

# **THE POWER OF WIRELESS IN HOSPITALITY**

Insight and practical advice for small to mid-sized venues

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	3
INTRODUCTION: THE LANDSCAPE FOR HOSPITALITY IN 2014 AND BEYOND .....	4
Return to growth .....	4
Your customers today .....	4
MEETING CUSTOMER AND BUSINESS NEEDS IN A CONNECTED WORLD .....	5
The wireless needs of customers: perception vs. reality .....	5
The wireless needs of the business: customer service from anywhere .....	6
What's still holding some venues back? .....	6
What you can do .....	7
WiFi - the key to the future .....	8
CONCLUSION .....	8

### NETGEAR UK Ltd.

Reflex, Cain Road, Bracknell,  
Berkshire RG121HL

**T:** +44 (0) 1344 458200

**E:** [uksales@netgear.com](mailto:uksales@netgear.com)

**Technical support:** 0844 875 4000

Join us at [netgear.co.uk](http://netgear.co.uk)

Find out more at [netgear.co.uk/business/solutions/industry/hospitality](http://netgear.co.uk/business/solutions/industry/hospitality)

## EXECUTIVE SUMMARY

Half of UK adults now own four or more internet-enabled devices, and use at least two of these to connect to WiFi while outside the home<sup>i</sup>. What this means for the hospitality sector is that a growing number of guests are arriving with not one, but several connected devices and expect to connect them all to the Internet. At least one of these devices, most likely the tablet, consumes considerable amounts of bandwidth as it is used to download and play videos, films and games. This has far-reaching implications for the connectivity you offer guests.

In addition, the way hospitality venues are managed is also being transformed by connectivity – leading to significant improvements in customer service efficiency and competitive profitability.

A new study by NETGEAR shows that the overwhelming majority of the UK's small to medium-sized hospitality venues – a group that covers everything from a small family bed and breakfast or café to a major 250-staffed hotel – already appreciate this last point.

Seven in ten regard wireless capability as business-critical, saying that it boosts productivity, improves operational efficiency, enhances customer service, strengthens brand reputation, and benefits recruitment and morale.

However, the study also highlights two significant areas of concern. The first is that hospitality venues seriously underestimate just how much wireless connectivity matters to guests. They believe that the facilities on offer and quality of service are more important and that their guests secretly welcome time offline. They don't. Our study found that faced with poor or non-existent wireless, one in three guests will never return.

The second area of concern is that one in three of the hospitality venues we spoke to has struggled to implement an effective and reliable wireless service – often citing obstacles that can be easily addressed with the right solution.

This short paper outlines some of the research findings in more detail and provides practical guidance for small to mid-sized hospitality venues looking to introduce a wireless network for both staff and visitor use. Networks that are secure, efficient, easy-to-implement and use, provide the foundation for a range of additional customer services.

## INTRODUCTION: THE LANDSCAPE FOR HOSPITALITY IN 2014 AND BEYOND

### RETURN TO GROWTH

THE ECONOMIC LANDSCAPE IN WHICH THE UK'S SMALL TO MID-SIZED HOSPITALITY FIRMS OPERATE IS LOOKING BETTER THAN IT HAS FOR YEARS.

Economic recovery across Europe and the rest of the world is leading to an increase in consumer confidence<sup>ii</sup>, particularly in the UK – driving a rise in consumer spending. The hospitality sector is reaping the benefit:

- According to the ITB<sup>iii</sup> the global hospitality industry is anticipated to grow by around four to five per cent in 2014. In the UK, growth is also re-establishing itself, both in London – where occupancy rates in 2014 are expected to **rise by 1.5% to 82%** – and in other UK regions – **up 1.4% to 71%**.<sup>iv</sup>
- Inbound tourism to the UK continues to show steady growth, up 3% in 2013, with a 4.5% increase in expenditure.<sup>v</sup>
- Spending on business travel is also rising. The Global Business Travel Association (GBTA) anticipates worldwide growth of 8.2% in 2014. Business trips in the UK rose around 10% in 2013, with greater growth expected in 2014, although company travel budgets will remain tight.<sup>vi</sup>

In other words, people and companies are feeling better about life and want to get out there. They want to travel, stay in hotels and eat in restaurants, for work and for pleasure and, increasingly, for both at the same time.

### YOUR CUSTOMERS TODAY

No two customers are exactly the same, but there are a few universal truths that apply to most of these potential guests:

- They are increasingly connected. People today embark on any journey armed with one or more internet-enabled devices, including smartphones, tablets and laptops. The Internet has become a way of life dependency, and this will only increase.
- Work/life balance has given way to the work/life blend, where many people need and even want to stay connected to work during personal time.
- People expect similar standards everywhere they go, regardless of whether that is a global luxury hotel or a boutique bed and breakfast.
- The current top-spending demographic of Generation X is giving way to Generation Y (born between early 1980s and early 2000s), which will account for the majority of hospitality spending over the next five to ten years.<sup>vii</sup>
  - A fifth of these are 33 years old today and entering their peak spending stage, while the youngest 40% have yet to enter the full time workforce.
  - They are generally perceived to be always-connected, demanding, impatient, persistently autobiographical, social, spontaneous decision-makers and undercover critics.
- For all, a visit is not just about the venue, it's about the experience.

These trends have far-reaching implications for small to medium-sized hospitality venues in the UK. In order to compete with larger or international venues, they have to offer customers rewarding experiences that meet rapidly evolving expectations for connectivity; underpinned by continuous improvements in their own operations, productivity and innovation.

**The key to achieving these two different but complementary goals is a strong and resilient IT infrastructure that includes a reliable wireless network.**

## MEETING CUSTOMER AND BUSINESS NEEDS IN A CONNECTED WORLD

To smaller hospitality venues, these overarching trends may seem a world away from the everyday pressures of room occupancy and service, but they are not. They are the global currents that shape the local tides and as such have a direct bearing on your future.

Earlier this year, **NETGEAR spoke to 150 hospitality venues in the UK<sup>viii</sup>** to discover how they perceive the importance of wireless connectivity to guests, and the role of wireless in their own operations. We then went out and asked consumers what they thought.<sup>ix</sup>

**The results reveal a huge gap between the value venues place on WiFi for their own operations, and the value they place on it as a service for guests.**

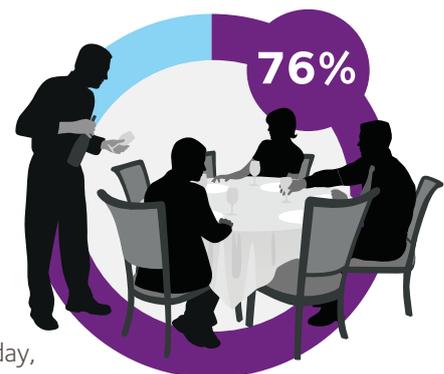
### THE WIRELESS NEEDS OF CUSTOMERS: PERCEPTION VS. REALITY

Our study found that small to medium-sized hospitality venues are dramatically failing to grasp how much a reliable WiFi network matters to guests:

- **76%** of hospitality venues are convinced that their quality of service and facilities are far more important to customers than WiFi.
- **43%** believe customers think poor or non-existent wireless access is a price worth paying for the overall experience on offer.
- **45%** say guests secretly welcome a lack of connectivity.
- **53%** feel visitors need time offline to recharge.

Unfortunately, few visitors agree with them. We asked 2,000 UK adults who had at some stage been confronted by poor or non-existent WiFi while on holiday, whether they had welcomed being offline for a while. Just a quarter said yes.

- Young visitors, in particular, struggled with the lack of wireless access while staying at a hotel, both for personal communications (**29% of those aged under 24**) and for keeping in touch with work (**22% of the same age group**).



These findings are reinforced by other recent surveys that show 31% of UK holiday-makers rate good Internet access above a clean room or a brilliant hotel restaurant<sup>x</sup>; and that one in three customers will stay longer, and one in five will pay more, at a venue that offers reliable WiFi.<sup>xi</sup>

### *The impact of disconnected customers*

Our study reveals that:

- A third of leisure travellers and two-thirds (**67%**) of business guests refuse to return to a venue with unreliable or non-existent WiFi.
- Venues accept that poor WiFi could result in guests complaining during a visit (**29%**) or posting negative online reviews (**23%**).

This could result in a potentially damaging drop in occupancy rates, further compounded by guests abandoning on-site restaurants and cafes for places where they can connect.



## THE WIRELESS NEEDS OF THE BUSINESS: CUSTOMER SERVICE FROM ANYWHERE

Our study found that 70% of small to mid-sized hospitality firms in the UK believe that having their own wireless network in place is now business-critical.

The benefits include:

- The fact that employees can move freely around the venue while staying connected to colleagues and customers. This is making **58%** of venues more productive and improving customer service for **85%**.
- **51%** rely on the wireless network to connect an ever-growing range of employee and company-owned mobile devices to the business.
- **82%** say it is how they keep pace with the competition.
- **72%** believe that not having WiFi makes a venue look old-fashioned.
- **33%** believe it helps them to recruit fresh, new talent into the business.
- Last, but definitely not least, **54% of the firms surveyed say** the introduction of a wireless network has boosted company morale and team building as people can mix freely with colleagues across the workplace.

## WHAT'S STILL HOLDING SOME VENUES BACK?

One in three hospitality venues has struggled to implement an effective and secure wireless service.

- **35%** had considered abandoning all plans after a bad experience with poor network quality and reliability.
- **23%** feared a possible data security risk.
- **20%** were unsure how to introduce wireless into their existing IT infrastructure.

Fortunately these are all areas that can be easily addressed. Installing a robust, secure wireless network is possible regardless of the available budget and IT skills. All it takes are a few simple steps and some practical planning.

## WHAT YOU CAN DO

The following checklist will help small to mid-sized hospitality venues evaluate their wireless needs and choose the solution that works best for them:

- Work out what level of wireless access and bandwidth you need today and in the future – for both the business and guests. This will help you to determine the number, location and spacing of access points across the venue. It's worth asking an experienced wireless service provider to undertake a thorough site survey and provide you with relevant advice and guidance.
  - Do you want strong access in every bedroom, in public areas such as the restaurant and lobby, in conference and meeting rooms and for back office staff?
  - Do you want to provide outdoor coverage, for example, to reach outside leisure facilities?
  - Do you have hard to reach places where power may be an issue? The use of switches with the ability to supply both power and data over one cable (Power over Ethernet) can help you avoid having to ask an electrician to wire more sockets.
  - How many devices – not users – do you expect to connect on a regular basis? Include both work and anticipated guest devices, and consider what kind of data will they be transferring: emails of a few kb each or large multimedia files?
  - Some studies suggest that venues should be preparing for a minimum 1Mb per room access capability.
  - Consider potential causes of signal interference, such as access points placed too close together, the impact of thick walls or restrictions for listed buildings.
- Look for a solution that supports central management of the whole wireless network. It should be able to adjust automatically to accommodate peak periods and dense areas, where demand can fluctuate daily, so that a seamless service is maintained. Ensure that the solution you choose accommodates roaming between access points so that employees and guests don't lose their connection as they move around.
- Decide whether you want the wireless network to integrate with other IT systems, such as billing software.
- Decide whether you want to cap bandwidth for guests – or charge them for additional capacity (bearing in mind that guests increasingly expect wireless access for free, but that bandwidth-heavy video streaming onto tablet computers is expected to soar).
- Be serious about security, no matter how small the business, especially if you are sharing the network with guests.
- Features that will enable you to do this include wireless isolation, a basic external firewall (to prevent viruses getting through), and user authentication features such as encryption keys, that ensure authorised users get access to the right data.
- Look for solutions that offer WPA2-PSK and multiple SSIDs authentications.
- Think about the future: how about a web portal that lets your venue inform and engage with customers when they access the network? Do you have expansion plans for the future? Make sure the solution is scalable and flexible to meet growing demands.
- Appoint someone to manage and monitor the overall system.

With the right solution, hotels can also turn in-room cable sockets into wireless access points that provide fast and reliable download speeds. A central wireless controller can manage all these access points and provide a single view of how the network is performing so the venue can react quickly to any changes.

## WIFI - THE KEY TO THE FUTURE

Once a venue has embraced wireless, a whole new world of possibilities opens up. Some of these may seem quite daunting at first, particularly to the smallest venues – but they show how you can build on your wireless foundations to meet emerging visitor expectations, enhance the overall guest experience, improve productivity and introduce new revenue streams.

### Some examples include:

- **Location-based advertising to generate business and footfall** – personalised promotional messages, for example with a discount lunch offer that can be sent to all guests and potential guests within network range.
- **Digital menus** – in some venues waiting staff are already using wireless devices to speed up orders and support more covers. The next stage will be for guests to order food and drinks remotely using their mobile phones, boosting hotel revenue and customer satisfaction.
- **More efficient check-in/out** – wireless can enable guests to check in and out from anywhere on the network, eventually even before arriving at the venue, eliminating bottlenecks and customer frustration at the front desk.
- **Wireless in-room services, such as lighting, heating, and entertainment** – that could all be set up based on specific customer preferences in advance of their arrival.
- **Digital room keys** – using codes on mobile phones rather than physical cards/keys for room access, reducing the risk of loss or theft.

## CONCLUSION

Wireless is transforming the business and customer landscape for growing numbers of small to medium-sized hospitality venues. It allows a business to run more smoothly and enables guests to stay connected to their online worlds wherever they are.

Our research found that many smaller hospitality venues understand the benefits wireless can bring to their business – but most still need convincing about its importance to guests.

The fact is that failure to provide a reliable wireless network for visitors means customers will spend less money while they are with you, shorten their visit and never return. Lack of connectivity will reduce your own operational effectiveness and could harm your ability to compete.

*There are many business risks worth taking.  
Not installing wireless isn't one of them.*

i. <http://stakeholders.ofcom.org.uk/market-data-research/market-data/communications-market-reports/cmr14/>  
OFCOM Communications Market Report, 2014

ii. <http://www.nielsen.com/us/en/insights/reports/2014/consumer-confidence-concerns-and-spending-intentions-around-the-world-q2-2014.html> – consumer confidence in the UK has risen four times faster than the global average according to a study by leading high street experts.

iii. ITB World Travel Trends Report 2013/2014, ITB Berlin

iv. PwC UK Hotels Forecast 2014 – the right kind of growth  
<http://www.pwc.co.uk/hospitality-leisure/uk-hotels-forecast/overview-2014-confidence-returns-at-last.jhtml>

v. VisitBritain 2014

vi. [http://www.pwc.co.uk/en\\_UK/uk/hospitality-leisure/uk-hotels-forecast/travel-outlook.jhtml](http://www.pwc.co.uk/en_UK/uk/hospitality-leisure/uk-hotels-forecast/travel-outlook.jhtml)

vii. Hospitality Insights, 2013, Ernst & Young, data drawn from Boston Consulting Group

viii. Opinion Matters for NETGEAR, the study surveyed 150 small and medium-sized hospitality and leisure venues in the UK, as well as 2,042 UK adults. The research took place in May/June 2014.

ix. Ibid

x. Pixmania.com, June 2014

xi. The Wireless Nation, Arqiva, June 2014

