insights for
the US hospitality industry

*Locating the sources
of value behind truly
exceptional customer
experiences*

May 2012



volume 5

pwc

Experience matters.

Understanding that lets hotels grow revenue—not just manage cost.

About Experience Radar

PwC's Experience Radar helps businesses search out and find the often hidden sources of value that drive truly exceptional, differentiating customer experiences.

By helping those in the hotel industry rank their consumer features by relative importance both to the paying public and the potential economic benefit to themselves, Experience Radar locates opportunities to create value—pointing the way toward both top-line growth and bottom-line results.

This year's study measures the experiences of about 6,000 US consumers across 11 industries.¹ The Experience Radar assigns value to a broad set of customer experience attributes broken down into industry-specific elements and then ranked by what target segments value most.

Our methodology employs an advanced conjoint survey technique to reveal insights that can be honed to extreme precision. Other, more traditional customer experience studies typically do not tie to “hard economics” like value measures, price elasticity and churn metrics. Experience Radar does.

While the results outlined in this report are at the industry level, PwC can use this same methodology to develop an Experience Radar study that is customized to your business.

¹ Retail (apparel, footwear & consumer electronics), Retail Banking, Payments, Healthcare Provider, Health Insurance, Airlines Leisure, Airlines Business, Hotels Leisure, Hotels Business, P&C Insurance, and Life Insurance

The outsized gains experienced by the resumption of travel activity have largely run their course.

And, while the broader economy remains sluggish, what can smart hoteliers do to grow revenue and market share in a less than an ideal economic environment?

They can do what they—and those in other industries—have always done: find better ways to remain relevant to their customers by delivering the value sought by those guests.

Today's industry dynamism makes it all the more important to turn good customer experiences into loyal customers. And winning with customers means putting them first.

That's why we've chose to focus on real consumers—their needs, wants, and preferences—in this Experience Radar report for the hotel industry.

This year's Experience Radar report can help industry players attract new profitable customers, help keep the ones they have, and grow margins. After all, running a profitable business isn't just about keeping costs down. It's about winning and serving profitable customers the best you know how.

Experience Radar helps you locate two elements critical to pleasing customers and growing business: **experience segments** and **experience enhancers**.

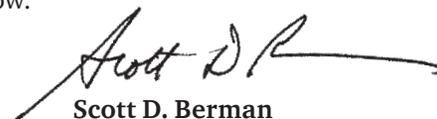
- **Experience segments** are those natural groupings of hotel guests that appear when respondents are categorized by the features they value, their demographics, and behavioral profiles. They're who you can build a hospitality business around.
- **Experience enhancers** are those market insights that—when translated into practical actions—can create value for consumer card purchasers. They're what you might do to help grow your business.

Experience Radar points the way to value—and profits—by identifying ways to serve the complete range of travelers, but particularly those seeking a hotel experience that's second to none.

Best,



Paul D'Alessandro
PwC US Customer Impact Leader



Scott D. Berman
PwC US Hospitality & Leisure Leader

Questions the 2012 Experience Radar helps you answer

How can you create lasting
memories for your guests?

How can 'brand ambassadors'
help drive growth and
profitability?

What hotel features
are guests most willing
to pay for?

What is the right approach
to issue resolution?

How can you attract and
retain business guests?

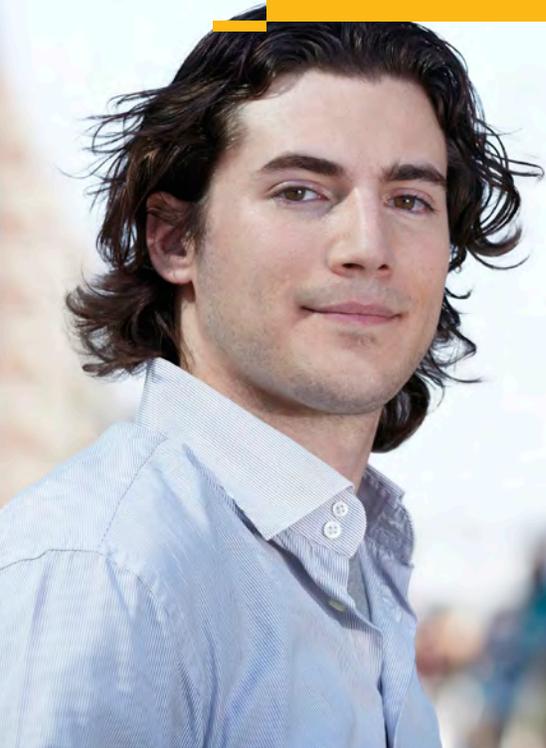
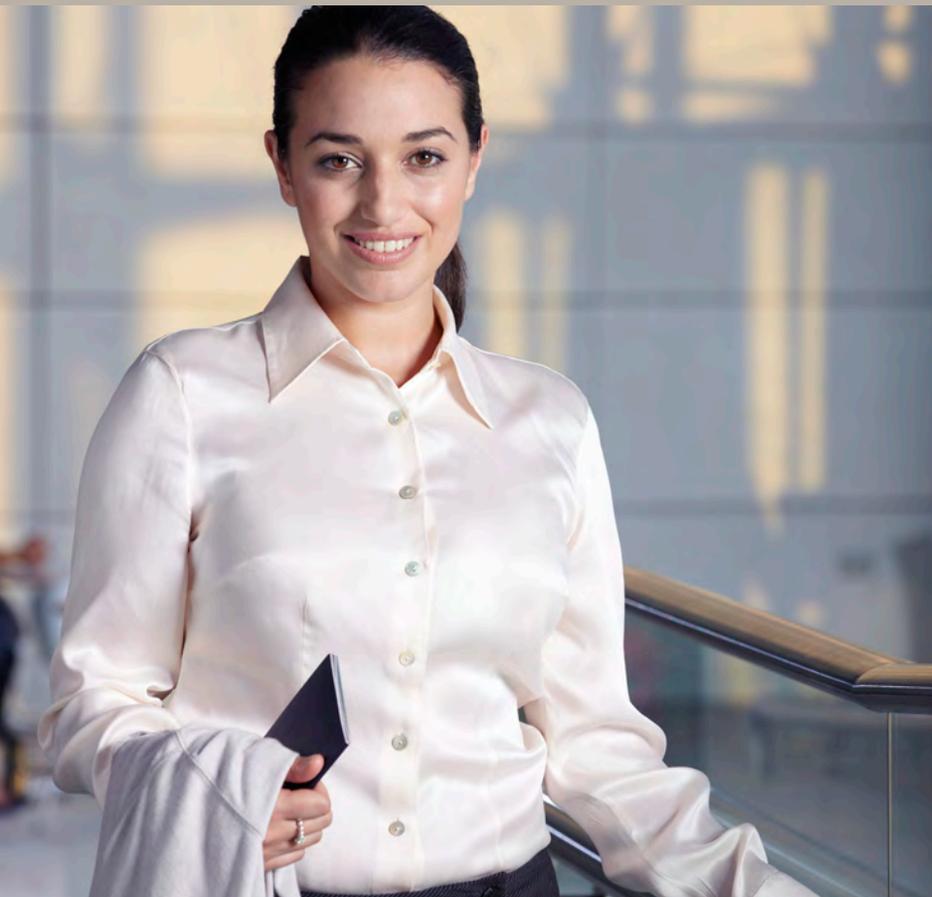


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Hotel industry challenges and opportunities

Travelers are back on the road, but a price gap persists and power is shifting to consumers in their choice of hotels. Hoteliers can differentiate by better understanding what customers value.



Lodging sector performance continues to benefit from a return of business and leisure guests. Hotels across the spectrum of chain-scale segments experienced occupancy and average daily rate (ADR) gains in 2011, reflecting the breadth of the recovery. Overall, hotel occupancy in 2011 recovered to 60.1 percent, just slightly ahead of its ten-year average of 60.0 percent, and revenue per available room (RevPAR) rose 8.2 percent.¹ Yet a price gap persists, as prices in many markets remain below nominal peak levels.

PwC's lodging outlook anticipates continued growth in occupancy and ADR will result in a 6.5 percent increase in RevPAR in 2012.¹ Progression in the sector has continued, despite slower economic growth and suppressed supply growth. Hotels are expected to increasingly rely on improved pricing to drive revenue growth.

So, where do we go from here?

The momentum of the travel rebound is transitioning to a slower pace of expansion in 2012. In this context, the overhang of

challenging economic conditions in the US, and persistent risks related to the debt crisis in Europe, can appear ready to tip the balance toward the negative. The implications of this outlook are two-fold.

- First, it is important for industry leaders to **emphasize current priorities for growth**. For example, in markets that are making transitions from occupancy to rate-driven growth, operations can focus on understanding what customers want, delivering that experience, and closing the price gap in an attempt to optimize profit per available room.
- Second, leadership teams can **ensure downside risks receive adequate attention**. With fragile financial markets and slow economic momentum, the potential for a downturn in economically sensitive sectors such as travel remains elevated.

By balancing these two implications, and leveraging lessons from the downturn, sector leaders can refocus on growth in a post-crisis world.

¹ PricewaterhouseCoopersLLP. (January 23, 2012)
Hospitality Directions US

How the Experience Radar can help

Consumer experience is quickly becoming a differentiator when measuring the value hotels provide, whether to leisure or business guests.



For *leisure guests*, Experience Radar can help you:

- better develop products and services that matter to your customers
- target different consumer segments of the market for education and sales
- set yourself apart in a heightened competitive environment
- connect the dots between consumer experience, customer value, and sustainable financial performance

For *business guests*, Experience Radar can help you:

- develop more relevant and more effective programs that appeal to the business traveler
- improve the traveler's perceived value and level of engagement with current business-guest focused programs
- adapt and potentially personalize employee support to be more responsive to the characteristics of the guest segments being served

2012 experience segments

Experience Radar's hotel segmentation— leisure guests

How's it different?

Unlike traditional market segmentation which is usually based purely on demographics, Experience Segments—the market segment groups identified by Experience Radar—are defined by the types of experiences they value.

How's it done?

Respondents are pooled and divided into segments based upon the hotel features they value, behavioral dimensions (like usage rate and loyalty, etc.) and some demographic data.

How can I use it?

The Experience Segments identified in this report help you target your experience-based offerings toward those who will value them most.

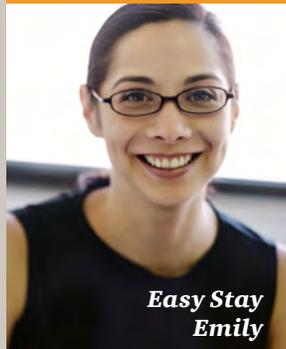
The **5** experience
segments for hotel
leisure guests

EXPERIENCE
SEGMENT **1**



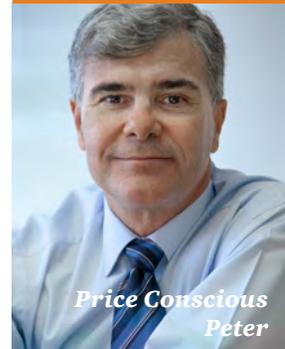
High Maintenance
Mark

EXPERIENCE
SEGMENT **2**



Easy Stay
Emily

EXPERIENCE
SEGMENT **3**



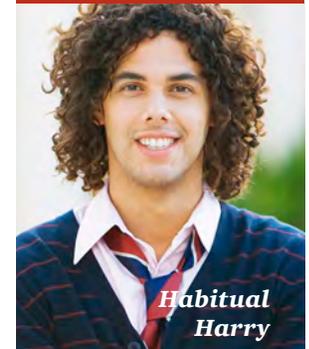
Price Conscious
Peter

EXPERIENCE
SEGMENT **4**



Experience Seeking
Eliza

EXPERIENCE
SEGMENT **5**



Habitual
Harry

Comparing the experience segments

Details of leisure guest segments



	EXPERIENCE SEGMENT 1	EXPERIENCE SEGMENT 2	EXPERIENCE SEGMENT 3	EXPERIENCE SEGMENT 4	EXPERIENCE SEGMENT 5
	High Maintenance Mark (N=106, 19%)	Easy Stay Emily (N=139, 24%)	Price Conscious Peter (N=104, 18%)	Experience Seeking Eliza (N=94, 17%)	Habitual Harry (N=126, 22%)
Age	<ul style="list-style-type: none"> • Gen Y (18–32) • Boomer (> 50) 	Gen Y (18–32)	Boomer (> 50)	Gen Y (18–32)	Gen X & Y (18–49)
Income	> \$150K	\$100–149K	\$25–75K	\$75–99K	< \$50K
Gender	Equal	Female skewed	Male skewed	Female skewed	Male skewed
Urbanicity	Suburb of medium city	Suburb of major city	Town/Small city	Major city	Major city
Top Attributes	<ul style="list-style-type: none"> • Quality • Accessibility 	<ul style="list-style-type: none"> • Support • Accessibility 	<ul style="list-style-type: none"> • Quality • Accessibility 	<ul style="list-style-type: none"> • Accessibility • Support 	<ul style="list-style-type: none"> • Quality • Accessibility
Top Features	<ul style="list-style-type: none"> • Premium room amenities • Modern and new décor 	<ul style="list-style-type: none"> • Hassle-free resolution • Reasonably new décor 	<ul style="list-style-type: none"> • Premium room amenities • Reasonably new décor 	<ul style="list-style-type: none"> • Close to attractions • Hassle-free resolution 	<ul style="list-style-type: none"> • Premium room amenities • Reasonably new décor
Additional	<ul style="list-style-type: none"> • High frequency of hotel visits and online interaction on an annual basis • Highest annual (+) and (-) MOT frequency • Less price sensitive • More swayed by personal experience 	<ul style="list-style-type: none"> • Good and bad experiences tied directly to quality of room • Least likely to share good experiences 	<ul style="list-style-type: none"> • Lowest online and in-person interaction with hotels • Most likely to have never had a good hotel experience • Highly price sensitive 	<ul style="list-style-type: none"> • Highest likelihood to revisit after a good experience • Less price sensitive • More swayed by personal experience 	<ul style="list-style-type: none"> • High frequency of hotel visits and online interaction on an annual basis • Highest proportion of habitual churners—least loyal segment

2012 experience segments

Experience Radar's hotel segmentation—business guests

How's it different?

Unlike traditional market segmentation which is usually based purely on demographics, Experience Segments—the market segment groups identified by Experience Radar—are defined by the types of experiences they value.

How's it done?

Respondents are pooled and divided into segments based upon the hotel features they value, behavioral dimensions (like usage rate and loyalty, etc.) and some demographic data.

How can I use it?

The Experience Segments identified in this report help you target your experience-based offerings toward those who will value them most.

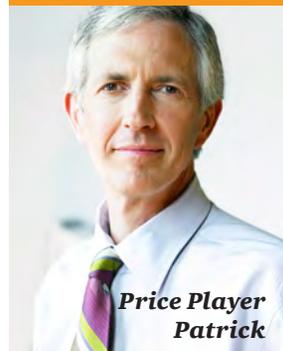
The **4** experience segments for hotel business guests

EXPERIENCE SEGMENT **1**



Convenience Counts
Cathy

EXPERIENCE SEGMENT **2**



Price Player
Patrick

EXPERIENCE SEGMENT **3**



Brand Conscious
Brian

EXPERIENCE SEGMENT **4**



Value Seeking
Vera

Comparing the experience segments

Details of business guest segments

EXPERIENCE SEGMENT 1	EXPERIENCE SEGMENT 2
 <p><i>Convenience Counts</i> Cathy</p>	 <p><i>Price Player</i> Patrick</p>
EXPERIENCE SEGMENT 3	EXPERIENCE SEGMENT 4
 <p><i>Brand Conscious</i> Brian</p>	 <p><i>Value Seeking</i> Vera</p>

	EXPERIENCE SEGMENT 1	EXPERIENCE SEGMENT 2	EXPERIENCE SEGMENT 3	EXPERIENCE SEGMENT 4
	Convenience Counts <i>Cathy</i> (N=44, 16%)	Price Player <i>Patrick</i> (N=82, 30%)	Brand Conscious <i>Brian</i> (N=50, 19%)	Value Seeking <i>Vera</i> (N=94, 35%)
Age	Gen X & Y (18–49)	Boomer (> 50)	<ul style="list-style-type: none"> Gen X & Y (18–49) Senior (> 66) 	Gen X (33–49)
Income	\$50–75K	\$100–149K	> \$150K	\$50–99K
Gender	Equal	Male skewed	Equal	Female skewed
Ethnicity	White	White	Hispanic/Latino skewed	Asian/African American skewed
Urbanicity	Small city/Town	Town/Small city/ Suburb of medium city	Major metro/Suburb of a major metro	Suburb of a major metro
Top Attributes	<ul style="list-style-type: none"> Quality Presentation 	<ul style="list-style-type: none"> Quality Support 	<ul style="list-style-type: none"> Quality Support 	<ul style="list-style-type: none"> Quality Presentation
Top Features	<ul style="list-style-type: none"> Premium room amenities Modern and new décor 	<ul style="list-style-type: none"> Premium room amenities Reasonably new décor 	<ul style="list-style-type: none"> Premium room amenities Reward Points: Earn free nights and room upgrades 	<ul style="list-style-type: none"> Premium room amenities Reasonably new décor
Additional	<ul style="list-style-type: none"> Least price sensitive Most driven by convenience Experience Seeker (Values modern décor, above and beyond issue resolution, and luxury bath products) Likely never had a bad experience 	<ul style="list-style-type: none"> Most driven by price or company negotiated deals Most likely to share a good or bad experience in-person or over the phone Most likely to recommend a hotel 	<ul style="list-style-type: none"> Highest number of hotel stays and heavy online interaction with hotels in a month Most driven by company brand/reputation Habitual churner Highest monthly (+) and (-) MOT 	<ul style="list-style-type: none"> Values price, rewards and experience

Experience Radar measures the core attributes of customer experience

The **5** core attributes of hotel customer experience

ACCESSIBILITY **1**

Ease of accessing
and using an
offering 

SUPPORT **2**

Ease with which a
customer can obtain
product or service
help pre and
post purchase 

QUALITY **3**

Accuracy, speed,
breadth and
value of an
offering 

PRESENTATION **4**

Aesthetics,
arrangement and
description of
the offering 

PERSONALIZED CARE **5**

Personalization of
customer relationships
via staff and partners 

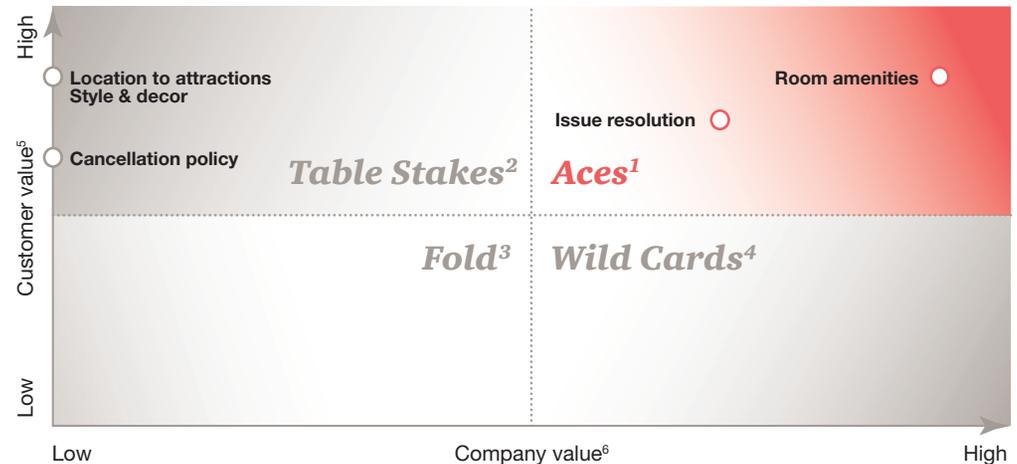
Experience Radar uncovers the impact of experiences

Leisure guests

Experience Radar ranks guest features by relative importance to consumers as well as potential economic impact on hoteliers. The chart on the right maps each of the features measured by their value to both groups. The features fall into four categories that—in the world of customer experience—we call *aces*, *wild cards*, *table stakes*, and *fold*. Ace features can help you hit your margin targets, while other features can drive emotional goodwill and generate ancillary benefits across the organization.

Hit your margin directly with Aces,
but don't ignore the impact of the rest

Leisure guests: Consumer vs. company value



1 Nice to have features with moderate to high economic returns

2 Must have features with low economic returns

3 Check in options, brand recognition, reward points, staff attitude, personal preferences, social responsibility and hotel comparisons were also tested and fell in this quadrant. While customers do seem to value these features to some degree, they produce little impact on company margins. These features may move to other quadrants in subsequent years

4 Feature generates benefits for other parts of the organization

5 Based on relative feature importance that does not consider willingness to pay measures

6 Based on willingness to pay measures

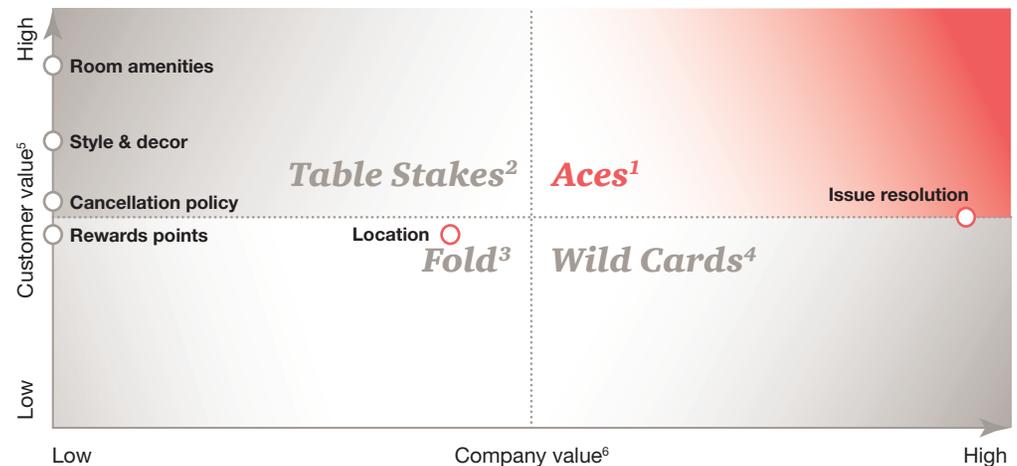
Experience Radar uncovers the impact of experiences

Business guests

Experience Radar ranks guest features by relative importance to consumers as well as potential economic impact on hoteliers. The chart on the right maps each of the features measured by their value to both groups. The features fall into four categories that—in the world of customer experience—we call *aces*, *wild cards*, *table stakes*, and *fold*. Ace features can help you hit your margin targets, while other features can drive emotional goodwill and generate ancillary benefits across the organization.

Hit your margin directly with Aces,
but don't ignore the impact of the rest

Business guests: Consumer vs. company value



1 Nice to have features with moderate to high economic returns

2 Must have features with low economic returns

3 Check in options, brand recognition, staff attitude, details, personal preferences, hotel amenities and hotel comparisons were also tested and fell in this quadrant. While customers do seem to value these features to some degree, they produce little impact on company margins. These features may move to other quadrants in subsequent years

4 Feature generates benefits for other parts of the organization

5 Based on relative feature importance that does not consider willingness to pay measures

6 Based on willingness to pay measures

2012 experience enhancers

Building (and growing) your business by designing and delivering exceptional customer service



EXPERIENCE ENHANCER 1

When bad happens, **fix it** before checkout

EXPERIENCE ENHANCER 2

Experience creates a channel through brand ambassadors

EXPERIENCE ENHANCER 3

Create consistency with the human touch

EXPERIENCE ENHANCER 4

Engage with franchisees to deliver a common brand message

EXPERIENCE ENHANCER 5

Meet business guests' needs, drive loyalty

When bad happens, fix it before check-out

Setting things right with exceptional service can leave a great impression. Resolve issues before guests walk out your doors, or else the negative repercussions on your brand can be huge.



8 out of 10
Leisure guests *influenced by*
well handled issue resolution
when rebooking

Address issues as soon as they arise.

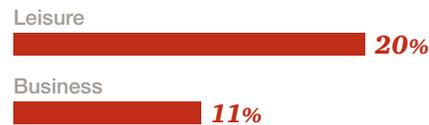
Ensure guests feel their concerns have been heard.

Bad experiences are inevitable—**react quickly** and go the extra mile to turn a bad situation into a positive one

When handled with exceptional care, issues can create an **opportunity to delight** leisure guests. But for business, expectations are different. These guests are **transactional** and prefer just an honest effort

Business guest-issue resolution

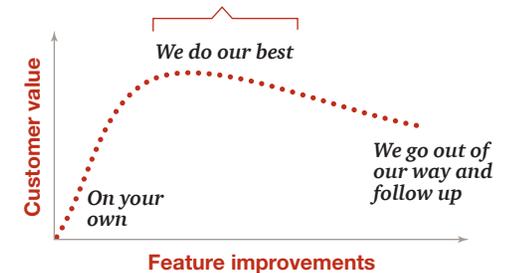
Guest willingness-to-pay



Premium

guests will pay for a
hotel having best in class
issue resolution

Save valuable time and resources.
Solve the problem plain and simple



Efforts to go above and beyond **don't easily impress road warriors**

When bad happens, fix it before check-out

Setting things right with exceptional service can leave a great impression. Resolve issues before guests walk out your doors, or else the negative repercussions on your brand can be huge.

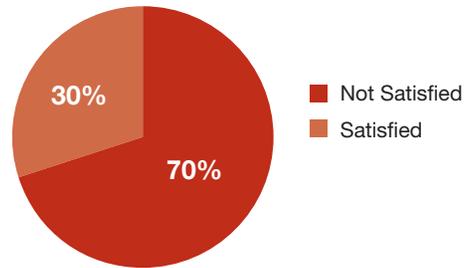


80%
Guests *share bad experiences*²
with others within a month

The advent of technology is **eliminating the check-out experience**, increasing the need to solve issues when they happen

The last impression is a lasting impression. 66% of guests are not willing to rebook after a bad experience. Furthermore, they make sure their entire network shares the same sentiment

Complaint outcomes



Let guests know you want to hear about their end-to-end experience—from the issue to the resolution. **Ensure guests are satisfied** or be ready for an unsavory reputation to ensue

Of guests who shared their complaints with the hotel 7 and 10 were not satisfied with the result of which

Over half
*nether received an apology, etc.*¹

“My room *smelled so strongly of fresh paint that it gave me a headache...*the manager denied it was recently painted and *did nothing to remedy the situation.*”

¹ High income guests with Annual Income >75K USD

² Sample size for word-of-mouth bad experiences (Leisure + Business) n = 698

When bad happens, fix it before check-out

Setting things right with exceptional service can leave a great impression. Resolve issues before guests walk out your doors, or else the negative repercussions on your brand can be huge.



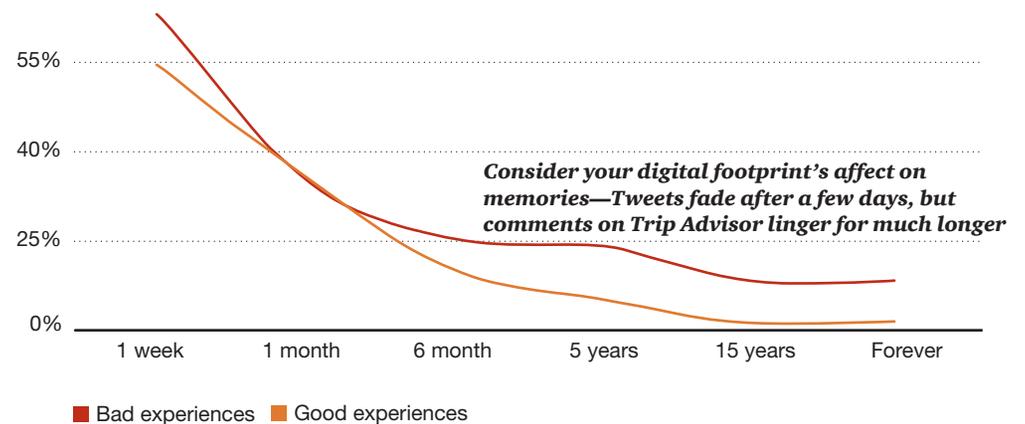
Lifetime memories
are **bad experiences**

Experience is more than one-on-one interactions, consider the impact of what's **heard through the grapevine**

Harness real time information and **remedy issues at the source.** Unforgettable experiences should define your brand in a positive light

Almost 1.4 bad experiences are shared with potential guests **every second¹**

Recall of memorable hotel experiences



Make a guest's problems your problem and instill a passion for hospitality in your staff. The consequence of not doing this well **is a scarlet letter on your brand**

Sources: American Hotel and Lodging Association, AH&LA Lodging Profile for 2011; Experience Radar Hotels Business and Leisure; and Ted talk "How the Internet Enables Intimacy" by Stefana Broadbent

Experience creates a channel through brand ambassadors

Make it possible for guests to own your brand and create a shared experience outside your walls. Incentivize them to re-book through your preferred channels and drive up profitability.



98%

Guests *share good stay experiences* with family and friends

The world is becoming a more intimate place.

Deliver on your brand promise and turn guests into your best marketers

The '6 degrees of separation' have reduced to just 4.7 in the digital age¹. People are more comfortable talking about their personal interactions

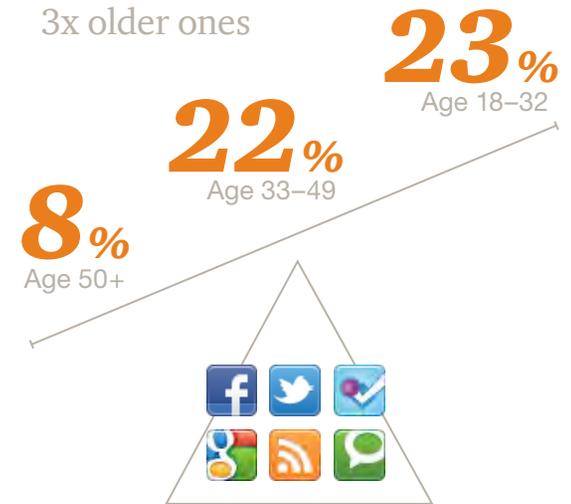
95%

Guests discuss noteworthy good and bad hotel experiences

Over 60% discuss good experiences in-person or over the phone, but the use of social media for expression is becoming increasingly common

Younger guests traveling for leisure use social media almost

3x older ones



Develop a **multi-channel strategy** that allows your guests to communicate positive impressions of your brand to their networks

Franchisees can no longer hide behind the brand. Bad experiences at a property leave a digital footprint. **Follow your brand's virtual world** and stay abreast on what's happening on site

¹ "On Facebook, it's now 4.74 degrees of separation", CNN Tech, 22 November 2011

Experience creates a channel through brand ambassadors

Make it possible for guests to own your brand and create a shared experience outside your walls. Incentivize them to re-book through your preferred channels and drive up profitability.

Create moments that resonate with guests. **3 out of 5 leisure guests** are highly likely to rebook after a good experience

Steer brand ambassadors to book via more profitable distribution channels. Online travel agencies (OTAs) are used 60% more¹ than brand websites and charge commission rates up to 25%²

Translating return guests into high revenues requires more than just brand loyalty. Augment the booking experience so they want to use channels that **deliver you more profit**



3x

Guests are likely to have **a good vs. bad experience** throughout the year

Decrease the distance between experience and commerce

Engage guests

via multiple channels

Incentivize purchase

with features not available on some OTAs, e.g. flexible cancellation



Drive sales

to more profitable channels, e.g. brand.com and Room Key

Market exclusive offers

to deepen relationships

¹ "Consumer booking behavior in the age of comparison shopping", HotelNewsNow.com, 31 Jan 2011: 63% used OTA vs. 39% used brand website
² Lomanno, M.V. & Green, L.E. (2012) Distribution Channel Analysis: A Guide for Hotels, An AH&LA and STR Special Report. HSMIAI Foundation

Some hidden truths surfaced in this year's Experience Radar

The *big* question:
What might this mean
for the future of your
business?

1 out of 2 Bad stay experiences driven by a lack of cleanliness

...yet leading hotels are spending millions of dollars in renovation & upgrades¹

30% Additional revenue opportunity for offering premium amenities to leisure guests

...yet, when times get tight hotels look for ways to trim amenities²

First Business guests' ranking of personal experience relative to other purchase drivers

...and 74% cite impersonal treatment during their stay as a top peeve³

¹ "US Lodging Industry Capital Expenditures Are Increasing in 2011", By Dr. Bjorn Hanson, Professor at NYU-SCPS

² "Hotels Trim Amenities Amid Recession", wsj.com—Column by Sarah Nassauer, 22 January 2009

³ "2011 Vitesse Worldwide Survey"

Create consistency with the human touch

Deliver on your brand promise each time and through every channel. Encourage staff to create lasting memories that keep guests coming back for more.



#1 Staff attentiveness ranked as the driver of a great experience

When on the road, guests desire a home away from home.

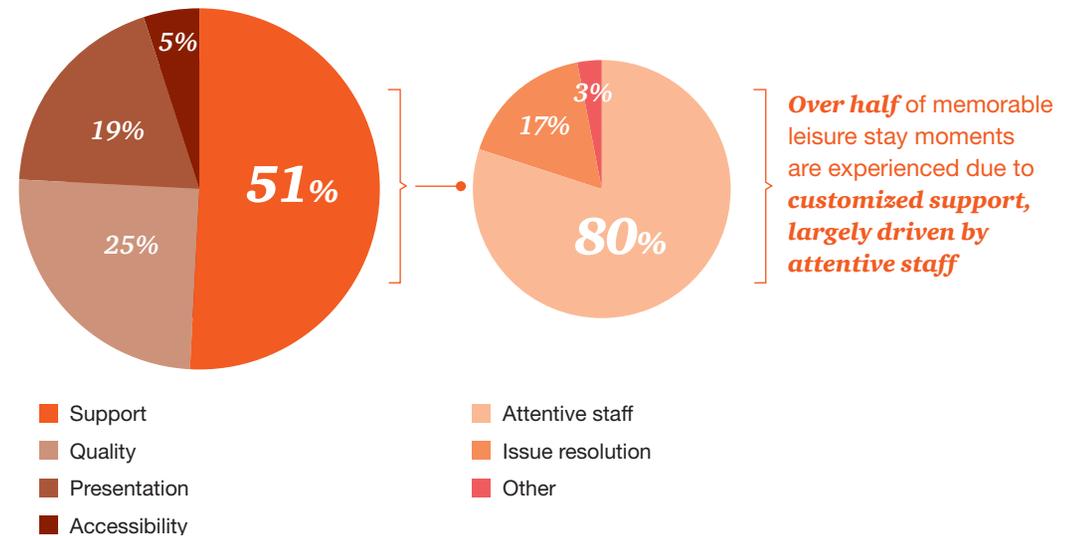
Empower staff to make each stay count by consistently delivering an intimate experience

Underemployment and the continual drive towards efficiency is **jeopardizing the opportunity** to create personalized

experiences. Yet, it is just these experiences that guests tend to value the most

Every guest interaction is an opportunity. From bell attendants to accounting staff, **hire the right people and work with property management** teams to foster a culture of great service

Breakdown of good experiences¹



¹ Sample size for good experiences (Leisure) n = 261

Motivate staff with incentives and training to enhance the guest experience with tailored and meaningful support

Create consistency with the human touch

Deliver on your brand promise each time and through every channel. Encourage staff to create lasting memories that keep guests coming back for more.

“Hotel staff shipped a present to my 4-year old son, whose birthday I was missing...they’ve earned my business for life!”

EXPERIENCE ENHANCER **3**

65% of all guests are likely to re-book hotels where they’ve had a great experience.

It doesn’t take too much to make a guest feel special. **Simple things can go a long way** in making a stay memorable

Make the memorable repeatable. Enable seamless communication among staff to deliver a great experience over time and across multiple channels to build loyalty

Be especially courteous to those who travel frequently—**76% of all guests who stay at hotels on a monthly basis** are likely to rebook at properties where they’ve had a noteworthy experience

The payoff from repeat business is significant. Do the business case at the property as well as brand level, and go the extra mile to realize the returns

“On my first stay, bartender pronounced my difficult name like he knew me all my life!”

“Got...chocolates on my birthday...made my stay truly memorable”

“Staff treated me as if I was the only one in the hotel...I was worry free”

“Received handwritten note from the manager welcoming me...felt really special”



Engage with franchisees to deliver a common brand message

Different standards of cleanliness and guest support across properties can tarnish a hotel's brand image. Connect with franchisees and tie standards to attributes guests care about.

“Whether in the US or abroad, I stay at this one brand of hotel...I can always be sure of welcoming, white linens and a clean comforter on the bed”

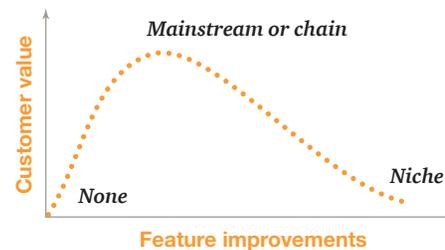
A brand serves as a seal of quality, as well as a lifestyle statement.

Connect with franchisees meaningfully and deliver a familiar experience at every property touting your name

Brands provide guests comfort that their needs will be taken care of

Middle-aged guests in particular prefer a strong hotel brand, possibly because they have families and are risk averse when it comes to vacations

Guests' brand preference



1.2x Gen X (ages

33–49) leisure guests

value a brand than other generations

3 out of 5

of all guests value a hotel

with a well recognized brand

Once guests know what to expect on the basics, their choice of brand serves as **an expression of their identity or lifestyle**

Meet business guests' needs, drive loyalty

It pays to have a loyal business guest. Understand the specific needs and preferences of the business guests you host, and provide the best possible experience at the price you command.



84%
Business guests value

premium room amenities

such as wi-fi and HDTV

Gone are the days when procurement overlooks business guests' preferences.

In today's world it's all about crafting the right experience. The reward is loyal customers

#1 Business guests rank

personal experience as their top purchase driver

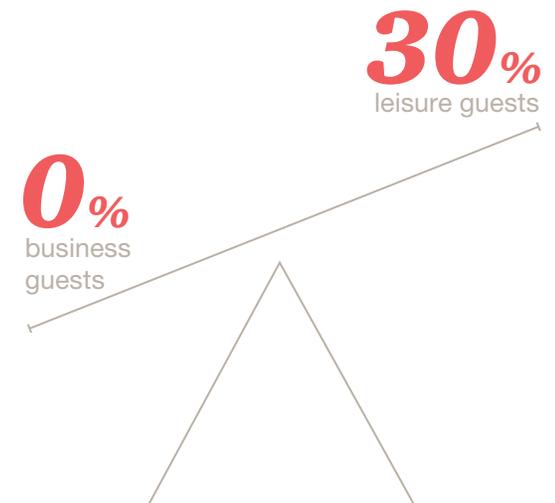
Don't rely on the guest's employer to make the sale. Understand guests' preferences and appreciate what shapes the experience

Business guests

value room amenities **5x** over hotel amenities

Deliver on the price-to-value relationship specific to those working on the road. Business guests value premium amenities, but unlike leisure guests, want them included in the standard offering

Premium guests will pay for top tier hotel and room amenities



Create the best possible experience at the right price. Companies name the budget, but employees have the final say on where they stay

Meet business guests' needs, drive loyalty

It pays to have a loyal business guest. Understand the specific needs and preferences of the business guests you host, and provide the best possible experience at the price you command.

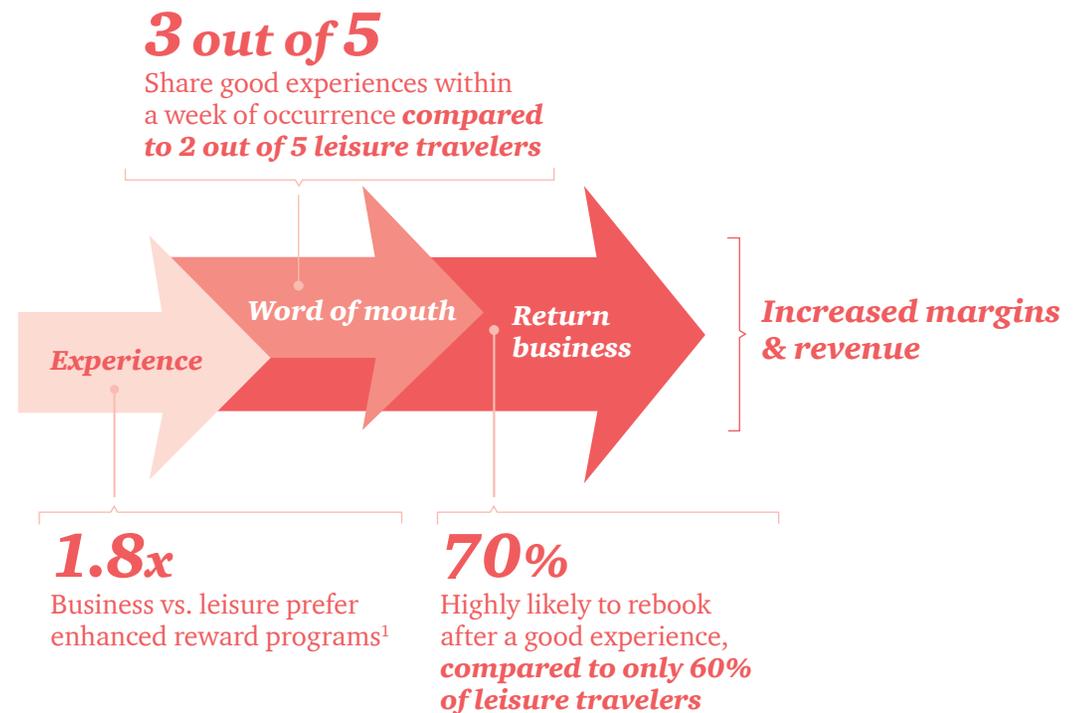
“I was late checking in after a minor accident. I was **upgraded to a suite** and had my favorite drink waiting for me... **They earned my loyalty for life.**”

EXPERIENCE ENHANCER **5**

Earn a greater return with your business guests. **A satisfied guest is loyal and will spread the word** to friends and colleagues

Connect with business guests to understand how to make a home away from home. **Deliver an experience that ensures a return visit** and secures the brand as a preferred choice

Increased margins & revenue



¹ Enhanced rewards programs, e.g. flexible check in/out options

The big picture—

Growing the bottom line by keeping customers happy

So, just how might all of this fit together? Here's one attempt at a game plan that pulls it all together.

How to address your challenges



Issues

- 1
 - Identifying profitable revenue growth
 - Improving customer experience and driving loyalty
 - Matching customer needs to the right products and channels
- 2
 - Ineffective targeting
 - Increasing customer engagement
 - Complexities in marketing due to franchise model
- 3
 - Operating profitably in diverse global markets
 - Lack of personalization
 - Complexities in operation due to fragmented distribution
- 4
 - Inability to uncover customer issues
 - Multiple and disparate views of customers
- 5
 - Inconsistent customer experience across channels and properties
 - Staff behavior not aligned with brand goals
 - Ineffective support when issues arise

Recommendations

- Revise global strategy
- Simulate customer response to changes prior to investment
- Refine channel strategy and optimize distribution
- Create needs-based segmentation
- Engage customers via two-way communication channels, including social media
- Develop franchisee selection and training strategy
- Understand your global customer and track preferences
- Refine global operations and distribution strategies
- Develop Voice of the Customer program to uncover product, servicing and marketing insights
- Centralize customer information into single view
- Institute a governance model and deliver consistent brand message
- Develop metrics and incentives structure
- Empower staff to own issue resolution

PwC's commitment to the hospitality industry

Understanding the wants and needs of both leisure and business travelers points the way toward competitive advantage.

Understanding the wants and needs of today's guests points the way toward competitive advantage. PwC's values-based approach to getting inside the minds of the consumer—coupled with a quantitative DNA that lets us examine experiences with an economic filter—can be the difference between simply listening to customers and truly getting to know them. Let us collaborate with you to design and deliver differentiating customer experiences that put guests at the very center of your organization.

From strategy through execution, PwC's Advisory services help clients build their next competitive advantage. We combine the breadth of knowledge of over 33,000 global professionals with deep industry knowledge to deliver custom solutions for our clients. A long history of auditing many of the world's largest and most complex companies means we really understand the unique business challenges our clients face better than most consultancies.

PwC's Customer Impact professionals work with companies across a range of industries to help them understand how customer wants and needs point the way toward competitive advantage.

PwC's Hospitality & Leisure professionals are sector-specific specialists focused on assisting clients to create value and manage risks. With such trusted experience in the sector, and the latest techniques to track consumer insights, PwC is committed to advising leading hospitality companies to serve tomorrow's guests.

More about our methodology

This year's Experience Radar study measures the experiences of about 6,000 US consumers across 11 industries.¹ PwC conducted on-line field work from May through July 2011. The study was designed to uncover experience “recipes”, pricing options and linkages to customer loyalty.

The Hospitality industry survey was specific to US hotel consumers.

We probe into the consumer responses through the lens of “experience attributes”. These attributes include the:

- ease of accessing and using an offering
- the ease of obtaining service support before, during, and after purchase
- the offerings quality and aesthetics, and
- the degree to which an offering enhances a customer's personal brand or his or her connection with others.

By using Adaptive Based Conjoint analysis, Experience Radar reveals customer trade-offs between different sets of experiential features and the value and willingness to pay consumers

place on each feature. It also probes into other areas like purchase behavior, moments of truth (MOT), and word-of-mouth marketing within each industry. The study combines and assesses these data elements to create a set of experience-based insights and a segmentation schema for each industry.

Our methodology employs an advanced conjoint survey technique to reveal insights that can be honed to extreme precision. Other, more traditional customer experience studies typically do not tie to “hard economics” like value measures, price elasticity and churn metrics. Experience Radar does.

While the results outlined in this report are at the industry level, PwC can use the same methodology to develop an Experience Radar study that is customized to your business and identifies business accelerators.

¹ Retail (apparel, footwear & consumer electronics), Retail Banking, Payments, Healthcare Provider, Health Insurance, Airlines Leisure, Airlines Business, Hotels Leisure, Hotels Business, P&C Insurance, and Life Insurance.



Meet “High Maintenance Mark”

EXPERIENCE
SEGMENT 1



High Maintenance Mark, having the highest income and showing a high frequency of hotel stays and online interaction, is the least driven by price, and is the most likely to form a long-lasting positive or a negative impression based on his stay experience.

AGE

- Gen Y (18–32)
- Boomer (>50)

INCOME

> \$150K

GENDER

Equal

URBANICITY

Suburb of medium city

TOP ATTRIBUTES

- Quality
- Accessibility

TOP FEATURES

- Premium room amenities
- Modern and new décor

ADDITIONAL

- High frequency of hotel visits and online interaction on an annual basis
- Highest annual (+) and (-) MOT frequency
- Less price sensitive
- More swayed by personal experience

Meet “Easy Stay Emily”

EXPERIENCE
SEGMENT **2**



Easy Stay Emily is young and affluent, and likes to have a comfortable, hassle free stay when away from home. She expects the quality of the room to be top notch, but is not so likely to talk about a great experience with family and friends.

AGE

Gen Y (18–32)

URBANICITY

Suburb of major city

TOP FEATURES

- Hassle-free resolution
- Reasonably new décor

INCOME

\$100–149K

TOP ATTRIBUTES

- Support
- Accessibility

ADDITIONAL

- Good and bad experiences tied directly to quality of room
- Least likely to share good experiences

GENDER

Female skewed

Meet “Price Conscious Peter”



Price Conscious Peter is a baby boomer who’s likely to like in a small town. He’s stays at hotels for leisure only occasionally. He’s also extremely price sensitive and has probably never had a truly “memorable” hotel experience.

AGE

Boomer (> 50)

URBANICITY

Town/Small city

TOP FEATURES

- Premium room amenities
- Reasonably new décor

INCOME

\$25–75K

TOP ATTRIBUTES

- Quality
- Accessibility

ADDITIONAL

- Lowest online and in-person interaction with hotels
- Most likely to have never had a good hotel experience
- Highly price sensitive

Meet “Experience Seeking Eliza”

EXPERIENCE
SEGMENT **4**



Experience Seeking Eliza is a young, environmentally conscious, city-bred individual that values experience above all when it comes to her leisure travel, and is most likely to re-book at hotels where she has had a great experience.

AGE

Gen Y (18–32)

URBANICITY

Major city

TOP FEATURES

- Close to attractions
- Hassle-free resolution

INCOME

\$75–99K

TOP ATTRIBUTES

- Accessibility
- Support

ADDITIONAL

- Highest likelihood to revisit after a good experience
- Less price sensitive
- More swayed by personal experience

GENDER

Female skewed

Meet “Habitual Harry”

EXPERIENCE
SEGMENT **5**



Habitual Harry frequently travels out of town for leisure, and plans or books a large part of his travel online. He is primarily driven by price, and is the most likely to switch to a hotel that provides him the best value, even when he has had a great stay experience.

AGE

Gen X & Y (18–49)

URBANICITY

Major city

TOP FEATURES

- Premium room amenities
- Reasonably new décor

INCOME

< \$50K

TOP ATTRIBUTES

- Quality
- Accessibility

ADDITIONAL

- High frequency of hotel visits and online interaction on an annual basis
- Highest proportion of habitual churners—least loyal segment

GENDER

Male skewed

Meet “Convenience Counts Cathy”

EXPERIENCE
SEGMENT 1



Convenience Counts Cathy is the least driven by price and most by convenience. She is an experience seeker, valuing modern décor, luxury bath amenities and enhanced issue resolution, and has most likely never had a bad experience worth remembering.

AGE

Gen X & Y (18–49)

URBANICITY

Small city/Town

TOP FEATURES

- Premium room amenities
- Modern and new décor

INCOME

\$50–75K

TOP ATTRIBUTES

- Quality
- Presentation

ADDITIONAL

- Least price sensitive
- Most driven by convenience
- Experience Seeker (Values modern décor, above and beyond issue resolution, and luxury bath products)
- Likely never had a bad experience

GENDER

Equal

ETHNICITY

White

Meet “Price Player Patrick”



Price Player Patrick is an affluent, yet extremely price sensitive baby boomer. He stays at properties that his company has negotiated deals with, and values premium room amenities and a modern décor. He loves sharing his stay experiences with family and friends in-person or over the phone, and often ends up recommending the hotels where he has had a great time.

AGE

Boomer (> 50)

URBANICITY

Town/Small city/
Suburb of medium city

TOP FEATURES

- Premium room amenities
- Reasonably new décor

INCOME

\$100–149K

TOP ATTRIBUTES

- Quality
- Support

ADDITIONAL

- Most driven by price or company negotiated deals
- Most likely to share a good or bad experience in-person or over the phone
- Most likely to recommend a hotel

GENDER

Male skewed

ETHNICITY

White

Meet “Brand Conscious Brian”

EXPERIENCE
SEGMENT **3**



Brand Conscious Brian has the highest income and highest frequency of hotel stays and online interaction, and is the most likely to form a long-lasting positive or a negative impression based on his stay experience. Despite being extremely brand and image conscious, he is not loyal to any particular brand, and often changes hotels frequently, based on the brand currently offering the ‘fastest path to free nights’.

AGE

- Gen X & Y (18–49)
- Senior (> 66)

INCOME

- > \$150K

GENDER

Equal

URBANICITY

Major metro/Suburb of a major metro

TOP ATTRIBUTES

- Quality
- Support

ETHNICITY

Hispanic/Latino skewed

TOP FEATURES

- Premium room amenities
- Reward Points: Earn free nights and room upgrades

ADDITIONAL

- Highest number of hotel stays and heavy online interaction with hotels in a month
- Most driven by company brand/reputation
- Habitual churner
- Highest monthly (+) and (-) MOT

Meet “Value Seeking Vera”

EXPERIENCE
SEGMENT **4**



Value Seeking Vera, having the highest population of middle-aged business guests, seeks the hotel offering the best value in terms of price, convenience and reward points.

AGE

Gen X (33–49)

URBANICITY

Suburb of a major metro

TOP FEATURES

- Premium room amenities
- Reasonably new décor

INCOME

\$50–99K

TOP ATTRIBUTES

- Quality
- Presentation

ADDITIONAL

Values price, rewards and experience

GENDER

Female skewed

ETHNICITY

Asian/African American skewed

*We hope these insights
prove useful to your
business*

While the results outlined in this report are at the industry level, PwC can use the same methodology we've used here to develop a customized Experience Radar study and uncover opportunities to accelerate your business.

If you'd like to discuss these findings or how PwC can help you apply them to your business, contact:

Paul D'Alessandro

(312) 298-6810
pmd@us.pwc.com

Scott D. Berman

(305) 375-6210
scott.berman@us.pwc.com



