



High-Touch Service in the No-Touch Era

Guest messaging technology has the potential to accelerate the recovery of hospitality out of COVID-19

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Economic shocks rarely pass without leaving a notable impact on the adoption of new technology innovations. Although not an occurrence that the tech leaders in Silicon Valley often like to discuss, the reality of economic downturn is that when money is in short supply, consumers realize what services they truly cannot live without and what was just a fad (or a “nice to have”). Rentable scooters, virtual reality headsets, and Fitbits are potential candidates for the dustbin of human invention coming out of this economic cycle. All of these innovations are fun, intriguing, shiny and exciting. However, the flashiness of each of these will wear off when the behaviors around them fail to convert into a long-term habit or integrate themselves into everyday life. When funds are tighter, consumers grow more rigorous in their spending and will no longer justify the continued financial burden or investment of time in products and services that are non-essential. On the other hand, some technologies end up as unintended beneficiaries of economic disaster, resulting in accelerated adoption due to an even greater relevance in the world that emerges post downturn. This expedited adoption of technology is in response to the needs of the moment but, in turn, cements new behaviors that are woven into our long-term consumer preferences.

There are a couple of obvious industries that are currently in this bucket: hand sanitizers, home cleaners, in-home athletics and video conferencing software. In the hospitality domain, there is one player in particular that emerges: guest engagement through text and messaging, known as “Real-Time Engagement”. Real-Time Engagement (RTE) platforms allow guests to engage with hotel teams using the messaging channels of their choice during their stay including traditional text messaging (what the mobile carriers call “SMS” or short message service), which is still very common in North America, or newer channels such as WhatsApp, WeChat, Apple Business Chat or Google Business Messaging, some of which are widely preferred for international travelers. Along with other contactless technologies like mobile ordering and digital key, the adoption of RTE will likely see a period of exponential expansion from this crisis and become a mainstay in this next economic cycle.

Messaging as a preferred form of communication for many guests has already seen a dramatic growth within the hospitality sector in the last five years. Estimates put penetration for high activity messaging solutions now sit at about 8% of hotels in the US and Canada and under 1% for the rest of the world. In these digitally active properties, a hotel is getting 2 messages per room per week and has over 30% of guests introduced to the technology engaging with the staff during their stay. Although many guests still prefer connecting in person or through traditional channels, about 40% of guests that have not previously engaged or chose to engage less if they don’t have a messaging alternative.

The Three Phases of Covid-19 Recovery

Stepping back for a minute, we see three distinct phases in front of us: “crisis,” “pre-vaccine” and a “new normal.” As an industry, we, almost universally, are currently in the midst of the crisis state and are likely to continue to remain there for another 30-60 days (somewhere around June or July of 2020). What does “crisis state” mean? For most hotels, occupancy will be either closed or remain at below profitable levels and guest stays will be largely related to essential jobs such as first responders in social isolation and truck drivers helping move products across the country. The use cases in all hotels currently in operation largely mimic that of the typical extended-stay guest -- in-room dining, laundry services and luggage storage for short departures between long visits, but often includes more communication around new sanitation processes and elevated amenity usage. Due to the high degree of exposure and the potential to spread the disease for many of these guests, the increased sanitary and logistical demands become even more challenging to support with the reduced staffing required to align costs with limited occupancy and revenues.

As the crisis state subsides, likely some time in June or July, we will all enter the “pre-vaccine” stage of the cycle. The exact length of this stage is still unknown, but most experts think it could last deep into 2021. To put it in perspective, the fastest vaccine ever created in human history was for the Ebola virus, which took five years to engineer. The scope and size of the response mounted by the scientific community targeting a COVID-19 vaccine will certainly accelerate the speed of the discovery, but twelve to eighteen months is in no way out of the realm of possibility. During this phase, guest stay-at-home orders will be more relaxed, but the hotel industry will still struggle to fill a hotel with occupancy levels likely floating around the break-even point. Group business will still be curtailed and home and business budgets will remain tight due to a more anemic economy. Front desk agents and guests will wear masks and physical distancing requirements will see guests spending little to no time loitering in the lobby. **As engagement opportunities decrease, hotel satisfaction scores will drop.**

At long last, we will eventually enter a new normal where a vaccine is widely available and we can return to life pre-COVID-19. Entering this “new normal” will bring along with it the habits and discoveries made out of necessity in prior phases (what many are now referring to as “zoomification” from the heightened use of video meetings like Zoom and Google Hangouts).

Before getting further into what’s going to change in the guest experience, let’s take a moment to talk about what’s not going to change. Jeff Bezos, Founder and CEO of Amazon.com, frequently speaks about the importance of trends that are long-term in nature:

"I very frequently get the question: 'What's going to change in the next 10 years?' And that is a very interesting question; it's a very common one. I almost never get the question: 'What's not going to change in the next 10 years?' And I submit to you that that second question is actually the more important of the two -- because you can build a business strategy around the things that are stable in time."

In line with this thinking, human biology is at the center of human interaction that we will continue to focus on for decades to come, regardless of the changes that are made as a result of the pandemic. There are four primary brain hormones responsible for our happiness: serotonin, dopamine, endorphins and oxytocin. The last one, oxytocin, is the one we in the hospitality industry should care about the most. Oxytocin is released when we connect with other people- friends and strangers alike. We as humans are wired to need and enjoy the human connections we make with those around us and our brain chemistry rewards us with feelings of joy and positivity whenever we interact with one another.

Research conducted through our work with many of the largest hotel brands in the world has shown that the opportunity to make human connections is one of the most significant influencers of guest experience as measured by a guest's customer satisfaction rating. **To keep our guests in the "promoter" category, referring to that group of guests that have such a great experience they share it with those that they influence, we need to find ways to create social connections and opportunities to engage.**

This was true before the coronavirus crisis and will only be more important in the years to come when consumers will be inclined to physically avoid unnecessary human contact.

From "Nice-to-Have" to "Need-to-Have"

Early signs in the crisis phase point to guest engagement being much more challenging than what we experienced pre-crisis and those challenges will most likely bleed heavily into the pre-vaccine phase and potentially even into post-vaccine until fear subsides.

As an example, concern for the safety of staff is driving an unprecedented use of facemasks. As Malcolm Gladwell points out in his recent book "Talking to Strangers," we humans are wired to see, read, and absorb the expressions of other participants in a conversation. By covering our expressions more frequently, we are inadvertently hiding these expressions including smiles,

frowns, and the dozens of other expressions made by the 43 muscles in the human face. Lacking visual feedback in a conversation, people naturally lose trust in the interaction and with that the desire to engage. Although it is imperative to the safety of front desk agents to wear masks and that behavior should in no way be discouraged, masks will conceal many expressions of welcomeness and gratitude that are central to great hospitality. **Consciously or not, more guests will walk past the front desk without stopping for casual interactions or to ask questions and digital check-in capabilities will become the new standard for guests focused on social distance, allowing them to bypass the front desk entirely.**

So how do we ensure guest interaction continues when guests are so focused on distance? Some may think that a room phone is a good solution.... Think again. Although there are many states that require room phones by law and they are often a standard channel available to guests, hotel phones pose a new risk: along with the television remote control, the room phone is one of the most germ-laden elements of a hotel room and guests are unlikely to ever touch such a communal object when 275 million people in the US alone have a smartphone in their pocket. As any hotel that still does room callbacks will tell you, guests are less likely than ever before to answer the room phone when it rings.

As physical opportunities for engagement decrease as this pandemic continues, the hospitality industry risks falling to the homesharing trend that has already become such a staple threat to the industry. Among other things, AirBnB has a substantial cost advantage to traditional hotels that is impossible for those hotels to match, even at full occupancy. What hotels offer that those such as AirBNB or VRBO are missing is the investment they make in people and the service levels that they can attain by having around-the-clock attentive professionals to take care of guests. Hilton Worldwide's CEO, Christopher Nasetta, "we're in the business of people taking care of people." Nasetta knows -- as with many other hospitality leaders -- that personalized, human-to-human interaction is central to building brand loyalty and fending off digital substitutes that don't have trained teams attending to their guests.

As this pandemic continues to unfold, leaders in the hospitality industry should focus their energy on how to deliver excellent customer service in a world where they may never see their guest.

Digital Messaging at the Center of Service

Through an analysis of years of digital hotel conversations and over 200 million messages, the reasons why messaging has already been a growing industry but will now be a new standard become apparent. At first glance, it may seem like a text-based conversation wouldn't be any different than a phone or in-person chat. However, we've found there are 3 distinct differences that can lead to an even richer conversation for some guest demographics than other pre-existing channels:

- Messaging is “lower friction” and invites guests to interact casually
- A conversation happens at a time and at a pace that is convenient for a guest
- Engagement occurs outside of the traditional locations

Let's explore the first point: Messaging is “lower friction” and invites guests to interact casually. For better or worse, as our world has become increasingly digital people have started to shy away from direct interactions with strangers. Regardless of how you personally feel about that trend, to pretend it doesn't exist would be detrimental to the hospitality industry. The industry is destined to evolve the way hoteliers interact with guests and guests will force those hoteliers to meet them where they are- on their cell phones. Through messaging, guests are offered a sense of anonymity (even if their name and number is associated with the conversation)- there is no face or voice associated with the conversation- and that anonymity drives a freedom to engage. Guests are able to make requests (even of a personal nature) without feeling like they are imposing themselves or becoming a nuisance when asking for help the third, fourth, or fifth time in a stay.

This anonymity also benefits the hotel teams. **It allows consumers to actually express what they really think -- including feedback that a manager needs to hear before a guest goes home and tells the world through a review on Booking.com or TripAdvisor.** Intercepting those emotions and dealing with them while the guest is still on property significantly alters the guest's likeliness to walk away with a positive impression. The good news for hotel team members is that a guest can only put so much emotion into a message: no matter how many exclamation points a guest includes, a message is easier to address than an irate guest standing at the desk and demanding a constructive reaction in the moment.

Secondly, there is significant benefit to allowing guests to engage at their own pace and at the time they choose. Up until now, for a guest to ask a question they needed to figure out how to use the phone in the corner of the room or deal with the uncertainty of how long it will take to get someone on the phone for a relatively simple request. That doesn't sound like a lot, but a large percentage of guests will simply not reach out if the hurdle is too high. **With messaging, guests can reach out**

quickly or even in the midst of doing something else (e.g., sitting in a meeting, eating a meal, etc.) without causing a disruption to their day. As the conversation continues, guests can reply at a pace that integrates into their activities and at their convenience. A conversation that might be a 3 minute phone call might play out over a much longer period of time while the guest attends to other pressing issues.

The third characteristic of messaging that adds a unique layer of interaction is the fact that guests can be mobile when engaging in conversation -- it is, in a sense, "location neutral." Of course, a guest could look up a phone number and call the front desk if needed, but with messaging the number is stored right in the guest's phone and the team is just a text away. **This broadens the service opportunity and provides added moments to engage with guests and makes communication much simpler, especially with business travelers or first responders who are away from the hotel for long periods of time.** Even interactions as simple as scheduling a shuttle pickup are significantly streamlined through the use of text.

Due to these three characteristics, hotels leveraging Kipsu throughout the Covid-19 crisis thus far have seen a 32% increase in guest engagement through messaging.

What Does It Take to Be Successful?

For those who watch the tech world closely, the word "disruptor" is the buzzword of the decade. Many technology companies tout themselves as "disrupting" a traditional industry by fundamentally revolutionizing how that industry operates. Well-known examples of this phenomenon include Uber to the taxi industry and WeWork to the traditional office environment. Within the hospitality industry, this trend typically embodies a "self-service" mentality. The most obvious are the homesharing platforms mentioned earlier, but more subtly are technologies like food-delivery apps that allow guests to bypass in-room dining and sites like TripAdvisor that provide entertainment ideas without ever talking to a hotel team member for a personal recommendation.

Although there is a time and place for these technologies and some have dramatically improved the efficiency of travelers' lives, there is another group of technologies that fits into the industry by being "evolutionary" instead of "revolutionary". **These technologies integrate into the current service model of a hotel to enhance rather than replace the personalized, high-touch service a hotel team provides.** Employed the right way, a technology like messaging highlights the role of the human, reinforces the personal connection between humans, and enables guests to engage more than they would otherwise feel comfortable doing if left up to the phone or walk-ups to the front desk.

Hoteliers that are seeing success with messaging are following a new mindset that is enabling them to be successful with this new technology:

Embrace “Human”

Messaging presents a unique opportunity to express a brand’s personality in a controlled, monitorable and consistent way. It’s one thing to have affinity to a brand because of the marketing dollars invested in it to stand for something. Cleanliness, value, and quality are all characteristics that can be developed in the mind of the guest after lots of advertising. Human connections, on the other hands, are more lasting. It’s invaluable to brand for guests to think they have a team member at their fingertips for whatever they may need.

Although guest service team members often need to adjust thinking around messaging to make a team’s voice slightly more professional than how one typically messages with friends and family, hotels have had great success keeping digital communication very human- using a guest’s name and using colloquial language in responses. Ultimately, guests get to know the individuals they are engaging and interacting with.

Appreciate the New Found Opportunities in the Digital Channel

Digital communication allows for substantial opportunities to dramatically alter and improve the traditional hotel engagement model. In some ways, a digital connection acts as a gateway to a richer in-person relationship. By reducing the friction to engage at the start, the conversation is initiated in a low-risk environment. Then, when team members ultimately do see the guest in person, the groundwork is already laid to engage in rich in-person conversation and build a deeper relationship.

Just as luxury hotels maintain a high staff-to-guest ratio to ensure that guests have easy access and personalized care, messaging provides a way for team members to provide high-touch service, at scale. In the past, having more staff increased the chance that they would know the personal details about each guest. That advantage, however, is really only available to hotels that have a high enough daily rate to hire extensively. Real-time engagement platforms build a profile with each guest by capturing the interactions between that guest and all staff members -- creating an “institutional memory” shared by the team -- providing more opportunities to anticipate a guest’s specific needs, personalize the experience and create the kind of “wow” experiences guests share with the rest of the world.

In addition, by reducing the cost of entry to engage, guests are more likely to build a relationship with staff members beyond simple, transactional interactions. Imagine a guest starts by asking for a list of off-property dining options. That conversation drifts into a discussion of the guest's dietary preferences, oftentimes with a bit of humor thrown in. Finally, the guest circles back and shares pictures of the meal for the restaurant they were recommended. Now imagine that all of that info is stored so that the next time the guest checks-in the hotel team (regardless if they witnessed the first exchange or not) can recommend the same restaurant or something different based on the guest's preference. In the past, many of your guests that fit this profile would just have gone hunting on their own on Google Maps or Yelp; now the guest team is more engaged with this 40% portion of your guests that just didn't ask before.

From a staff perspective, messaging with the guest enables them to be operating at their best. In the nursing profession, they have a phrase called "operating top of license," which means maximizing the amount of time doing tasks that really take advantage of their training. The same is true in hospitality: providing the opportunity to do the tasks that seals the long-term relationship with a guest leverages the human capabilities not easily replicated by computers and honors the part of the job that most service members were called to do when joining the profession.

Poised for Growth

The context we have enjoyed for over a decade since the Great Recession has changed. Fortunately, we now have solutions that can help us overcome and even excel to greater levels as we overcome COVID-19. We have the opportunity to come out of this crisis ahead of where we started by putting the guest at the center of the experience by embracing technologies like messaging that build on our historical strengths.

About the Authors

Christopher Smith and Eva Dixon help lead Kipsu, the market leader in guest messaging solution and pioneer of the Real-Time Engagement software solution category. Today, Kipsu serves most of the major hotel brands worldwide and

operates in thousands of hotels in 45 countries, facilitating nearly 150 million messages through SMS, Live Web Chat, Social Messengers, and In-App Messengers. For more information about Kipsu, visit www.kipsu.com.