

2024

The Fast-Forward Tech Stack for 2024

The Hotel Yearbook Technology 2024

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Stay the same or finally become guest centric!

Data & Security

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Synopsis

Hotels lag behind successful data companies like Alphabet, Booking, or Airbnb because they haven't fully leveraged customer data in their IT strategies. To increase their value, hotel companies need to focus on creating a central "Golden Record" of their guests, similar to data-driven companies. This requires shifting to a central data management (CDM) or central data platform (CDP) system instead of the traditional, siloed approach, which involves separate profiles in different systems. This guest-centric approach not only ensures compliance with privacy laws but also improves sales, marketing, customer service, and budget allocation, thereby driving success.

IT IS ALL ABOUT DATA!

When we look at the value of successful data companies like Alphabet, Booking or Airbnb, we must realize that no hotel company is part of the list. But why? Hotel tech covers the full customer journey but obviously hotels are not able to drive value out of their existing IT-stack and the massive amount of available customer data.

The answer is not hard to give when you compare the IT-strategy of data driven companies and hotels, no matter if we look on group or an individual level. Data driven companies' key element is the central profile, the so-called golden record. They know everything about their customers and can use this centrally available knowledge for their own success by providing individualized services and products at all touchpoints along the customer journey.

Hotel companies IT-strategy is built around their loyalty programs, their CRS or PMS, but no one really focusses on the guest! CEO's must understand that to increase the value of a company, the guest must be the key element of their doing. "The Golden Record", managed centrally above all systems along the customer journey is the key to success. What is needed is a project of change in which neither the PMS, nor the CRS, nor loyalty is the key element. All these pre-mentioned systems have existed for decades and have one thing in common: they are not able to solve the challenges of our big data world and cannot manage a Central Profile.

A revolution is necessary, like 40 years ago when the PMS replaced pinboards to manage reservations. The solution is a CDM (Central Data Management) or CDP (Central Data Platform) or in other words a "real CRM" (Customer Relationship Management) application. Talking about CRM, I don't mean marketing. This is one of the biggest mistakes of our industry. CRM is NOT a marketing application, marketing is just a part of a real CRM solution, besides the much bigger aspects of CRO (operations) and CRA (analytics).

To create and maintain a central profile with data from multiple sources in real-time, a CDM / CDP must offer complex DQM (Data Quality Management) processes. But it is important to understand, that the new system cannot be yet another new data silo. The CDM must be able to push back all-important information to all connected and relevant systems.

A guest-centric IT stack is a completely different approach to what hotels have in place today.

Instead of fixing problems in the different departments like Sales, Marketing, F&B, Finance or Housekeeping with more-or-less unconnected silo systems, the question now is, how to connect a new system to a guest-centric IT-stack?

Another question is, where to start? I recommend starting with the creation of the Central Profile. The CDM solution must be the key element and all other systems must have a good connection. Good today means, 2-way interfaces which work in real-time. Does this sound normal? Not in our industry. So be cautious when building your new IT-stack and take a close look at the details. Everything stays and falls with the data flows. Data must flow in your new IT-stack like the blood which circulates in a healthy body. It is not good to have dead ends, like a blood congestion, or amorism in your IT environment. Connectivity with state-of-the art interfaces is key and an open-API strategy should be standard as well. This means, that third party vendors get easy access to the centrally managed data, which gives the highest level of flexibility and the option to build integrations at low cost.

It must be clear that systems connecting to the CDM should not manage separate guest profiles. They should act like a sub-system using the crucial information. The fewer profiles you have in different systems, the better. Best case scenario is that connected systems do not create separate profiles at all. Why should a booking engine or a hotel app create extra guest profiles? Such systems should use the central CDM profile instead.

An important side effect of acting that way is that it is much easier for companies to cover the different privacy laws and become technically compliant. Only if all systems are part of a connected eco-system with a central profile as its key element, companies can manage consumer requests adequately. Deletion, transfer, or information requests, the fundamental consumer rights in all privacy laws, can only be managed correctly in a CDM environment. Looking at the status of hotel IT-environment with the PMS or CRS as the key element, I conclude that about 99.9% of all hotel companies are not able to even process such requests. This is not a problem if the authorities or the press further on closes their eyes and consumers do not start to sue hotels. But it is not a question that more likely sooner than later, this situation will change. And please don't say, I was not aware of the data mess I had in my company. Every manager should be aware of it!

But why should a company become guest centric, beside the legal aspects? The answer is simple because everything just works better. Your sales and marketing become more individualized the more you know about your customers, your guest recognition and service levels go up significantly, when you know who is staying in front of you and what this specific guest likes or dislikes. Your budget allocation and decision-making processes benefit from a CDM approach as well since you can invest in areas which are important for your key target groups. Forget about TripAdvisor or ORM tools to make budget decisions, use high quality analysis which need the link to a central profile. Without it, it is all about gut feeling, experience but not science.

And think about innovative technologies. Even if AI is not new, but also AI generates better results the cleaner data is available. The existence of a high volume of training data reduces the risk of wrong or questionable results.

Let's summarize: Hotel managers must decide to proceed with their current IT-stack or start a complex change management process to become guest centric. The answer should be clear if I want to stay successful in the future.

A modern IT-stack consists of three key systems, the CDM / CDP at the core, which manages the Golden Record, the CRS to manage distribution and the PMS for transaction purposes. The integration between those three systems is extremely important for the success and therefore, take care of the details. Forget about your IT decisions from the past, start from scratch and you might be able to keep some of your current systems working as part of a new and healthy IT-environment.



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Dr. Michael Toedt is CEO and Founder at **dailypoint**. He is a renowned expert in the field of Big Data and CRM. Michael started his career in his parents' hotel business and the Michelin Star gastronomy. He started his second career in the field of CRM, and in 2005 founded Toedt, Dr. Selk & Coll. GmbH (TS&C). TS&C, today known as **dailypoint**, is recognized as a premiere software company and think tank for data-driven management. In addition to his work at **dailypoint**, Michael Toedt is, among other things, a lecturer at the University of Applied Sciences in Munich, Germany on the topic of "CRM in Tourism" as well as a lecturer at Hotellerie Suisse. He publishes books and professional articles in the field of CRM, Big Data and digitalization regularly. Michael wrote his doctorate on the influence of communication on sales figures in the luxury hotel industry.

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dailypoint™ is the leading Data Management and CRM platform for demanding individual hotels and hotel groups. **dailypoint™** collects data from all relevant sources such as PMS, POS, website, newsletter or WiFi and automatically creates a central and consolidated guest profile. In 350 steps, the data is processed and enriched by means of artificial intelligence (AI) to create a guest profile never seen before. The cloud-based SAAS solution consists of 16 modules and is complemented by the **dailypoint™** Marketplace with almost 200 solution partners. **dailypoint™** not only offers measurable marketing but also covers the entire customer journey and thus supports all departments within a hotel. The integrated Privacy Dashboard is also the central element for the technical implementation of the GDPR. **dailypoint™** is headquartered in Munich, Germany, and is sold and supported worldwide directly or through its distribution partners D-EDGE and XNProtel. **dailypoint™** consists of three interrelated areas: the **dailypoint™** Data Management Platform, the CRM & E-Marketing Suite, and Loyalty. Within these three areas **dailypoint™** offers 16 modules: Data Laundry Profile Engine Website Connect Privacy Dashboard (GDPR) Campaign Manager (CRM) Voucher System Loyalty Program Event Calendar Online Reputation Management Wallet Booking Manager Message Center Analytics Smart Wireless Basic Sales Smart Lists