

CASE STUDY

Frontier Helps International Hotel Chain

Create New Revenue Via Next Generation Entertainment Within Hotel Rooms

background

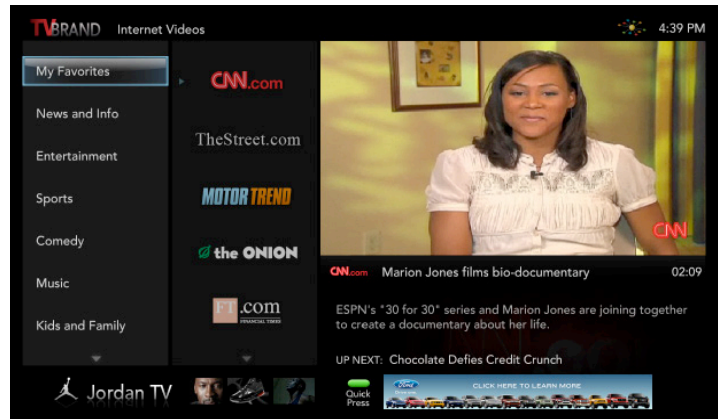
An international hotel chain was exploring the next generation service offering for in-room entertainment at their mid-priced hotels. While the company had hundreds of thousands of rooms worldwide, the particular service level hotels under study had no restaurant/room service, were in the non-luxury, mid-price range and had an average occupancy rate of 52%. Just like the roadside signs that used to proclaim “Air Conditioned!” in the 1960s, or “Cable TV” in the 80s, the company was looking for the next new advantage. A senior executive of the company heard about Frontier Service Design’s approach to uncovering new services and was intrigued.

When he visited the Frontier offices he spoke knowledgeably about the changing dynamics with regard to his guests’ use of the Internet, cellphones, smartphones and laptops. He knew that his global hospitality company needed to understand and implement the best combination of technology and service, to increase occupancy and stand out from the competition.

uncovering the opportunity

One of Frontier Service Design’s key differentiating factors is the company’s unwavering commitment to staying abreast, and ahead, of technology trends. To that end, the company had been at the 2008 Consumer Electronics show and had the opportunity to meet with a variety of companies touting the next generation of connected, Internet-enabled HDTVs, as well as a few of the Japanese and Korean manufacturers who would be incorporating such technology into their next generation HDTVs.

Frontier’s trend-watching had also focused in on the explosion of Internet video. These two trends in consumer viewing led us to recommend an alternative to the hotel chain’s two-device (a PC and an HDTV-TV) solution. Why not, suggested Frontier, install a single Internet connected HDTVs in the guest rooms and enable the guests to:



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- ▶ View internet video in addition to regular TV, movies and adult content.
- ▶ Order food from local restaurants for delivery to the room.
- ▶ Order selected merchandise from the comfort of the room.

Guests could do all this from the comfort of their king-sized big bed via a large 42 inch high resolution screen, rather than squinting at a laptop or tiny cellphone.

Frontier researched, vetted and recommended a connected TV supplier who had created highly specialized embedded software for the consumer electronics industry. Other key advantages of this supplier were that they could manage all content from a central platform, allowing individualized content to appear in different geographies, as well as an integrated advertising platform.

project deliverables

The hotel chain was immediately enthusiastic after seeing a demo of the technology and a decision was made to prototype the technology for a pilot test in twelve hotel rooms. Frontier Service Design created the following deliverables and artifacts for this client:

- ▶ **Guest Personas:** This provided a lively description of the typical guests (Woopies, etc.) that would reside in these particular hotels was provided to the client. While the details of who resides in their hotels was very well understood by the client, Frontier's use of photos, and the lively personalized descriptions of the retired couple, the single female executive and the 'traveling technician' were extremely well-received.
- ▶ **Hotel Guest Journey Map:** A very detailed look at how the guests engaged with the entire process of staying at the hotel, from check-in through check-out, was provided in visual form. This brought out details not previously considered, such as use of credit cards inside the rooms, versus the front desk. Since most of the hotels are actually franchises, run privately, this journey map process was able to highlight the potential pitfalls involved with providing a technology solution that could not be serviceable by the (franchisee) hotel staff. Recommendations and discussions then ensued pertaining to guest services and how to provide them efficiently.
- ▶ **Ethnographic Research:** Early in the process, an in-person survey of typical guests helped clarify some of the perception barriers held by the hotel (i.e. "These guys don't carry laptops.") Later in the process, the detailed questions included in the pilot would crystallize those early assumptions.
- ▶ **Business Modeling:** Interactive spreadsheets were developed and provided to the client which outlined various pricing possibilities and revenue results. Frontier recognized that the deliverables needed to include clear, easy-to-digest materials designed for the "internal sell" - the meetings that our client, would have internally at corporate headquarters to obtain buy-in on the project.

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- ▶ **Advertising Model and Interactive Agency Research:** In the consumer world, an internet enabled TV would enable potential advertisers to know that Joe Smith, at 124 Front Street, Ridgewood, New Jersey, was showing interest in the Volvo S80 because he had just clicked through on a banner ad after seeing that same Volvo in a James Bond Internet video clip. The hospitality model for this technology is slightly different, because the guests are moving in and out of hotels, with an average stay of 1.5 nights. However, Frontier was able to quantify potential for tying this system into the hotel chain's affinity program, allowing guests who checked into different hotels within their chain to be offered advertising that matched their previous interests.

Frontier interviewed different interactive advertising agencies for their viewpoints on pricing, ad types, etc. to level set the clients' knowledge base with regard to potential revenue they could expect from the ads shown on the HDTVs. We helped our client understand that this advertising model was so new and little understood by even the world of advertising that initially, revenues would be far less than they had anticipated, until the advertising model could be proven, i.e. the hotel chain could guarantee a certain number of "eyeballs" on those ads.

- ▶ **Customized Prototype:** Produced for the pilot test, this prototype showcased the customized screens developed for the hotel chain, and incorporated a national pizza chain's interface, (relationship nurtured and developed by Frontier), Internet videos, and sports merchandise aligned with the geography where the pilot was being conducted. All of this was in an incredibly easy to use, intuitive format, navigated via a simple remote. The prototype was also provided on a laptop for the use of the client during strategy sessions internally.

solution

The tools of service design - journey mapping, ethnographic research, prototyping, etc. were of tremendous value to the client, allowing him to clearly illustrate his vision for his peers and the CEO of the company. Ethnographic research and prototyping allowed Frontier to uncover many potential possibilities and roadblocks that the company would have to consider, which, incorporated into the interactive business models, allowed lively discussion and decision making inside the organization.