



# HOTEL MANAGEMENT

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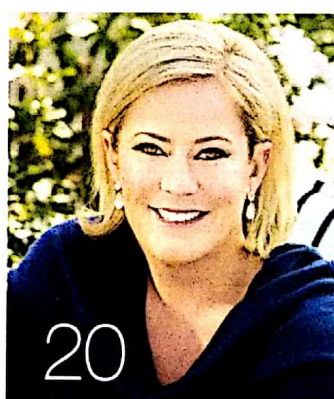
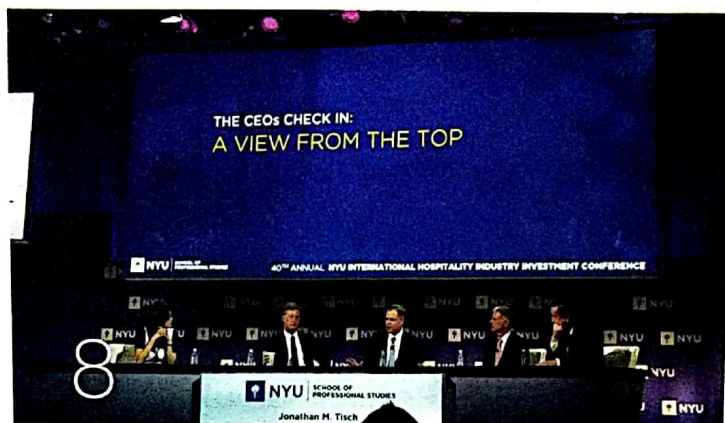
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# Knowing your enemy is only the start

BY DAVID EISEN  
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**S**un Tzu writes in his military treatise "The Art of War": "If you know your enemies and know yourself, you will not be put at risk even in a hundred battles; if you only know yourself, but not your opponent, you may win or may lose; if you know neither yourself nor your enemy, you will always endanger yourself." In business, that is to say, if you know your company's capabilities and have astutely sized up your competitors, you can duke it out and stand to be victorious in battle.

This idea has never been more salient in the hospitality industry where the battle to own the customer is a fierce one with many combatants in the mix.

At the recent NYU International Hospitality Industry Investment Conference, Arne Sorenson, CEO of Marriott International, made it clear that his company is already entrenched. "We are in an absolute war for who owns the customers," he said during a panel also attended by executives from other hotel companies. "It's a long-term war." (Turn to page 8 for more on the panel.)

But Sorenson wasn't recognizing the likes of Hilton and IHG as his main opponents. Nor Airbnb, the hotel industry's everyday punching bag. No, the industry had been keeping its eye off the ball when its biggest threats were right in front of its eyes all along. But they were noticeably absent onstage at NYU.

"I think less about Airbnb than I do about Google and Facebook and all of these other digital empires who own all of us," Sorenson said. AccorHotels CEO Sébastien Bazin echoed Sorenson: "I probably spend less than 5 percent of my time worrying about Marriott and Hilton; I'm spending at least 50 percent of my time trying to understand the [digital] ecosystem and who owns the customer."

As if online travel agencies and home-sharing weren't enough to contend with. We live in a data age, and none do data much better than the likes of Facebook, Google and Amazon. (Sorenson at one point raved about Amazon Prime



and the site's ease of checkout.) Hotel companies are now fully engrossed in the experience economy; providing a bed, a hot shower and strong, free Wi-Fi are merely table stakes. The challenge, then, is how to deliver a real and defined experience, from the prebooking process all the way through to the post-stay. Through loyalty programs and customer relationship management, hotels should possess the kind of data that can help create a bespoke experience for guests, no matter the brand, segment or type of travel. Unless you are giving 200 roomnights a year to the same hotel, this is rare. The most I get is a "Welcome, sir, may I have your identification and credit card." Checking into a hotel sometimes

feels like getting pulled over. It's transactional—exactly what the hotel industry says it is trying to avoid.

The ironic thing is, in this age of data privacy, I would be happy to give the hotels I stay at more information about myself if they would actually use it to improve my stay. Amazon has this part down: It knows the books, the clothes, the household products I have bought, then employs its algorithms to recommend other stuff I might like to buy. I've literally assembled a small library based off books Amazon has suggested.

The advantage hotel brands have is real estate. And until there is an Amazon- or Facebook- or Google-branded hotel (if Shinola and Equinox can do it, anyone can), they don't have to cower in fear. But if they don't do more to use data to know and own the customer and deliver a more tailored experience, they risk commoditizing themselves.

The question is how to keep these barbarians at the gate at bay. But instead of fending them off, many have given in. Alexa, for example, a virtual assistant from Amazon that you can have a conversation with and performs tasks, is becoming a staple in guestrooms.

Big data can help deliver guests, but at what cost? The hotel industry has to decide if it wants to yield or fight. It says it knows its opponent and it presumably knows itself. If it waits too long to decide, it might just lose the war. **HM**

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