

Ron Tarro Op-Ed Piece For Hospitality Upgrade Magazine

Sam is kicked back on the bed in your guestroom. He's watching a network rerun on the color TV. When Sam watches network television in your guest room, the cable company makes money, the network makes money, show producers make money, actors make money, and network advertisers make future money. Even the electrical utility company makes money. But you, the hotelier, make no money. For the hotelier, television is a guest amenity. You simply fulfilled a guest expectation. This is surprising. You own something of widely recognized value: a direct customer relationship. Yet you have not leveraged its value in creating a unique guest experience, in building your a brand, or in generating profits.

The hoteliers high-speed guest Internet fortunes are looking increasingly like the TV story. The \$9.95 flat fee for Internet services will slowly fade away as customers "expect" high-speed access. What's left will be profit from the delivered content and services. But hoteliers don't control such content and services. Alas, Internet profits will, like network television, reside outside the hotel or brand. This might be OK if you seek to simplify your operation. But I sense an opportunity lost because I like profitable operations and differentiated guest experiences.

Can a hotelier leverage their property, brand, and guest relationship to participate more profitably in the delivery of Internet content and services? Yes if they choose. Hoteliers and brands can become aggregators of customized guest Internet content and services. They can present Internet golf videos to their guest golfers. They can present online BBQ menus to their beef conventioners. Hoteliers know best how to enhance a guest experience. To accomplish this they don't need technology skills but they do need sufficient control over certain Internet technologies.

Should you build or buy your portal? Wrong question. The question is "what degree of control should you have over your portal content and your guest Internet accounting and billing system?" By the way, there is indeed such a thing as too little control. Two recent articles in Hotel-Online illustrate your strategic risk. Check out <http://www.hotel-online.com/Neo/Trends/SDD/HoteliersBrandSDD.html> and <http://www.hotel-online.com/Neo/Trends/SDD/HoteliersAmenitiesSDD.html>

Controlling the guest's in-room Internet portal. Guest portals are the first Internet browser screen that our guest Sam would see as he accesses the Internet from his guest room. Conventional Internet strategy says that if you control the first Internet screen then you control (or heavily influence) where or what they might do next. Control of this guest portal does not mean you have to build and maintain the portal or even operate its web server (you can hire out for both of those). Control of your guest portal means that you control the presentation of links to other Internet web sites, content, and services. You are the aggregator and presenter of Internet content on your guest's behalf. You are the creator without compromise in creating a guest online experience. Control means that you the hotelier or brand, hold a negotiated contractual relationship with a group of individual Internet-based content providers for purposes of delivery to your guests. By the way, your leverage in those negotiations is the time and attention of your guests because they are a captive audience worth money to advertisers and online media sources.

Control of Internet billing. Billing control means that you the hotelier can authenticate a guest's use of Internet services, capture their activity, analyze it, price it by the day, the byte, the page, or the click, and finally post it, all independent of your Internet bandwidth and content vendors. Today's guestroom telephone sets the right precedent. You buy bulk phone service from the phone company and you resell that phone service to guests using a call accounting system. That system allows you complete control of pricing policy. Today, there are guest Internet accounting products (frequently called **communications accounting** products) that will bill for guest Internet use (right down to each web site they access). Such products reside at your property's gateway to the Internet and act like a toll booth for guest Internet activity. You bill at the information super-highway's on-ramp. With such tools you collect and share revenue with your Internet vendors. They don't share revenue with you. You need control of this sort of tool.

In retrospect, you never had much chance to share in network television revenue. But times and technology have changed. In-room guest portal control provides hoteliers, brands and management companies an opportunity to create highly customized and differentiated online guest experiences. Hoteliers can integrate “clicks and mortar” (as the “digerati” of Silicon Valley describe the combination of internet and traditional businesses). Sam today watches the same TV programming and the same in-room movies in every hotel in the United States. Increasingly Sam could stay at your property in part because he thought your in-room online content was better (or at least different) than other hotels. As Internet usage begins to absorb more time from each traveler’s evening, profit will be found by someone, somewhere. Will you have sufficient control of your infrastructure to insure its you?

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