

RESEARCH

Starwood maintains highest portfolio-wide digital IQ: L2

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Starwood's mobile app

By JOE MCCARTHY

Travel industry sales are expected to climb to \$671 billion by 2018, and sales booked through mobile are expected to grow approximately 800 percent during this period, according to a new report by L2.



A primary driver of this boom will be Chinese consumers traveling abroad. To net as much of this growth as possible, luxury brands will have to ensure that mobile and digital touchpoints are localized and meet escalating consumer expectations throughout the entire travel experience.

"Less than half of the brands we studied even have their own brand app, which is surprising given that the traveler's use of mobile to book, to do research, is increasing rapidly," said Sam Lee, study analyst at L2, New York.

"You see some of the more digitally savvy brands already ramping up investments, in terms of offering mobile services," he said.

"But the vast majority of brands that we studied are still well behind."

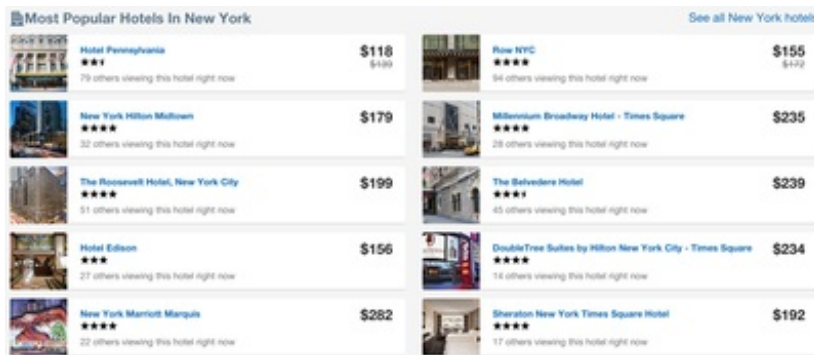
L2's "Digital IQ Index: Luxury Hotels" attempts to quantify the digital competence of 50











Luxury Hotel brands operating globally.

Inverted reality

Online travel agencies (OTA) effectively own the beginning of the consumer research journey.

Priceline is valued at nearly the same size as the three biggest hotel groups combined – Marriott, Hilton and Starwood – and TripAdvisor and Expedia are also massive.



Most Popular Hotels in New York			See all New York hotels		
	Hotel Pennsylvania ★★★ 79 others viewing this hotel right now	\$118 \$130		Row NYC ★★★★ 94 others viewing this hotel right now	\$155 \$170
	New York Hilton Midtown ★★★★ 32 others viewing this hotel right now	\$179		Millennium Broadway Hotel - Times Square ★★★★ 28 others viewing this hotel right now	\$235
	The Roosevelt Hotel, New York City ★★★★ 51 others viewing this hotel right now	\$199		The Belvedere Hotel ★★★★ 45 others viewing this hotel right now	\$239
	Hotel Edison ★★★ 27 others viewing this hotel right now	\$156		DoubleTree Suites by Hilton New York City - Times Square ★★★★ 14 others viewing this hotel right now	\$234
	New York Marriott Marquis ★★★★ 22 others viewing this hotel right now	\$282		Sheraton New York Times Square Hotel ★★★★ 17 others viewing this hotel right now	\$192

New York hotels listed on TripAdvisor, after second-ranking Google search

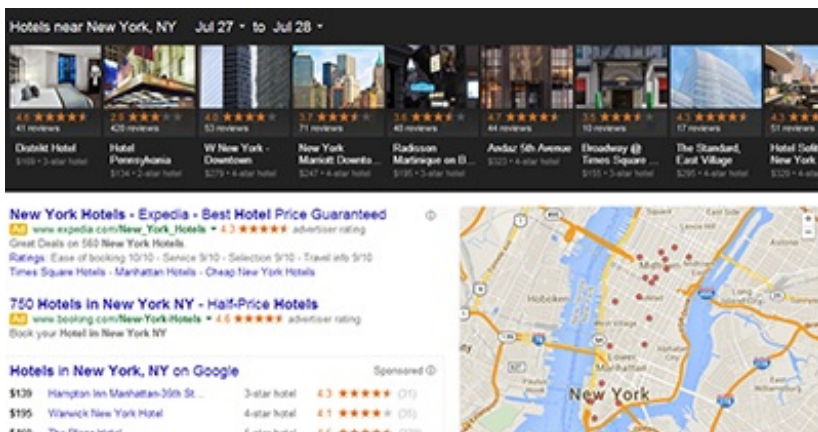
In no other industry is the reign of the middle man so pronounced.

"The interesting thing about this industry is that the intermediaries are much more powerful and have much greater resources than the actual brands," Mr. Lee said.

"In retail, the actual physical retailers that have the stores are becoming less and less important and the content owners, the brands, are becoming more important and taking share and figuring out, 'Hey, we don't need to be so reliant on xyz retailers,'" he said.

For mass market hotels, this quandary is especially vexing and unlikely to ever go away, because mass market travel consumers tend to eschew brand loyalty and hunt for the best deals, and have become accustomed to OTA reviews and options.

According to research by Google, 85 percent of consumers are either totally undecided or have multiple potential brands in mind when starting the research process for an upcoming leisure trip.



Hotels near New York, NY Jul 27 - to Jul 28 -

Hotel Name	Star Rating	Price
Distell Hotel	4.5 stars	\$100 + 3-star hotel
Hotel Pennsylvania	4.5 stars	\$134 + 2-star hotel
W New York - Downtown	4.5 stars	\$279 + 4-star hotel
New York Marriott Downtown	4.5 stars	\$247 + 4-star hotel
Radisson Marquette on B	4.5 stars	\$185 + 3-star hotel
Andaz 5th Avenue	4.5 stars	\$123 + 4-star hotel
Brookway @ Times Square	4.5 stars	\$155 + 3-star hotel
The Standard, East Village	4.5 stars	\$295 + 4-star hotel
Hotel Sola New York	4.5 stars	\$329 + 4-star hotel

New York Hotels - Expedia - Best Hotel Price Guaranteed
www.expedia.com/New-York-Hotels - 4.3 stars - advertiser rating
Great Deals on 560 New York Hotels
Ratings: Ease of booking 9/10 - Service 9/10 - Selection 9/10 - Travel info 9/10
Times Square Hotels - Manhattan Hotels - Cheap New York Hotels

750 Hotels in New York NY - Half-Price Hotels
www.booking.com/New-York-Hotels - 4.6 stars - advertiser rating
Book your Hotel in New York NY

Hotels in New York, NY on Google
\$139 Hampton Inn Manhattan-35th St... 3-star hotel 4.3 stars (71)
\$195 Wyndham New York Hotel 4-star hotel 4.1 stars (70)
\$80 The Plaza Hotel 5-star hotel 4.6 stars (239)

Google more overtly tried to steer travel consumers in 2014

In other words, OTAs are in good position to guide the research journey of 85 percent of

consumers.

OTAs have ascended largely because of Google. OTAs dominate Google search for broad destination or city-specific keywords such as "hotels in New York" or "places to stay in Paris."

Among the top 20 global tourist destinations, OTAs generate two-thirds of first-page search results on Google.

AirBnB exacerbates this tendency and forebodes tough times for certain hotel brands. The \$20 billion disruptor plans to add concierge services, link up with cleaning services and airport transfers and will inexorably expand its listings, already at 34,000.

Luxury consumers, however, are less likely to be swayed by the prospect of saving some money and tend to have stronger brand loyalty, since high-end brands exude stronger identities and focus on bond-building.



Ritz-Carlton #RCMemories campaign

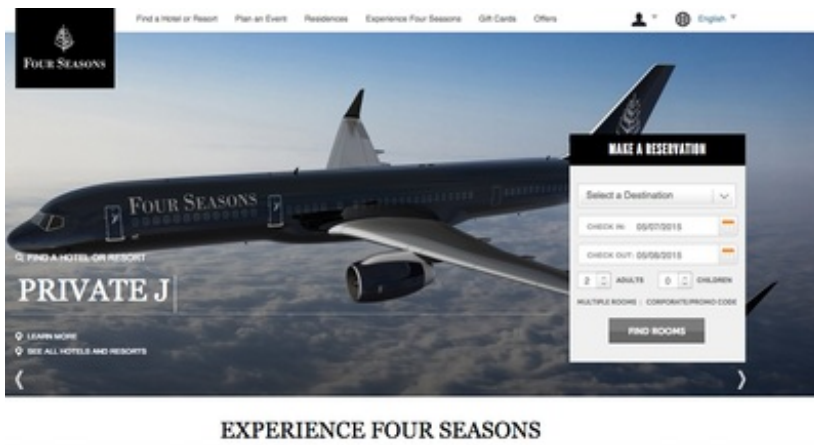
Luxury consumers are concerned with getting the best experience possible when traveling. For this reason, they are also less likely to turn to AirBnB, because luxury hotels tend to have exceptional services and amenities.

Making these amenities and services digitally accessible has been a primary focus for brands.

Nineteen of the 50 brands indexed significantly updated or overhauled their Web sites between 2013-2014 to "enhance the user experience and better engage potential guests."

Key areas of investment include accelerated reservation processes, media assets such as virtual property tours, user review visibility, real-time room availability on booking

calendar and persistent booking boxes.



Four Seasons' home page

Brands are also making an effort to offer their Web sites in multiple languages. Eighty-two percent of indexed brands either have a subdomain or standalone Web site in Chinese, reflecting the urgent need to attract these consumers.

Travel companies are trying to fill the awareness vacuum in China as many travelers consider international and domestic travel for the first time, according to an earlier report by L2.

Many Chinese consumers depend on digital resources for travel guidance, making it imperative for brands to increase visibility on social media, search engines and online travel agencies. Indeed, six out of 10 Chinese consumers regularly consult OTAs for travel advice, according to BCG, essentially making these sites gatekeepers of commerce ([see story](#)).

Beyond the initial planning process, brands are also upping their ability to cater to guests throughout their entire stay.

Best-in-class mobile applications act as room keys and allow guests to make real-time concierge requests, find activities in the local area and access user reviews.



SPG app

"Interestingly the luxury brands that we talked to, they're less concerned about loyalty in terms of using it as a tool to get more consumers," Mr. Lee said.

"Their customer base is more limited and part of their brand equity and competitive advantage is that exclusiveness," he said.

"[For them], using the loyalty program is a way to offer more personalized signature services to their high-end consumer."

Keeping score

In L2's 2014 "Digital IQ Index: Luxury Hotels," Starwood netted six of the top 10 rankings ([see story](#)). Starwood's luxury portfolio includes St. Regis and The Luxury Collection, as

well as premium hotelier W Hotels.

This year, the Starwood Group scored three of the top 10 and last year's winner W Hotels fell to the 11th.

Marriott, which operates The Ritz-Carlton and jewelry brand Bulgari's hospitality offerings, surged to the top of the list on the strength of its search visibility, site functionality and embrace of Snapchat.

Hilton, the owner of Waldorf Astoria Hotels & Resorts, tied with Marriott because of compelling and targeted Facebook content, site localization and its loyalty app.

L2's Digital IQ index

"You are seeing hotels respond to the OTA threat by not so much competing through advertising or search, but by offering more of the services on the back-end," Mr. Lee said. "The front-end being research, search and booking, and the back-end is, 'Ok, what do you do at the destination?'"

Final Take

Joe McCarthy, staff reporter on Luxury Daily, New York

Embedded Video: <https://www.youtube.com/embed/A5ZsMcQKRS8>

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