

The 2022 Hospitality Recovery Edition

How Independent Hotels Book Better Performance: Technology's Vital Role



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Executive Summary

As independent hoteliers venture into a post-pandemic marketplace with a mix of renewed optimism and understandable uncertainty, one thing is clear: Hotel tech solutions will play an essential role in recapturing revenue and elevating guest experiences.

That's why many are looking to resume tech initiatives that were put on hold during the chaos of Covid-19 and others are planning new ones. And the solution garnering the greatest consideration often is the property management system. Though some industry observers speculated not long ago that the PMS might take a backseat to other platforms, such a scenario hasn't materialized. In fact, we're witnessing the rise of the agile PMS, one capable of continuously evolving to meet changing marketplace demands.

This guide shares the insights and objectives of independent hoteliers seeking PMS upgrades, providing a better understanding of the competitive landscape – and information to make the best PMS selection for your business. Among the key findings of a survey of independent hotel executives, managers, and staff conducted for this report:

- More than one-third of independent hoteliers who have not yet upgraded their PMS to a cloud platform intend to do so within the next 12 months.
- Percentage of respondents who said they have gained or expect to gain the following benefits by deploying a cloud-based PMS: 87% - improved guest satisfaction, loyalty, and retention; 84% - reduced IT operations and maintenance costs; 78% - increased revenue and profitability from hotel guest rooms; 61% - improved staff satisfaction and retention.
- Focus areas deemed high priority for IT investment over the next 12 months: 48% - improve data access across all staff/departments; 41% - enhance the contactless guest journey; 39% - utilize guest profile information to elevate guest personalization.

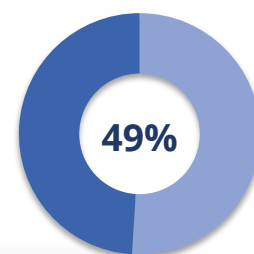
Using archaic infrastructure that operates in disparate data silos can no longer be tolerated. By harnessing the power of a cloud-based, mobile-enabled PMS — consisting of an open architecture, built-in integration services, and open APIs — independent hoteliers can share data across departments and locations, make work simpler and better for employees, deliver highly personalized experiences to guests, reduce IT cost and complexity and, ultimately, maximize revenue and profitability. Especially in these times, it's the only way forward.

Just as the hotel industry was finally getting back on track, the much-needed recovery was dealt yet another blow with the emergence of new Covid-19 variants. At the start of 2022, hotels of all sizes — and across all categories — found themselves grappling with the specter of new travel restrictions and cancellations. The good news is that, with the passage of a few months, these concerns proved to be largely unwarranted. And regardless, hotels as a whole were now in a much better position to handle further business disruptions — thanks, in large part, to technology upgrades.

Early in the pandemic, technology upgrades that may have been planned, or were already in progress, were generally put on the backburner. In their place, hoteliers became squarely focused on mission-critical measures aimed at cutting labor and operating costs. They also embraced initiatives geared toward minimizing Covid risk exposure through hygiene and cleaning protocols and also through point solutions aimed at minimizing human interaction and encouraging social distancing.

These solutions were generally not new to the world. Many had already been adopted in one form or another by a growing number of hoteliers. Such solutions include mobile apps for check-in, check-out and keyless room entry, AI-powered guest communications, entertainment systems and amenities controlled by smartphones, voice-activated chatbots and various IoT (Internet of Things) devices. Other solutions, such as guest-facing kiosks with facial recognition or ID scanning and mobile food ordering and payment processing apps using QR codes and digital menus, also quickly gained in popularity. Some have since become all but ubiquitous.

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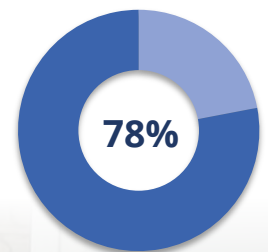
Percent of hoteliers who cite outdated IT systems as their property's biggest technology pain points, followed by poor data integration (41%)

Hotel guests and employees alike have benefitted from the implementation of these solutions, in ways that go well beyond addressing health and safety concerns. So, too, have the hoteliers themselves. For them, the benefits include boosting guest satisfaction and loyalty, improving hotel operations and lowering labor costs at a time of job tumult across the industry.

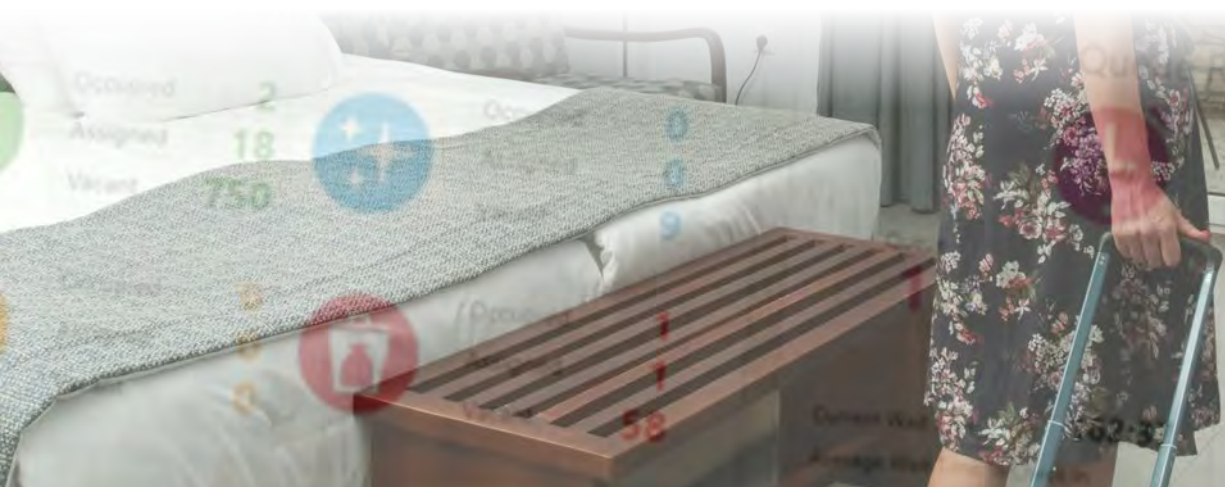
Consider: In-room chatbots and AI communication apps decrease guest response and problem resolution time while also reducing guest services costs. Importantly, automated response systems offer hoteliers a treasure trove of data. And as every hotelier is acutely aware, the more unified and robust their view of each guest relationship on an individual basis (including their knowledge of each guest's value to the hotel, both present and future), the greater the opportunity to serve up personalized offers and services. Ultimately, this leads to increased RevPAR along with significant improvements in other key performance indicators, including GopPAR (gross operating profit per available room) and TRevPAR (total revenue per available room).

With hotel occupancy levels inching closer to pre-Covid levels in much of the world, many independent hoteliers are now looking to increase their spending, often by large amounts, to improve the performance of their properties and drive progressively higher levels of efficiency and effectiveness. This spending may involve a resumption of initiatives — or the planning of new ones — related to major technology upgrades. First and foremost among game-changing technologies that are likely to be under consideration by forward-looking hoteliers is a next-generation property management system (PMS).

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Percent of hoteliers who saw “significant improvement” in overall performance and financial results after upgrading their PMS to a cloud platform



In fact, according to the results of a survey conducted for this study by Starfleet Research from November 2021 to February 2022, more than one-third (34 percent) of independent hoteliers who have not yet upgraded their PMS to a cloud platform intend to do so within the next 12 months. This should come as no surprise to anyone in the know, given the unprecedented performance benefits that a next-generation PMS is able to deliver.

To that point, independent hoteliers who were able to move swiftly to reduce operating costs and streamline processes as the pandemic began to wreak havoc on their businesses were generally those with a scalable and flexible technology infrastructure that enables a high degree of agility. With a next-generation PMS, virtually all day-to-day operations run automatically and nearly flawlessly across all departments and all function areas. An advanced PMS is also essential to delivering superior guest experiences — which, after all, are a hotel's only sustainable competitive advantage. This is accomplished, in large part, thanks to technology interoperability and data integration.

The quest for seamless data integration across all hotel functions, including the front desk, restaurants, retail, spas and everything in between, is hardly a new endeavor. With 42 percent of independent hoteliers citing poor data integration as one of their biggest technology pain points, and nearly one-third (31 percent) of independent hotels view the need to improve PMS data integration as a high-priority IT investment area, it is the North Star toward which virtually every hospitality IT team has long been navigating.

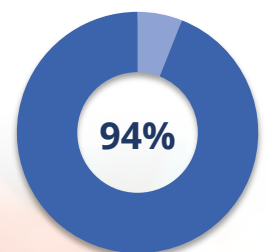
An advanced PMS is essential to delivering superior guest experiences.



These solutions enable everything from pre-arrival upselling and mobile guest communications to contactless payments and customized POS interfaces. Optimizing guest services across all parts of the hotel invariably leads to higher rates of guest spending as well as increased guest satisfaction. According to the research, more than three-quarters (79 percent) of independent hoteliers agree that the ability to improve guest services is one of the major benefits they have gained, or expect to gain, by upgrading their PMS platform capabilities. Ultimately, the promise of a next-generation PMS lies in its ability to eliminate “friction” in guest interactions with the hotel while meeting guests’ ever-growing demands for convenience and personalization.

For independent hoteliers, the ability to present guests with highly relevant offers and services, from booking to checkout, has fast become a strategic imperative. That means having access to the complete folio history of charges incurred and payments made by guests during their past and current stays with the hotel. It means having access to every detail, from the food and drinks they order to their usage of various services and in-room amenities, to every interaction and documented experience that takes place between the guest and the hotel. Ideally, for example, a POS system should be integrated with the PMS out of the box. A conversational ordering screen should allow food and drink orders at the hotel restaurant or lounge to be taken the way they’re spoken while encouraging cross and upselling in highly relevant ways based on the guests’ past ordering history and stated preferences.

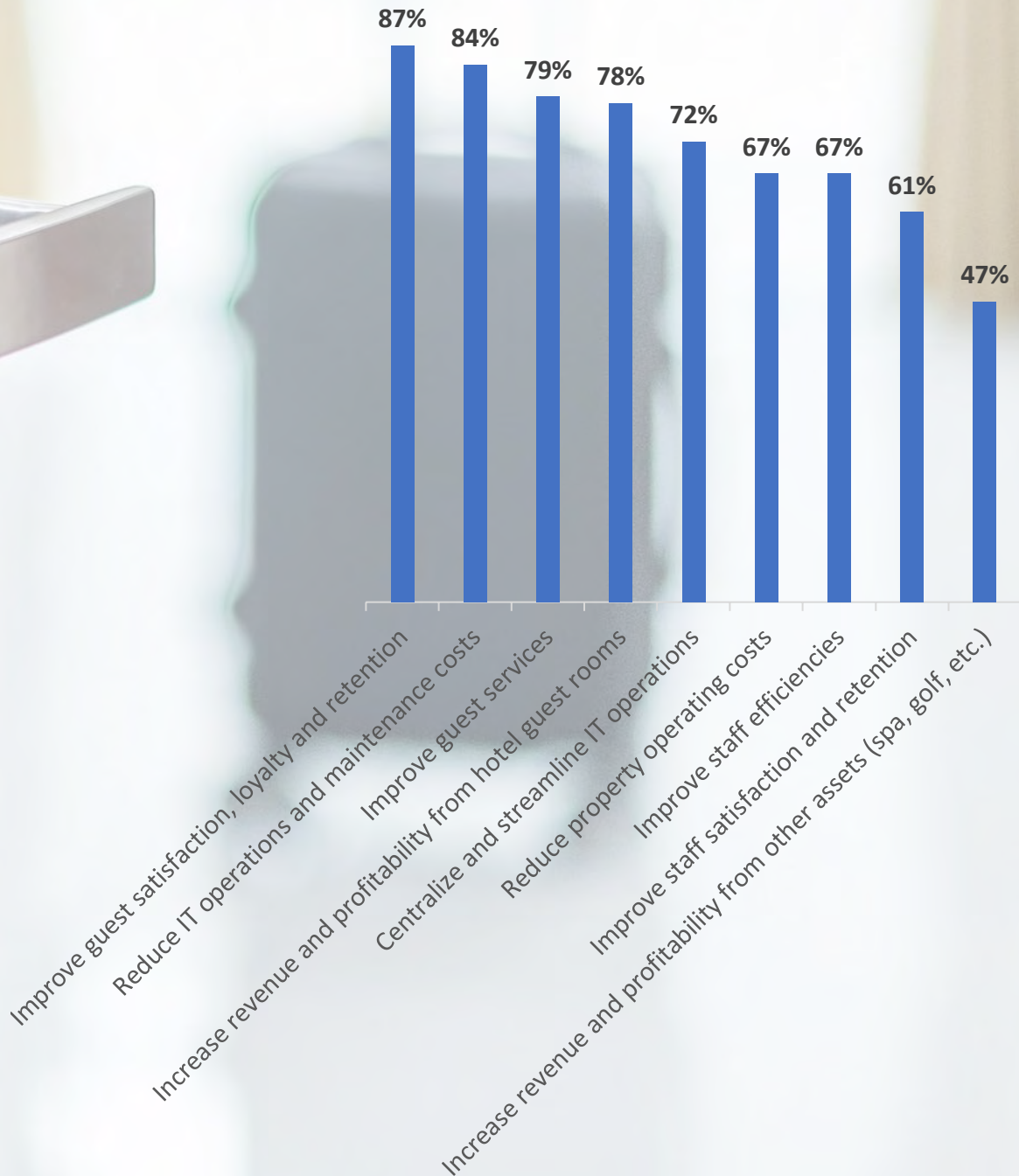
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Percent of hoteliers who track and measure ADR and RevPAR performance metrics; fewer than one-quarter track and measure GopPAR and/or TRevPAR

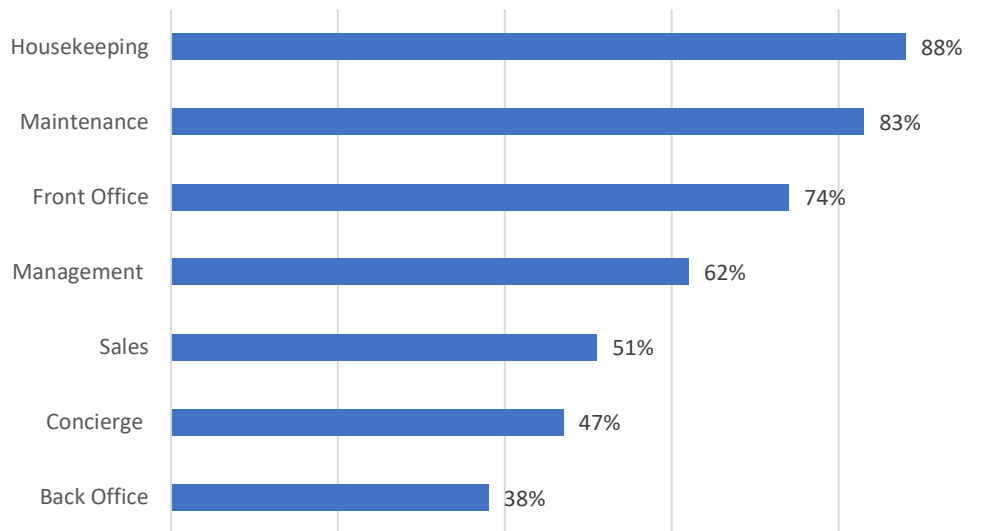
According to the research conducted for this study, three-quarters (75 percent) of independent hoteliers saw “dramatic improvement” in overall performance and financial results of their businesses after upgrading their PMS platform capabilities — no doubt due, in part, to increased staff efficiency and reduced operating costs. At the same time, 19 percent of qualified survey respondents saw “significant improvement.” Only 6 percent indicated that they achieved only “minor improvement.”

Major benefits independent hotels have gained, or expect to gain, by deploying a cloud-based PMS

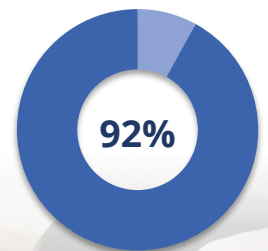


A next-generation PMS is designed to streamline and automate hotel operations. Importantly, it is also designed to eliminate redundancies performed by employees while reducing the amount of time spent on mundane tasks and activities. By accessing a PMS interface with real-time information and instructions on their smartphones or tablets, hotel staff can know when rooms are ready to be cleaned, for example, or when a service or maintenance request needs to be fulfilled. According to the research, the housekeeping and maintenance departments top the list of those that have benefited – or would likely benefit – the most from a mobile PMS application.

Departments / function areas that have benefited – or would likely benefit – the most from deploying a mobile PMS application



A next-generation PMS is designed to streamline and automate hotel operations.



Percent of hoteliers who say that direct bookings through their hotel website is a primary channel; one-quarter (25%) aim to improve their digital marketing capabilities over the next 12 months



Empowering Hoteliers with Unprecedented Capabilities

Mobile PMS access by employees moving around the property via an easy-to-use, intuitive and responsive mobile interface can make a world of difference in terms of staff satisfaction and efficiency. A next-generation PMS also provides superior management controls designed to further increase staff efficiency while lowering overhead costs. Management can track employee progress and readily identify any issues that arise.

According to the research conducted for this study, 61 percent of independent hoteliers agree that one of the major benefits they have gained, or expect to gain, by deploying a cloud-based PMS is increased staff satisfaction and retention. At the same time, 67 percent of the hoteliers that participated in the survey have gained, or expect to gain, improvement in staff efficiencies.

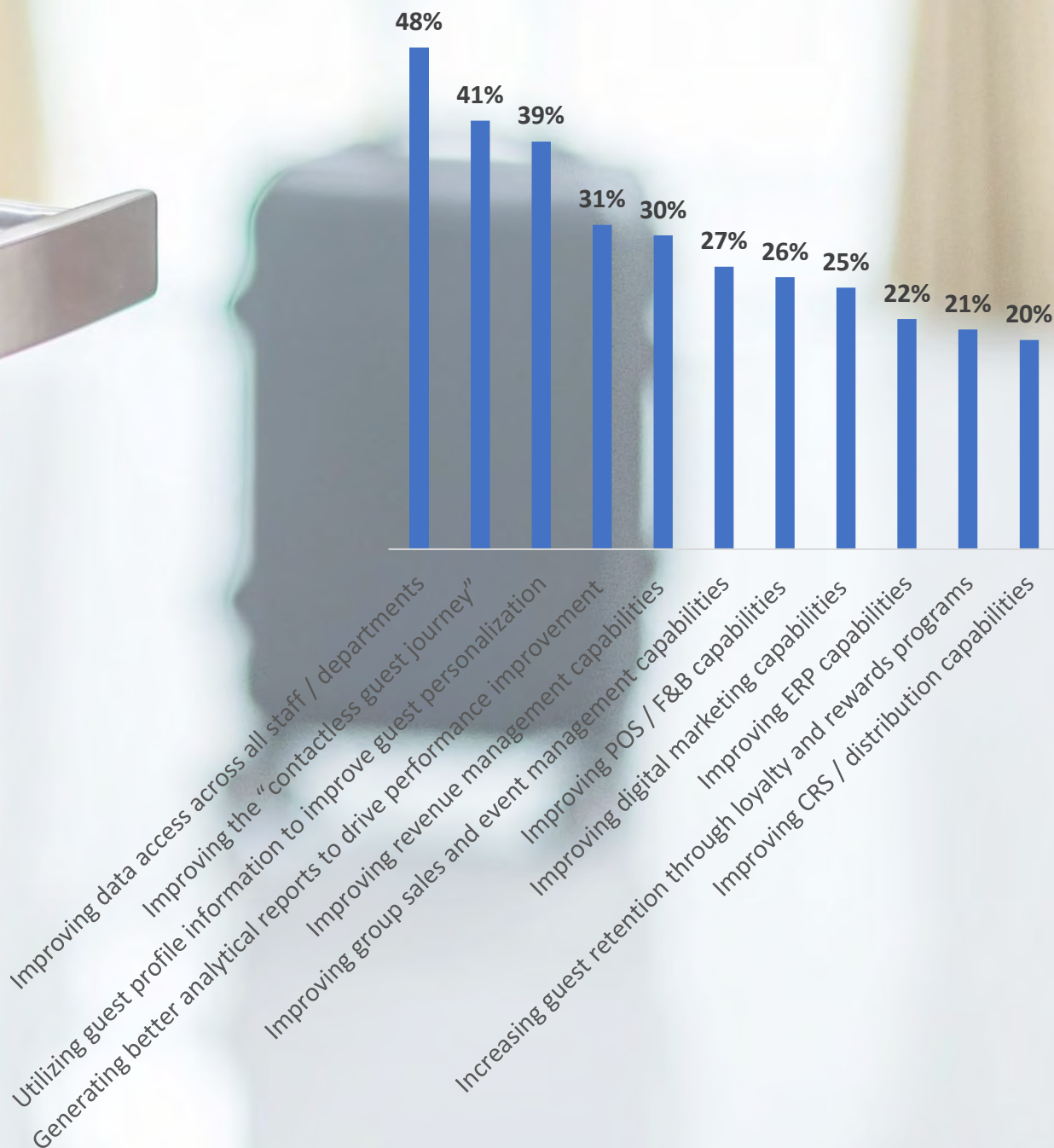
Employee satisfaction and retention as well as increased operational efficiency rank as top concerns for hoteliers, particularly during periods of severe labor shortages, as the industry is currently experiencing, with hoteliers struggling to find workers to fill open positions. According to a recent poll conducted by Joblist of 13,000 job seekers, more than half of U.S. hospitality workers indicated they would not return to their former jobs. Over one-third said they have no interest in reentering the hospitality industry. This dire situation obviously puts pressure on hoteliers to do everything possible to increase employee satisfaction and efficiencies.

Employee satisfaction and retention as well as increased operational efficiency rank as top concerns for hoteliers.



Many hoteliers continue to rely on legacy back-office software solutions, including manual spreadsheets for data analysis. Often, these solutions are incompatible and unable to share data. In many cases, the need to upgrade technology platform capabilities has become an urgent matter — and, indeed, many hoteliers are now making it a “high priority” focus area.

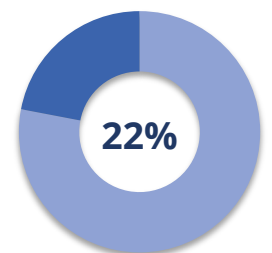
IT investment / focus areas deemed “high priority” by hotels over the next 12 months



Making smart decisions and driving continuous performance improvement requires anytime, anywhere access to a 360-degree view of hotel operations and guest relationships. Independent hoteliers need built-in performance reporting and analytics tools that are flexible and sophisticated, mirroring robust business intelligence solutions. They need to be able to readily monitor occupancy trends, guest spending, market position, channel profitability, upsell performance and countless other business drivers. They need to be able to gain insights that can improve the quality of the guest experience and also identify opportunities to bolster marketing and sales effectiveness and increase RevPAR.

The sharing of data and accessibility is key to improving operations, processes and financial performance in not only these areas but in areas ranging from human resources to supply chain management. Hoteliers can radically improve operational efficiency and effectiveness by deploying not only a next-generation PMS, but, also, other types of cloud-based software. Examples include enterprise performance management (EPM), human capital management (HCM) and enterprise resource planning (ERP). An advanced ERP solution provides 360-degree insights across all data sources. It consists of a powerful and comprehensive analytics and data management platform that empowers finance HR, supply chain, and operations teams by providing ready-to-use content, such as key performance indicators (KPIs), out-of-the- box dashboards, data models, and reports. These analytics let CFOs, COOs and CHROs delve into complex analysis, deep historic trends and predictions that enable them to make better business decisions. In fact, the benefits of a modern cloud-based ERP range from standardizing and automating financial

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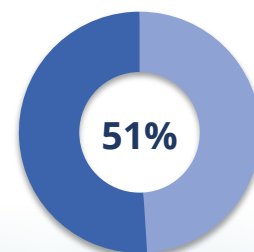
Percent of independent hoteliers who view the need to improve their enterprise resource planning (ERP) capabilities as a high-priority IT investment area over the next 12 months

processes and enabling faster month-end, quarterly and year-end closings to lowering fraud and ensuring compliance with financial regulations, supporting hybrid work models with finance and accounting personnel working offsite and allowing for smart sourcing and procurement.

Reporting and analytics tools should inform the decisions made not only by CFOs, finance teams and revenue managers but across multiple departments and functions. As already suggested, the insights gained from these tools can have far-reaching benefits, from improving marketing, sales and customer service effectiveness to generating competitive intelligence. Key revenue stakeholders should be able to monitor occupancy trends, guest demographics, market position, and channel profitability.

A next-generation PMS comes equipped with a large number of standard dashboards that should meet the day-to-day performance management requirements of most independent hoteliers. Some reports are simple and straightforward. A good example is a housekeeping report that provides information related to the last cleaning date, occupancy and housekeeping statuses, and, for reserved and occupied rooms, information about guests such as reservation number, arrival date, departure date and time, and number of guests. Another example is a revenue dashboard, providing insights into pre-arrival and on-property incremental revenue generation, including room upgrades and non-room products and services. This type of report can have a direct impact on a hotel's revenue management and marketing strategies.

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Percent of hoteliers who currently use BI analytical tools as their primary source of reporting data for evaluating performance and productivity; 31% use manual spreadsheets



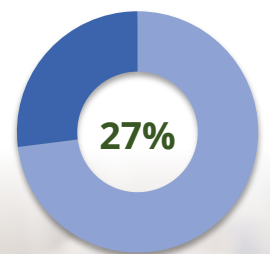
Case in Point: Group Sales and Function Space

Independent hoteliers with function space for hosting business and family-related events need a technology platform that allows them to drive centralized and optimized group sales operations. The sales team needs to know at a glance how function space inventory ties into the broader guest rooms inventory and current availability for any given date. And because function space inventory, like guest room inventory, is subject to constant change, the solution needs to interface with the PMS and other technologies in a seamless and, preferably, real-time fashion.

Today many hoteliers continue to rely on general-use software and/or manual processes to run their function space business, which can account for a sizable percentage of their overall revenue. The results tend to be suboptimal at best. This is true even of legacy event management tools, which are likely to lack many of the key features that one might expect of a modern-day group sales and event management platform.

Here, again, data integration is a prerequisite for success. Group sales teams need fast, accurate and detailed information related to not only function space availability, but, also, guest rooms availability, menu, package and pricing options and more. This explains why more than a quarter (27 percent) of independent hoteliers view the need to improve group sales and event function space management as a “high priority” IT investment / focus area over the next 12 months.

Group sales teams need fast, accurate and detailed information.



Percent of hoteliers who view the need to improve their group sales and event management capabilities as a high-priority IT investment area over the next 12 months

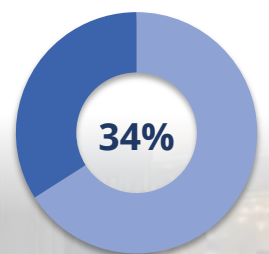
Looking Ahead

Few independent hoteliers could not have predicted the devastation that recently befell their industry. Forward-thinking hoteliers, however, can take measures to ensure that they are better prepared for future uncertainties — and, importantly, that their operations are always running as efficiently and effectively as possible at all times, regardless of market conditions.

That means moving past the confines of a legacy infrastructure and implementing an agile, mobile, data-driven revenue generating technology model that serves as the foundation for hotel operations into the future. With a next-generation PMS, independent hoteliers can turbocharge the guest experience, gain unprecedented staff efficiencies, generate increased revenue and achieve other financial outcomes that were not possible with the monolithic platforms of yesteryear that operate in disparate data siloes, or even newer systems that still lack advanced platform capabilities.

By harnessing the power of a next-generation PMS — one that consists of an open architecture, built-in integration services and open API — hoteliers can centrally connect and share data across all departments, touchpoints, locations (if more than one) and functions. They can minimize operational costs, maximize hotel revenue and deliver superior guest services, frictionless interactions and highly personalized experiences.

Today, independent hoteliers can turbocharge the guest experience, gain unprecedented staff efficiencies, and generate greater revenue.



Percent of hoteliers who have not yet upgraded their PMS to a cloud platform that intend to do so within the next 12 months





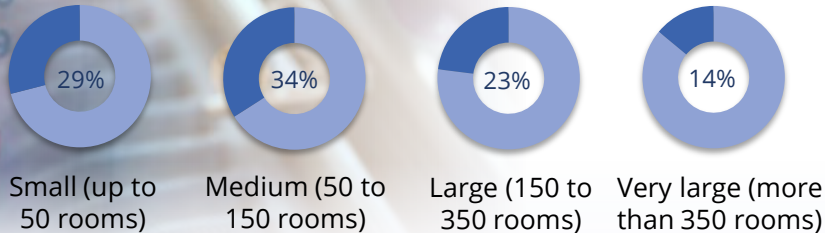
Research Notes

From November 2021 to February 2022, Starfleet Research conducted an online survey consisting of multiple-choice questions to capture the perspectives of executives, managers and staff at independent hotels, resorts and other lodging properties. Some of the research findings are highlighted in this publication. A total of 384 qualified survey respondents participated.

Geographic location of survey respondents



Hotel sizes (across all categories) of survey respondents



About Starfleet Research

Starfleet Research, the IT market research arm of Starfleet Media, provides in-depth perspectives and insights into the hospitality technology. Each year, our Smart Decision Guides benchmark best practices in technology-enabled business initiatives across thousands of hotels and restaurants. We also publish *Hotel Technology News* and *Restaurant Technology News*, which are leading sources of insights and information. Tens of thousands of senior executives read our premium content assets to gain actionable insights and make smarter business decisions.

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About Oracle Hospitality

With more than 40 years of experience and a track record of pioneering industry-specific technology solutions for hotels and resorts, casinos, and cruise lines, Oracle can enhance every facet of hospitality business, including revenue generation, simplifying work for staff, driving efficiency in front-office and back-office operations, and enabling exceptional experiences for guests. Our array of business applications, cloud services, and hardware allow hospitality operators to gain data insights across the entire guest journey, elevate operations and service, and rapidly incorporate innovations to meet new consumer demands – all with the peace of mind of unparalleled data protection.

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