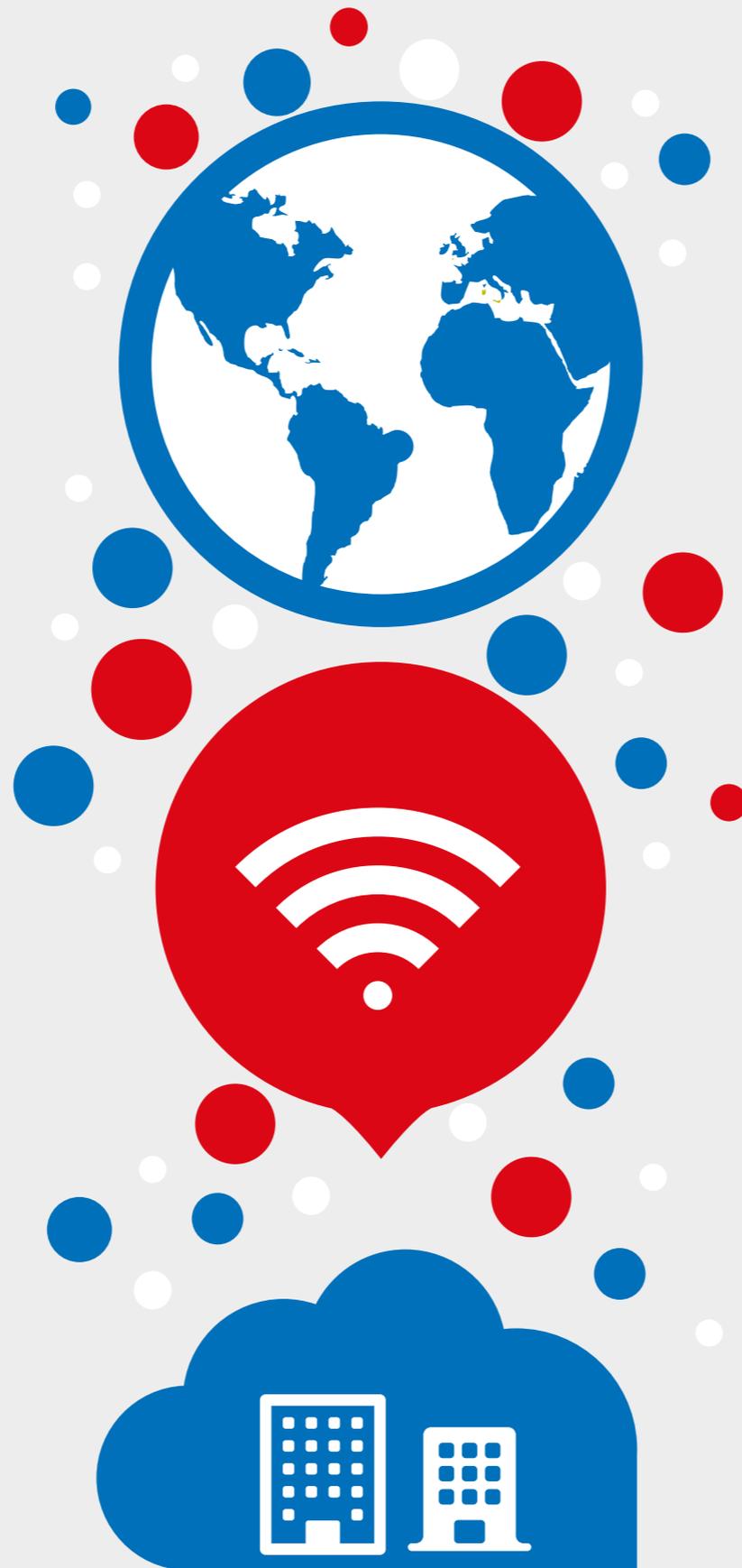


The Growing Importance of WiFi in Hotels

Assessing Readiness
For Meeting Customer
Expectations



Survey conducted by IDG Connect on behalf of Motorola

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Hotels are Starting to Realise the Value of Free WiFi



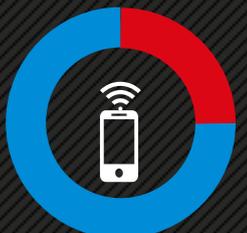
Surprisingly, just 58% believe guests want a secure network



The majority of hotels do already offer free WiFi in public areas



73% believe availability of free WiFi increases bookings



1/4 haven't yet considered how to use WiFi to deliver mobile services for higher customer satisfaction and great operational efficiency



43% of hotels are still offering cabled internet services (cable and wireless 42%, cable only 1% and WiFi 57%)

Yet 84% believe reputation for good wireless service affects new and repeat business

84%

Who Did We Ask?

With the rise of TripAdvisor, travel blogs and other opportunities to vent frustrations and satisfaction on their experiences, it's clear that hotel guests are becoming exacting in their requirements. When they enjoy good service they will probably speak out. When they are unhappy, they are even more likely to share their thoughts and opinions openly and publicly.

There have been many surveys and reports on trends in customer demands, but little to show how hotels are addressing the challenge.

In this report we want to redress that balance. We set out to discover specifically if hotels understand the growing demand from travellers – both business and leisure – to be always connected to people, entertainment and business over the internet.

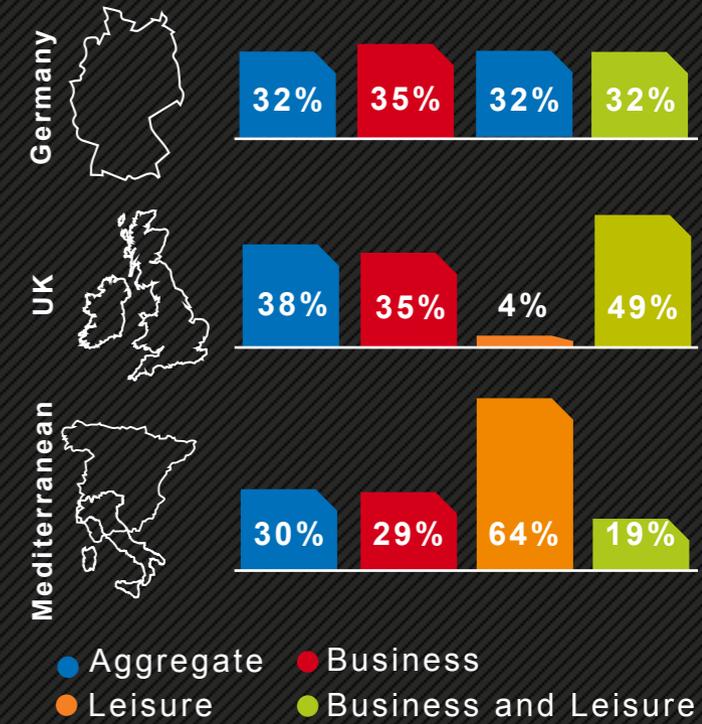
We had important questions that we wanted to ask. Do hotels believe in the value of wireless internet access? How are they delivering that access and where? Do they charge for access or believe that free wireless increases customer satisfaction? And have they considered how a wireless network within the hotel could be the building block for new revenue-generating services and an opportunity to increase operational efficiency?

In a highly competitive global industry faced with a long-running economic downturn, hotels need to understand how they can maintain or increase revenues through better occupancy rates. That entails addressing guest priorities, and considering how to differentiate their services to win new and repeat business.

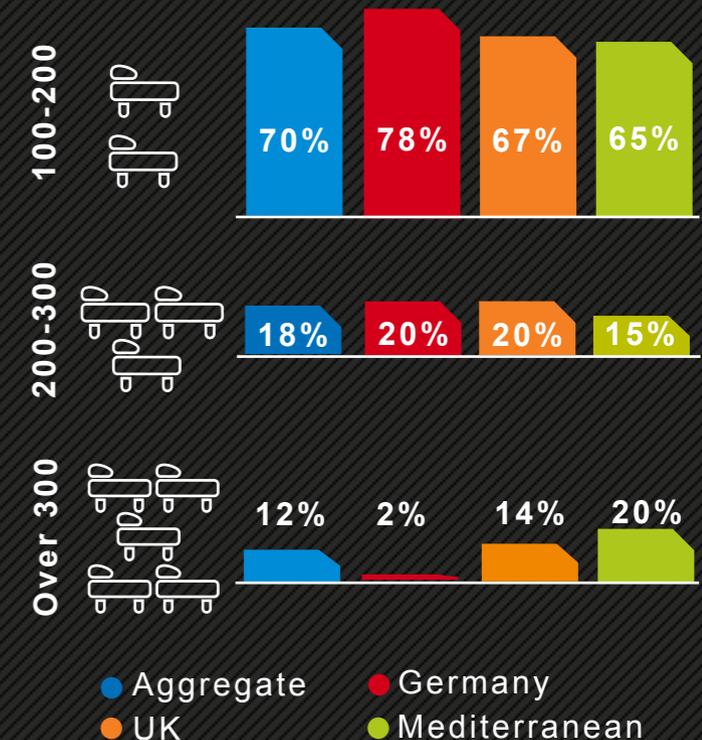
In August 2013 we talked to decision-makers employed by hotel companies across Europe that averaged over 100 guest beds in each of their locations. The companies were based in the UK (51), Germany (42), France (21), Italy (11) and Spain (8).

On average, half of all guests of the hotels we talked to were business guests and half leisure guests (48% vs. 52%). In Mediterranean countries (France, Italy and Spain) the percentage of leisure guests is higher than in the UK or Germany (61% vs. 46% and 50%).

Respondent by Country



Respondents by Number of Bedrooms



Do You Believe WiFi is Important to Your Business?

We asked hotels two questions: Do you believe that free wifi increases bookings and do you believe that a reputation for good wifi is important?

It's good to find that generally hotels do recognise the value of free wifi. A total of 73% said they believed that offering free wifi increases bookings and this view is particularly widespread in the Mediterranean countries (88%). More German respondents thought that free wifi does not increase bookings than those from the UK or Mediterranean countries (29% vs. 12% and 10%). Again, it's German respondents who had no clear opinion on the subject – 17% against 12% in the UK and 3% in Mediterranean countries.

Second, almost half of respondents see reputation for a good wifi service as vital and agree that people will stay away if they don't offer the wifi experience that they want. Altogether over four-fifths consider reputation for good wifi to be vital or important for both new and repeat business. Only a very small number thought that good wifi was irrelevant.

Those beliefs are in line with research into guest expectations and values. Surveys of travellers have shown that lack of wifi will actually lose business for a hotel. A report from Forrester Consulting discovered that more than 90% of business travellers wanted wifi in their room, and for a third it was a deal breaker – without it they would not return. According to research by the International Hilton Group, lack of internet connection is the biggest stress factor for business travellers – above and beyond difficult transport links or a noisy location.

Business travellers are also demanding services that put heavy pressure on networks – video conferencing; using VoIP on their mobile/laptop; saving on mobile roaming

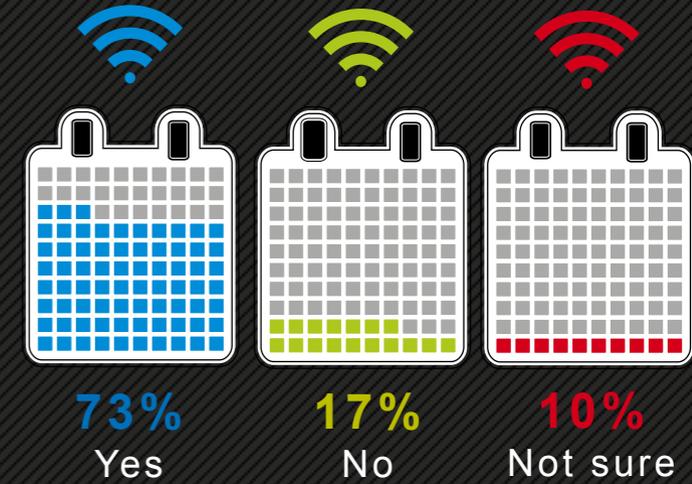
charges; and access to applications and data in the cloud.

Leisure travellers also want to stay connected to the web, social media, games and entertainment. Recent research by @TwitterAdsUK found that three-quarters of Britons keep tweeting while they're on holiday, while 85% of Spanish holiday makers take Twitter with them on vacation.

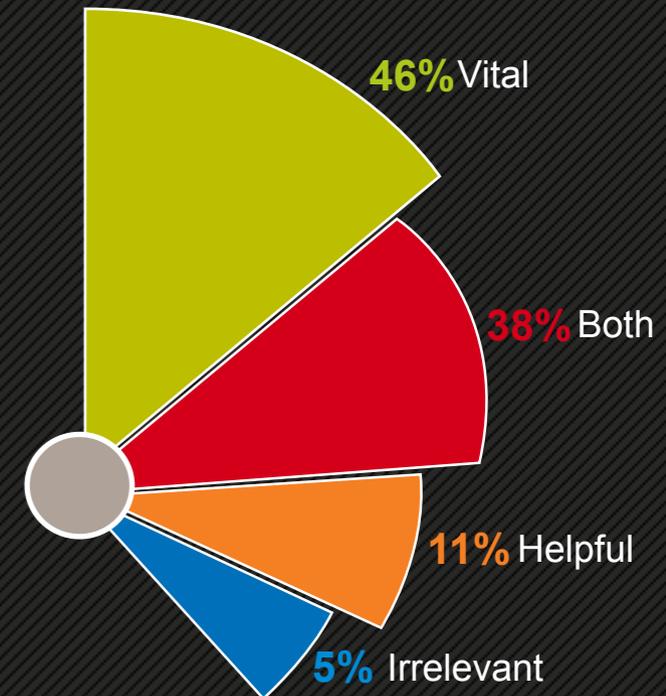
Have your customers commented on your wifi service? Do you know if they are happy or dissatisfied? If your levels of repeat business are below par, have you considered whether lack of a high-quality, easy-to-access wifi service could be at least partly responsible?

If you do think your wifi service is a problem, do you have plans to rectify the issue?

Hotels strongly believe free WiFi does increase bookings



Hotels suggest a reputation for good WiFi is important



Are Your Internet Services Up To the Challenge?

We wanted to know if hotels are really taking their internet provision seriously as a tool to increase customer satisfaction and bookings. To do that, we asked them how they are currently providing internet access. For those offering wifi, we asked what they thought of the price they paid to suppliers to provide this service.

A significant number of hotels are still providing internet services through cable together with wifi. That concerns us because cable is so limited. It doesn't support the significant community of Apple users, for example. Cable is also far less flexible – requiring fixed points and limiting the number of devices that one room can support. If hotels are serious about providing a good internet service that meets the demands of as many guests as possible, it has to be wireless.

Of those who are already providing wifi, two-thirds think the cost to the business is a fair price or even inexpensive. Another 11% believe it is expensive but justified.

For those who believe it is somewhat more expensive than desired (12%) or prohibitively expensive (9%), it is worth attempting to calculate the negative cost to the business in terms of bookings and lost revenue of failing to provide good-quality wifi.

On the other hand, the quarter that believe that wifi service is inexpensive may be making false economies by purchasing low-grade technology. While this will deliver wifi, it may not have the performance, scalability and robustness to support customer demand.

Certainly the quality of internet connection remains the top problem experienced by hotel guests, according to a recent survey by JD Power. The survey found that of the 20% of guests who reported a problem with their hotel stay, nearly a third reported a problem with the internet.

Our own research, carried out with Forrester Consulting, shows that many hotels are aware of the problem. They told our researchers that they believe the top challenges they face in offering wifi services are:

Guests complaining they can't log on with multiple devices

Guests struggling to log on or use wifi at all
Complaints about erratic service or a poor user experience

That all adds up to poor quality wifi, and the problem can only grow as guests become used to being able to use their mobile devices to download films, manage their viewing, order services and even control the room environment, as well the more traditional purposes of email, web, social and gaming.

Hotels currently manage and support their wifi networks through a mix of internal and external providers. 26% support internal and 21% use both internal and external expertise. Those who have chosen the external route for a wholly hosted package will typically have to charge per user/per device for wireless usage, as determined by the provider, and will not necessarily have much control over pricing structures.

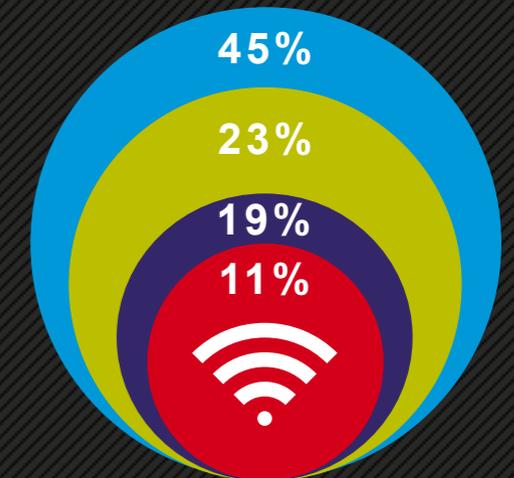
Can the service you provide now cope with growing demands? Do you have enough IP addresses? Have you put enough investment into routers and internet pipes to carry the load? Is it time to review and/or consider refreshing your wireless infrastructure?

How hotels deliver internet today



- WiFi only 57%
- WiFi and cable 42%
- Cable only 1%

A reputation for good WiFi is important say hotels



- Inexpensive 23%
- At a fair price 45%
- Expensive but justified 11%
- Expensive 19%

How Do You Currently Charge for Internet Use?

Hotels have to invest in wifi in order to make it available to customers. We wanted to know whether they then wanted to charge guests to use the wifi, or offered it free as part of the overall service.

We found that while the majority of hotels offer free wireless access at least in public areas (68%), there are many who are charging in a variety of ways. A quarter make a standard charge throughout the hotel, and this option is more popular in the UK (33%) than in Germany (17%) or the Mediterranean countries (20%). A significant minority (13%) offer free wifi in bedrooms only.

Very few charge for all usage (2%). Slightly more offer free wifi for a limited time and then charge (8%), and this option is relatively more favoured in Germany (17%) than in the UK (6%) or the Mediterranean countries (3%).

When it comes to acknowledging that many guests bring multiple devices, such as phones, laptops, tablet and e-readers, it's encouraging to see that 58% of hotels still offer wifi as a free service regardless of number of devices. However, a fifth of hotels do charge for extra devices, which will negatively affect a growing number of both business and leisure guests.

Research shows that guests increasingly expect high-quality wifi for multiple devices – free of charge. The number and range of devices that each traveller wants to use is growing too. Lodging magazine says that 55% of business travellers are now taking three or four devices on the road. Forrester reports that 83% of travellers are checking in with smartphones and laptops, and even 30% of recreational travellers are taking a gaming system with them. A survey on behalf of Lastminute.com discovered that 27% of UK holidaymakers would refuse to stay in a hotel that did not offer free wifi. It was considered more important than luxuriousness of accommodation. And it had to be high quality.

With free, high-quality wifi so high on the list of priorities for travellers, hotels risk losing bookings by not offering guests the service they want. While it's tempting to charge for wifi as a revenue generator, or at least to cover costs, it's worth bearing in mind that for any hotel charging for wifi, there may be a café round the corner offering extremely good service free of charge. Guests are not a captive market for wifi and will choose hotels that offer what they want.

Some charge for WiFi

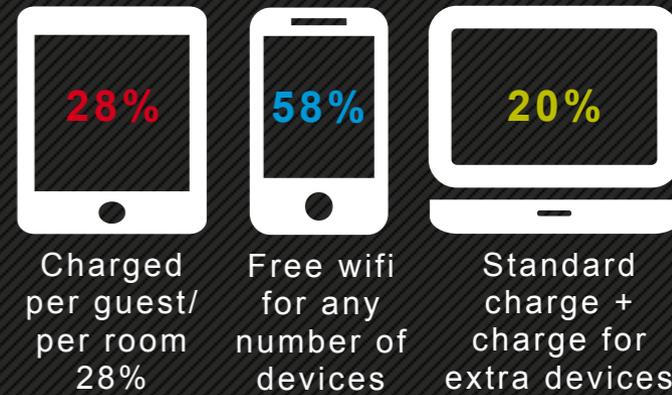


- Standard charge throughout hotel
- Charged in public areas
- Charge based on usage time
- Free for limited time and then chargeable
- Tiered packages for various bedroom access levels

Free or charges? Many hotels offer free WiFi:



Hotels have differing policies for managing multiple devices



Are Your WiFi Services Secure Enough?

We wanted to know if hotels understand the importance of secure internet access for their guests.

An astonishing 20% of hotels believe that guests don't need secure access to wifi, or don't know what their customers need. We find this hugely worrying when you consider the reasons that guests go online and the very real threat of attacks from criminals aiming to steal identities and personal/business information.

It's not just about banking. Any business traveller wanting to access corporate information ideally needs a level of security that matches the protection afforded by their own company security systems. They need to be able to protect both competitive data and information about people within the organisation.

Individuals need their identity protected too – names, emails and passwords are easily stolen by professional hackers. Good security could also add extra protection for guests against annoying spam.

With the growth of bring-your-own-device in organisations, a device infected while travelling could bring issues back to the business, with catastrophic results.

While guests will have a certain level of security provided by software on their devices, it is vitally important that the hotel wifi network affords further, deeper defences. Hotels should be looking at their own wifi networks and those supplied by third parties to assess whether they are up to the task.

Guests who discover that their devices have been compromised because a hotel's security let attackers in will ensure that they, their colleagues and their contacts do not return.

What do hotels believe customers want?



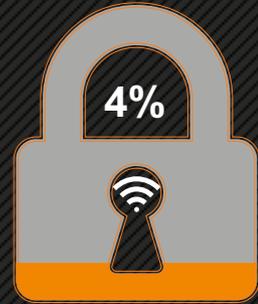
Secure Network



Limited Security



No Security



Don't Know

How Can You Use Mobile Services to Stay Competitive?

While wifi may need to be a free service, one of its benefits to hotels is in the potential to use it both to provide guests with a more personalised experience and to improve the operational efficiency of the hotel. We picked out a few examples of how this could work and asked our respondents whether they already provided these services or had plans to do so.

No more than a third of our respondents had considered guest services such as sending special offers for their stay directly to the mobiles or using mobile devices to facilitate check in.

Again, less than a third of respondents had considered using mobile devices for two-way communications with staff, or for managing or monitoring work or tasks.

26% had no plans to leverage their wireless network in this way at all.

We truly believe that hotels are missing a trick here. Value-added services are the way forward for increasing competitiveness by offering mobile services via the wireless network. It's a great opportunity, and the potential is tremendous.

Hotels could, for example:

- Engage guests from the moment a room is booked through arrival and every moment of their stay right up to check out. By constantly keeping in contact in a two-way conversation hotels have the opportunity to build a relationship with the guest, answer their needs, and upsell or cross-sell more services
- Enable fast check in and check out at kiosks or other locations around the hotel, or even through guest mobile devices before they've even stepped through the door. And once they're in, GPS applications could even

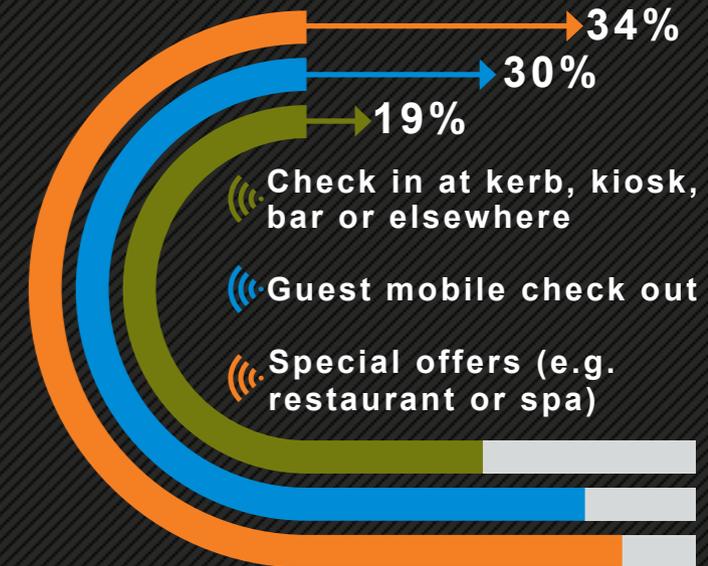
guide them to their rooms. While personal service is always appreciated, mobile-driven applications offer a middle way for busy hotel reception desks.

- Provide table-side ordering in the serving areas via mobile devices
- Send personalised voucher offers to guest devices for the restaurant or other hotel services
- Manage their workforce in real time, ensuring fast response to requests for cleaning, maintenance or room services via voice or text communications

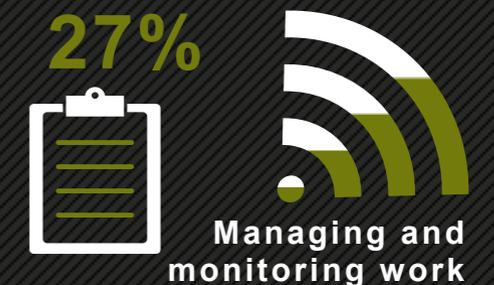
By providing higher service levels, hotels can improve the guest experience, leading to more repeat bookings and an enhanced reputation. Making personalised offers via mobile devices not only improves guest satisfaction but provides increased revenue opportunities.

On the operational side, hotels can manage more effectively, reduce their administrative overhead, and improve staff utilisation.

Hotels offer or plan to offer guest mobile services via wifi



Hotels plan to use WiFi in the business





It's clear that there are pitfalls and opportunities in providing wireless internet for hotel guests.

Guests expect high-quality, secure and fast wifi services, and they do not believe that they should pay for that service.

Failure to deliver could lose hotels business. Yet our research shows that a significant number of hotels are yet to understand the importance of providing the performance and security that both business and leisure travellers need, without charge. Hotels need to look at their wireless infrastructures and consider whether they are robust enough to deliver services to an increasing number of guests with multiple mobile devices throughout the hotel.

They should also be revisiting their view on whether wireless provision is a cost that should be passed on to guests, or an investment that can generate revenues through repeat bookings and value-added services.

The research also shows that there are hotels which already understand what they need to do to meet guest demands and drive revenues. Are you ready to do the same?

Find out more

For more information on how a professional wifi system can benefit your business or to download papers on how to stay competitive visit:

<http://www.motorolasolutions.com/XU-EN/Business+Solutions/Industry+Solutions/Hospitality>

