

EXTRACT FROM HOTELS 2020 WITH UAE INSIGHTS

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# Risk and reward: *putting mobile personalisation at the heart of the hotel experience*





# Risk and reward: putting mobile personalisation at the heart of the hotel experience in the UAE

Over the years, the UAE economy has continued to diversify from the once dominant oil & gas sector to other key industries which continue to grow along with the city. The vision and governmental initiatives have ensured that Dubai is firmly on the global map as the land of opportunities and therefore known as a key tourist destination of choice.

Dubai is one of the most universally gathered cities in the world, which is why the tourism and hospitality sector contributes significantly to the country's economy and GDP. According to the 2014 MasterCard Global Destination Cities Index<sup>1</sup>, Dubai ranked fifth in terms of the number of international overnight visitors ahead of New York and following the likes of London, Paris and Singapore. Dubai saw a 7.5% increase<sup>1</sup> in the number of visitors between 2013 and 2014 which is the same amount of traction seen in other larger economies such as London. It is said that tourists spent \$10.9 billion in 2014 in Dubai<sup>1</sup> which is \$2 billion more than that spent in other cities such as Hong Kong.

It is predicted that if the current growth rates are to continue then Dubai could overtake the likes of Paris and Singapore, further evidencing the significance of the leisure & hospitality sector in the UAE not only globally but also regionally with Dubai having the highest spend per tourist and visitors than any other country in the Middle East and Africa<sup>1</sup>.



# 10%

**predicted growth per year within the sector for the next four years, which is said to outpace growth in the overall UAE economy<sup>2</sup>.**

<sup>1</sup> 2014 MasterCard Global Destinations Cities Index

<sup>2</sup> 'UAE hotel and tourism sector to reach \$7.5 billion by 2016', The National online

<sup>3</sup> Business Monitor International Report: Summary of findings, Al Khaleej online

# 7.5%

**increase in the number of visitors to Dubai between 2013 and 2014 which is the same traction seen in other larger economies such as London<sup>1</sup>**

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As a result of this and the level of investment within the sector, the leisure and hospitality market in the UAE is forecasted to grow at more than 10 per cent a year for the next four years, outpacing growth in the overall economy. In 2014, Dubai received approx. 12 million tourists<sup>1</sup>; the maximum amount of visitors ever achieved in the last five years. The evolution of the UAE hospitality market will outdo the overall GCC market, which is anticipated to rise at 8.1 per cent per year until 2016<sup>2</sup>.

A recent report by Business Monitor International (BMI) found that the outlook for the UAE's leisure & hospitality sector has never looked brighter. With strong forecasts in the number of tourist arrivals and receipts, the industry value could reach upwards of \$11.5 billion by the end of 2015<sup>3</sup>.

With the Expo 2020 set to add \$24 billion to the UAE economy and create innumerable opportunities due to the increased demand in various sectors namely leisure and tourism (with an estimated 25 million visitors expected to arrive), the need for hoteliers to change and implement emerging technology has never been needed more so than now.

To meet the needs of the guests of tomorrow, what do hoteliers need to do in the UAE to embrace this demand and ensure that they truly stand out amongst the competition? With the increase in demand, there is also said to soon be an increase in supply – so how do you attract the future traveler and ensure they remain brand loyal? How will hoteliers keep up with new emerging technologies which are being developed and championed by millennials – the guests of tomorrow?

These are some of the elements that we will touch on in this quarterly trends report which looks at key local and global trends and shares insights into what hoteliers need to do to 'welcome tomorrow's guests' by putting mobile personalization at the heart of the business.



**Hisham Farouk**  
CEO  
Grant Thornton UAE



# Risk and reward: putting mobile personalisation at the heart of the hotel experience in the UAE

When looking at the leisure & hospitality sector and the emergence of it within the UAE, it is evident that historically traditional methods of guest acquisition and retention worked well especially given the Middle East is known as a region that builds face to face rapport and thus relationships being key.

The generation of founders played a significant role in setting up the leisure and hospitality sector in the UAE and are known to run some key local brands which entered a relatively new industry amongst the once dominant oil & gas and pearl industry. The systems and models in place have enabled this generation to maintain the authentic element of their initial concepts whilst attracting the curious travelers who first came to Dubai when it was relatively unknown on the global map.

As the industry has evolved and the number of tourists have increased, so have the demands, service offering and competition – thus giving the tourist a greater choice of selecting the hotelier that meets their needs whether that be for the price conscious traveler, the tailored traveler or the traveler who seeks nothing but luxury alongside generation y (known as millennials) who seek innovative, cost effective, tailored solutions – a amalgamation of all three.



# 46%

of millennials agree that being able to check in/out using a mobile device would motivate them to return<sup>4</sup>.

<sup>4</sup> 'Creating 'moments of trust': the key to building successful brand relationships in the kinship economy,' InterContinental Hotels Group, 2014

<sup>5</sup> 'The new kinship economy: From travel experiences to travel relationships,' InterContinental Hotels Group, 2012

<sup>6</sup> 'How millennials will change travel by 2020,' Hotel News Now, 2015



Hotel companies that can deliver effective mobile-centric personalisation will become brands of choice for the guests of 2020. Between now and 2020, hoteliers will have to use mobile to engage with their customers. In particular, they must consider apps to personalise the guest experience – from choosing rooms to specifying lighting and temperature levels. Some hotels are already making progress. Holiday Inn teamed up with Samsung during the London 2012 Olympics to enable guests to control their rooms' TV, air conditioning and lights with their smartphones<sup>5</sup>. While various other hotels are rolling out apps to let guests use their phones to open their room doors.

Apps are just one side of the story, though. Hotels can mine insights from the customer data that smartphones generate to enhance their services. And, as digital-native millennials become the dominant consumer group in the marketplace, set to outspend baby boomers on hotels by 2017<sup>6</sup>, the pressure on hotels to exploit the platform will intensify.



## Playing catch up

Mobile has changed the customer experience and allowed for immediacy, simplicity, greater access and context. Customers have more access to information than ever before – they can go beyond any marketing campaign or photographic imagery that would tantalize them to stay at a property to now reading real customer reviews, experiences and seeing images of hotels through the customer and not the marketing department. Thus making it imperative to ensure that the brand and employees are delivering on the brand promise – more so than ever before.

With access to technology, mobile apps and information, brands must engage with their customers on mobile at the very least or run the risk of becoming outdated and overrun by their competitors who are tackling the digital and talent battle. By embracing technology and mobile in particular, the customer experience can be better managed allowing hoteliers to directly communicate with their guests before, during and after their stay at anytime and anywhere.

Through the use of mobile technology, hoteliers are also able to capture key data prior to the guest's arrival thus being able to provide a tailored service that is personalized to their needs. At present, hotels capture a whole host of data about their guest but do they truly use this to provide a personalized service?

The 2014 MasterCard Global Destination Cities Index<sup>1</sup> highlighted that the feeder cities for Dubai were the United Kingdom followed by Riyadh, Kuwait, Jeddah and Paris. This shows that the highest number of tourists coming to the UAE are from the UK, so how can hoteliers ensure a personalized service is offered? By using mobile apps and key information gathered at the onset, hoteliers can tailor their service approach – if a

customer is arriving from the UK and they have marked their ethnicity as Sikh (for example), upon check in they are greeted by their first name and upon entering their room they have been left a bespoke hamper wishing them a happy holiday for a religious holiday that is celebrated worldwide. This in return leaves a huge impression on the guest who then checks out and goes and stays in a hotel in the city, to be greeted as everyone else, nothing is personalized and they feel like their merely occupying a room – which hotel and brand will stand out? Where would we book to stay again?

We then have generation y travelers known commonly as millennials. They want access to information at the click of a button and want to be serviced with speed and efficiency, so how do we bridge the differing needs of guests whilst promoting efficiency within the business? Mobile personalization seems to hold the key to meet the needs of tomorrow's guest.

But are hotels behind the curve when it comes to exploiting mobile technologies? Steven Perkins, global leader of technology at Grant Thornton believes so. "The biggest hotel brands may have announced mobile strategies," he says, "but they are doing so far later than leaders in consumer packaged goods, personal banking and transport.

Many are still focused on developing their websites, whereas the guests of 2020 will search, price-compare, book, and check-in through apps on their mobiles." We believe the hotels that build mobile-first strategies will gain a significant competitive advantage. But they should remember that this opportunity does not come without risk.

**"Definitely mobile is the future, if not the present."**

Enrique Sarasola, co-founder of BeMate.com, a Spanish online platform for hybrid accommodation offerings.

**Mass personalisation in practice**

# 28%

of smartphone or tablet owners used a mobile device to research their last hotel stay<sup>7</sup>



Mobile and technology is soon becoming the centre of any customer experience no matter what industry. However, it has the ability to change the way in which hoteliers communicate with their guest through the lifecycle of their interaction, no matter where in the world the guest may be. Mobile has enabled the opportunity for customization along with allowing hoteliers to meet the differing needs of their guests. This has further allowed many hotels to offer a tailored service whereby guests can check in online and use technology to access their hotel rooms amongst other things.

The new reality is that tablets, iPads, smartphones, and wearable technology is now empowering guests to travel and do business the way they want to. If hotels aren't on these devices, there's a good chance guests won't be doing business with them, as the consumer buying behaviors continue to change as a result of emerging technology and greater access.

As many hoteliers continue to innovate and launch apps on handheld devices that offer an element of personalization, others are looking to newer innovative measures such as wearable technology. The Apple Watch and Google Glasses

have now entered the mass market which has meant hoteliers need to begin integrating smart devices and technology more so than ever before.

The hotel of the future will belong to technology – creating greater efficiency, access, choice and speeding up the time and guest experience overall. The check in experience could soon become automated and self-serviced, through to entering the lift and your room with the use of a gadget to choosing the theme of your room which is bespoke to your needs.

Globally, Starwood's is just one of the hotels who are looking to make use of the Apple Watch and launch an app that even tracks your food and beverage preference so that when you enter the bar, your drink is already there waiting for you. This is just one example of a global hotelier looking to invest in and 'digitalize' the guest experience, allowing for the experience to be personalized and bespoke to their guests needs.

## Act now to welcome 2020

**Worldwide, we are seeing consumer demands evolving as rapidly as mobile technology itself. We believe that hotels must act now to differentiate themselves, making a reality of mass personalisation to surprise and delight guests. But there are important balances to be struck.**

**As they invest more in mobile, hotels must understand risks around de-humanising the hotel experience and data security. Getting this right will involve working more closely with guests and consumers over the next few years to establish where mobile truly adds value.**

**Adrian Richards**

National leader hospitality and tourism, Grant Thornton UK

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7 'Hotels - UK', Mintel Group Ltd, 2014

**“The goal is collaboration between next-gen travellers, travel providers and retailers to co-create highly customised travel plans tailored by taste and preference.”**

**Spokesperson on behalf of Amadeus' Hotels Management Group**

“Hotels need to understand where and how they can deploy mobile technologies to deliver the personalisation that consumers expect,” says Erik Janse, information technology services partner at ConQuaestor Grant Thornton in the Netherlands. The obvious starting point is user friendly apps that enable mobile check-in and room selection. This will be especially important for commercial bookers and business travelers making brief visits to a location. “Long queues at reception, checking in, typing in of stuff on the terminals – people will not have any patience with that approach in 2020,” agrees Dr Ian Pearson, a futurologist.

Many global chains are already responding. “We have apps that allow guests to input preferences about room temperature or what type of bed they need,” explains Régis Kahn, director of strategy and e-commerce at InterContinental Hotels Group (IHG). “And now, when a guest passes a restaurant or retail outlet, a promotional offer or video can be delivered to them directly through our mobile app, too.”

In the future, hotels will need to use mobile to personalise not just the immediate hotel environment, but also guests’ overall experience of the destination. IHG has created a Concierge Insider Guides app, to provide local insights for guests. And the Ritz-Carlton app, launched in 2014, provides concierge services such as booking reservations, local city guides, and special offer<sup>8</sup>.

“Making a stay more local – this is something hotels are going to do a lot. They’ll have an app that includes information about the coolest local places to go, so you can try and localise your stay,” asserts Jeff Weinstein, editor-in-chief of Hotels Magazine.

Hotels could potentially use such an app to strengthen their connection with the local community and to compete with the ‘authentic’ experiences offered by rivals such as Airbnb. To do this, they may need to connect their mobile channels with external partners. “The goal is collaboration between next-gen travellers, travel providers and retailers to co-create highly customised travel plans tailored by taste and preference,” says a spokesperson on behalf of Amadeus’ Hotels Management group. For example, Hyatt recently integrated with Uber, to allow guests to call Uber cars from within their app<sup>9</sup>. In the future, some external partners could simply be local hosts adopting the home-away from-home aspect of the sharing economy.

## “Making a stay more local - this is something hotels are going to do a lot.”

**Jeff Weinstein**  
Editor-in-chief of Hotels Magazine

Mobile will also be crucial for hotels to better serve rising numbers of guests originating from emerging markets. In 2013, 97 million Chinese tourists travelled abroad; by 2020, this will more than double to over 200 million<sup>10</sup>. Hotels cannot afford to ignore this trend, and will need to tailor their services accordingly. For example, a guest is arriving from China in February and it happens to be Chinese New Year – what are hoteliers doing bespoke for each customer arriving from China during this period?

<sup>8</sup> ‘5 hotel brands with useful mobile apps,’ Digiday, 2013

<sup>9</sup> ‘Hyatt hotels app integrates with Uber,’ Hyatt, 2014

<sup>10</sup> ‘Chinese outbound tourist numbers to double by 2020,’ China Briefing, 2014

<sup>11</sup> ‘Why the Chinese are choosing Dubai over London,’ Emirates 24/7 online, 2014

# 60%

estimated increase in spend by Chinese tourists coming to the UAE within the next ten years<sup>11</sup>



With the total spend by Chinese tourists estimated to jump by 60 per cent in 10 years in the UAE, from \$488 million (Dh1.8 billion) in 2013 to \$781 million (Dh2.86 billion) in 2023<sup>11</sup>, there should be a focused and personalized approach to attract and retain these guests.

The Conrad Concierge mobile app already allows guests to choose Chinese TV channels, minibar foods and other amenities in Mandarin on their mobile before they arrive<sup>12</sup>. By 2020, more and more travellers will expect such services, as well as other apps that break cultural and language barriers. Google and Microsoft both recently released trial versions of apps that allow for live human language translation. These will be widely in use within a few years.

Wearable technology and the increased access to it, is changing the way in which hoteliers globally are interacting with their guests. With the likes of Starwood, Hilton Worldwide, Accor<sup>13</sup> and other regional brands investing in transforming the guest experience – it is only a matter of time before local UAE hoteliers embrace digital personalization to keep up with the changing needs of their guests, which goes far beyond creating a smartphone app.

### **Mass personalisation in the UAE**

Given the exponential growth within the sector and international hoteliers embracing innovative solutions and wearable technology to meet the needs of tomorrow's guests, UAE hoteliers are also beginning to implement the solutions to continue evolving in the dynamic marketplace.

Mass personalization is at the forefront of many development plans to ensure the needs of tomorrow's guests are met. Within the UAE, the Burj Al Arab was one of the first hotels in the world to offer the Interactive Customer

Experience (ICE) software to their guests (on 24 carat gold iPads)<sup>14</sup>. Guests are now able to access the 'virtual concierge' at the touch of a button given them greater access to the facilities of the hotel, their concierge and amenities within the hotel.

Similarly, the Atlantis the Palm has launched an app<sup>15</sup> which allows their guests to book restaurants, locate their rooms and even locate their friends and family within the hotel. This gives the guest increased choice, reduces the lead time, promotes efficiency throughout the hotel and provides innovative solutions to FAQs.

This further highlights how UAE hoteliers are using technology to provide an element of personalization to their guests which continues to be developed with the emergence of new technology. However, the use of technology isn't just been implemented by 5 star hoteliers.

With the emergence of mid-market brands and 3 star hotels, the UAE is fast implementing the use of technology. The Suba Hotel in Deira has introduced the in-room iPads that you would expect in upscale hotels. Through the use of the iPad, guests can make requests with the app being continually developed to include restaurant reservations, room service options and various other features to name a few. The property is said to have invested Dhs 20,000 per room in relation to technology<sup>16</sup>.

12 'Western hotels cater to Chinese, now the biggest travel spenders,' The Seattle Times, 2013

13 'Accorhotels app to debut on Apple Watch,' Hotelier Middle East online

14 'Dubai's Burj Al Arab offers 24 carat iPads to guests,' Gulf News online

15 Atlantis, The Palm Dubai App, Atlantis The Palm

16 UAE hotels wired up to change, The National online

Tomorrow's guests are setting a prerequisite of accessing information and data via technology and in order to fulfil this need, hoteliers are heavily investing in technology as a solution to address this gap. With brands such as Accor announcing investments of Dhs 1.03billion in the next five years<sup>16</sup> to local mid-market brands spending upwards of Dhs 20,000 per room, it is only a matter of time before the leisure & hospitality sector revolutionizes going from a traditional service to a personalized, bespoke and digital experience, which can be managed anywhere at the touch of a button.

### Finding the right personal sweet-spot

As well as opportunities, mobile brings risks. Firstly, many leading hotels focus on providing a personal care service to seem more welcoming and to differentiate their brands. If guests are expected to use their smartphone to manage their own stay, much of this differentiation is lost. "I call it the 'care economy'. And, as technology becomes more sophisticated, it forces us to focus on the personal interaction side and that becomes a differentiator," says Dr Pearson.

Michael Dominguez, senior vice president for hotel sales at MGM Resorts International, says that the business community will continue to demand a strong emphasis on face-to-face interaction. "If a third party is booking a hotel on behalf of a business executive, they want to build that trust through a direct relationship," he says. Another risk is that personalisation is heavily reliant upon consumers sharing their data. The European Commission is pushing for stricter

regulation of personal data use<sup>17</sup>, and hoteliers will be reading the headlines about data breaches and hacking losses with concern. Already, a hotel management company has admitted data breaches at 14 branded hotels<sup>18</sup>. To become recognised as secure custodians of data, hotels will need to rethink their risk management, ensuring oversight across the organisation. For those that get it right, there is an opportunity to show real value to guests.

## Think global, act local

**Hoteliers in the UAE have seen the emergence of key international brands who continue to compete in the local market. This has inevitably meant that local home grown brands are required to think global to meet the needs of tomorrow's guests. This includes embracing emerging technology to truly compete within a ever growing industry - so that they can not only unlock their potential to grow but can also ensure they create a 'guest' for life - no matter what their demographics.**

**Hisham Farouk**  
CEO, Grant Thornton UAE

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<sup>17</sup> 'Reform of data protection legislation', European Commission, 2014

<sup>18</sup> 'Hotel franchise firm White Lodging investigates breach,' Krebs on Security, 2014





## Five personalisation questions for hotels

- 1 Where will your guests most value human interaction before, during and after each stay and in what areas will they simply be looking for speed and convenience? How will this balance differ by customer segment?
- 2 Where can you start building out the functionality of your mobile offerings to deliver more personalised services?
- 3 What emerging technologies, such as wearables, will likely play a key role in your future services? How are you keeping abreast of the latest technology trends?
- 4 Are you communicating clearly how you would like to use customers' personal data? How do you plan to modify this over the next few years?
- 5 Do you have robust processes in place to mitigate against cyber-risk? How will you modify these over time to keep up with the hackers?





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The UAE research has been conducted using both primary and secondary which has involved discussions, desk based research and third party research.

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