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35th EHMA GENERAL MEETING, ST. MORITZ, 2008
EUROPEAN HOTEL MANAGERS ASSOCIATION

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IPTV:

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HD Internet-based TV & entertainment services are setting new service standards: Hoteliers need to match the «guest room experience» with the «living room experience» of their guests

The guest room television is an important guest motivator and satisfier. As Mandarin Oriental's Chief Information Officer, Nick Price explains, «The first ten minutes after the guest enters the hotel room is a short but crucial time for every hotelier that may ultimately win or lose a life-long customer». It is during these 10-15 minutes that most guests are drawn to the TV set: either through an automated welcome message or as they pick up the remote control before accommodating themselves. What an opportunity for the hotelier to capture his guests' attention!

The question is: What do your guests expect, and what do they get? Most hoteliers agree that an impersonal welcome formula on a low-resolution screen, followed by a menu of local TV channels plus BBC and CNN won't meet their expectations any more. Neither does the standard «Hollywood & Adult» Pay-TV offer in terms of program choice. For many years, hoteliers could rightly blame

their Video-on-Demand providers for the low value creation through television. But today, as the digital revolution reaches the guest room, they can do something about it.

Make your TV interact with your guests

Your guest room TV offers many ways to make your guests feel at home: Think about the kind of interface that you're offering. Consider the level of personalization of your welcome message. What kind of complimentary TV channels are you proposing, and what is your program choice? Can your guests connect their laptop, PDA's, mobile phones, digital cameras, iPod's, webcam or their USB keys to the TV screen? Are they able to view their hotel invoice and checkout from their TV?

As these questions will illustrate, technology determines the guest room TV experience in many ways, and technology helps you to develop a much more personalized approach to servicing your guests.

Many leading hotels have already refurbished their rooms with a new generation of HD flat screen TVs. Others have gone even further

and renovated their cabling infrastructure to enable digital signal delivery all the way to the guest room. Most VoD providers, meanwhile, have upgraded their program offering to take advantage of more and more widespread digital broadcasting. Their market approach, however, has often remained oriented towards the migration of their analogue customer base: long-term service agreements of 5 to 7 years effectively interfere with their stated innovation agenda.

Swisscom has decided to invest and develop a next generation guestroom entertainment system offering in response to the truly forward-looking needs articulated by many hoteliers. Being one of the industry's most recognized broadband Internet providers, with an international footprint of more than 2'000 partner locations, Swisscom is ideally positioned to serve luxury and business class hotels. From its Swiss home market, where the company has already been leading the transformation into a fully digitized society with residential IPTV operating for 18 months, Swisscom brings considerable technology expertise to the lodging industry.

Swisscom IPTV, a guest room TV offering specifically geared to the most demanding

hoteliers and guests, is about to debut in April 2008. It will help hoteliers to substantially improve the guest experience, save costs and enter the promising path of «next generation» IP-based guest and hotel applications.

The HD (High Definition) Viewing Experience

In consumer electronics, the most obvious expression of the digital revolution is the flat panel TV screen. Manufacturers like LG, NEC, Samsung and Phillips keep designing ever more flat and cutting-edge screens. Their main benefit, however, is not about aesthetics but viewing quality, aligning with the increasing number of digitally broadcast programs.

Today's flat screens are delivered either HD-ready (1'366 x 768 pixels) or fully HD compatible (1'920 x 1'080 pixels), which compares favourably with analogue standard definition (680 x 480 pixels). It should be noted that the full HD TV screen, while taking optimal advantage of the digital signal, also fully reveals the low quality of analogue broadcasting. More and more European countries have either migrated or are about to finish the migration to HD-only broadcasting, thus encouraging consumers and hoteliers alike to invest in full HD screens – while in some countries the transition may still take until 2012. In these cases, HD-ready screens can be seen as a reasonable interim compromise.

To enable the HD viewing experience, both hoteliers and service providers are challenged to ensure «digital-to-the-screen» signal transmission. Digital feeds with 1'920 x 1'080 pixels result in a high data throughput which can only be supported by a robust wired infrastructure linking the central IPTV server to the guest room (VDSL, Cat5 or upwards). Whether or not to rewire a property is a key decision for the hotelier. Some hoteliers prefer to channel the digital programs into their coaxial network; this is technically feasible but

requires engineering and does not contribute to an enhanced guest experience. Hoteliers who invest in expensive HD flat screens but do not replace their coaxial networks are generally disappointed with the viewing experience, as the resolution brought to the glass is not on par with the screen's resolution capacities.

Programs that make sense

The second major progress of IP-based TV regards content availability. Digital broadcasting brings a virtually unlimited program choice to your hotel. But in hospitality, IPTV is more than unlimited content: It is the art of thrilling your guests with program options that make sense to them.

Recent guest research carried out among 1'100 hotel guests in conjunction with the Swiss Hotel School EHL suggests that the main ingredients of successful guest room entertainment are familiarity and relevance. The former refers to live TV programs that form part of your guest's daily entertainment routine. Highlighting channels from the guest's country of origin or in his preferred language is a good start. The next step is to make your back-office system, where the most elementary information about each guest is stored, fully conversant with the TV screen. Swisscom is working with hoteliers on an «intelligent» TV solution that feeds information about the guest's viewing preferences back into the back-office, allowing them to further personalize the service delivery subsequently.

The concept of relevance implies programs that the guest does not necessarily expect but nevertheless appreciates. Relevant programs may relate to your guest's specific interest – potentially leading to a further segmentation of your program offering, beyond language and culture – but also to your specific hotel location. In the above-mentioned guest research, 80% of business travellers indicated

they would like to watch short programs about local food and customs, compared with only 27% asking for a larger choice of movies.

How is Swisscom going about more relevant content then? Swisscom IPTV proposes a selection of 100 short quality programs, touching on a wide variety of themes and interests, from fast cars to liberal arts, from natural sciences to comics and music clips, with everything being presented in full HD quality. Such «special interest» programs are expected to be more successful than blockbuster movies, knowing that many travellers – and business travellers in particular – rarely have the time to follow a 2-hour feature film. A further diversification of contents and programs is very likely to happen in response to the expected success of such 30-60 minute content offerings.

The joy of entertainment

What matters to your guests is not only an enhanced content selection but also their ability to control the viewing experience. Who likes to zap up and down the list of available channels to find out what's on?

The design and functionality of the interface is essential to winning over your guests. Think of today's most popular devices – like the Nintendo Wii or the Apple iPod –, which attract simply by their design and their simplicity of use. Aiming at a comparable ease of use in the hotel room, Swisscom IPTV proposes an ergonomic user interface that allows guests to access their preferred program with no more than 3-4 remote control clicks. An interactive «carousel» guides the user through the menu options; it «feels» the guest's preferences, processes and responds to them. The high degree of interactivity is facilitated by cutting-edge Adobe flash technology, representing a truly novel feature to Swisscom's IPTV solution.

Interactivity is also a requirement while guests watch a program. For those selecting a feature movie, Swisscom IPTV proposes a placeholder feature allowing guests to stop and resume viewing. Guests can switch from their current video to a different viewing activity, go for dinner, and resume their video any time. For live programs, a Personal Video Recorder will allow time-shift program viewing and recording. International guests may also have a need for «delayed» live programs due to time zone shifts. With Swisscom IPTV, hoteliers will be able to prepare «the live content» before the guest arrives. What a pleasant surprise if the hotelier could announce on the TV screen: Your favorite live TV program is ready for you to watch.

Moving towards IP convergence

Hospitality VoD providers have long treated Internet access as an ancillary product to their core entertainment offering. Freeing up some of the available bandwidth for the transmission of free-to-guest and on-demand programming, their VoD & HSIA service bundles were supposed to provide guests with a convenient way to surf the web. Today it is safe to say that the «limited bandwidth» concept has been invalidated. Ever more consumers use the Internet for ever more applications – from e-banking to «Skyping» to video streaming to web based VPN access –, and ever more rich media and audio visual content is being distributed and consumed digitally. Bandwidth consumption is literally exploding, and the progress in broadband Internet technology is allowing this to happen.

Following the global consumer trend, the hospitality industry is slowly moving towards a more widespread use of IP-based services and applications as well. More and more guest services are becoming IP manageable i.e. they can operate on the same network infrastructure as IPTV and Internet access. Once the «data pipe» has been established

between the central server and the guest, the room heating, lighting, curtains, door locks, mini bar and other applications (including both guest- and back office-facing) can run on the same set of cables.

In a typical hotel set-up today, each one of these applications operates on its own distinct infrastructure, and on proprietary software which requires an isolated set of management tools, maintenance, monitoring etc. Merging them into one infrastructure will result in greater operational and cost efficiency and fewer headaches for hotel IT management. In addition, a common interface of various services with the hotelier's back-end system, where all the critical guest information resides, and the hotel's POS systems will allow a much more personalized service delivery. The TV screen could very well become the main interface for all related guest services in the room and communications from the room: How do like your room temperature? What can we serve you with tonight's soccer match? When and how do you intend to check out?

Conclusion

The digitalization of data and contents is presently revolutionizing the global consumer market. Most major telecommunications providers have introduced «triple play» service offers (IP-based voice, video and data solutions) in their respective markets, for residential and business customers alike. In the hospitality industry, the IP technology shift has been adopted somewhat reluctantly. Most hotels – including many business and luxury properties – still operate analogue TV & VoD systems. This situation is partly due to the heterogeneous landscape of hotel and guest applications, most of which have operated on proprietary standards.

Nevertheless, the industry is now keenly aware of the need to align the «guest room

experience» with the «living room experience». The main criteria for a new TV & entertainment offer are content choice, the segmentation and guest-oriented presentation of relevant programs, the rendering of programs in high-definition quality and the quality of the user interface. The first hotels to leverage this potential and to offer their guests a new viewing experience will certainly be able to achieve higher guest satisfaction, gain market share and maintain repeat customers.

Swisscom, through its fully dedicated hospitality subsidiary, meets the industry's acute service need and assists hoteliers to make a technology choice that goes even further: Making use of its IP technology experience both within Switzerland (Bluewin TV) and internationally (Fastweb in Italy), hoteliers can consolidate the whole gamut of guest services on one converged network, with the benefits of superior guest satisfaction and streamlined operations.

Image / screenshot:

Swisscom IPTV: An interactive «carousel» guides the guest through the different menu options.