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### **“How to Build a Profit-Making HSIA Offering”**

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The hotel industry has rapidly changed from a business that competes on price to one that competes on services and amenities. This new business environment has raised the prospect that hotels may be expected to offer HSIA services for free.

I want to use this article to discuss how these changes in the hotel industry’s competitive practices might extend to HSIA and to summarize the many ways hotels can use their HSIA infrastructure to boost customer retention and drive additional revenues, regardless of whether they offer their HSIA service for a fee or for free.

A shift to a service-based business environment has occurred because people are willing to travel again. The effects Sept. 11 and the economic downturn both had on the industry are finally wearing off. Occupancy rates are now at all-time highs and competition is forcing hotels to re-think how they do business.

Hotels have moved beyond “heads on beds” business strategies designed to drive occupancy to new strategies designed to retain customers and increase average revenues per customer. This was an important theme at the recent Hospitality Operations & Technology conference in Dallas, Texas, where participants discussed various techniques for achieving these goals.

These techniques represent fundamental changes in business practices. For example, some hotels are beginning to replace occupancy managers with revenue managers. Some hotels are abandoning the high room-rate spreads that they recently used to drive occupancy because they’re finding that customers who typically responded to lower rates are now demonstrating they’ll pay more for their rooms when they are assured of receiving consistent levels of good service.

To differentiate services and retain customers in this new environment, hotels are coming up with imaginative and innovative ways to customize the user experience with amenities not offered before, such as 42" plasma TVs, iPods pre-loaded with music that suits an individual guest’s personality, theme-based specialty suites, in-room yoga programs, pet-friendly guest packages, and more.

But hotels are not offering these amenities cavalierly. Rather, they are configuring these features and introducing them carefully in ways that can help advance their need to increase average revenues per customer.

#### *HSIA Revenue Sources*

HSIA is commonplace in most workplaces and it has become a feature of everyday life for ordinary consumers. Because of this, HSIA has already become an expected amenity

at hotels among business travelers and it is increasingly being considered as such by vacationers and even kids.

Fortunately with HSIA, there are many practical ways a hotel can use its HSIA infrastructure and services to drive revenues—even multiple revenue streams--whether or not the hotel charges their guests for the service. Simply look beyond your customers and ask: If we decide not to charge our users for HSIA, how else can we create revenue streams from the technology and service? Following are a few suggestions.

### *HSIA Roaming*

HSIA roaming, which streamlines Internet access for hotel customers and allows non-guests onto the hotel's system as well, is a winning proposition for hotel HSIA operators because it provides a convenience for users and the traffic it generates translates into revenues for the hotel.

Recognize that your hotel is prime HSIA hotspot real estate. Any service provider seeking to offer Internet access to their subscribers in travel destinations will need to establish roaming relationships with local hotel operators. Thus service providers--quite possibly many service providers--will want to partner with you and pay you for that access. That means you can “resell” HSIA access to multiple roaming partners, setting a fee for each connection or a fee per month from each company you work with. This is true even if you give customers access to your HSIA for free.

### *Internet-based Advertising*

Internet advertising is coming of age. Sophisticated advertisements, sponsored by major brand-name companies, are commonplace on popular and well-trafficked Web sites. Some of the hottest Internet stocks are proof that Internet ads work.

What we're seeing now is that hotel HSIA systems and portals are becoming new channels for such Internet advertising and that many of these well-known brands are willing to pay for ad space on hotel HSIA systems.

In addition, location aware technologies are now available that can customize Internet advertisements beyond the hotel portal so that the ads transmitted through your network pertain directly to your particular city or location. This location-awareness is a new differentiator that Internet advertising companies are looking for and they are willing to pay you for enabling that.

This exciting new feature offers not only a new revenue-generating opportunity but a new way of customizing your HSIA services for your guests as well. And all of this can be achieved through subtle advertising without annoying pop-ups!

### *Intangible Profits*

HSIA generates many intangible profits—benefits your business gains simply by providing HSIA.

One of the best benefits is loyalty among customers who need HSIA services. We know that growing numbers of customers are increasingly likely to select their hotels based on HSIA availability and, better yet, that convenient HSIA allows them to travel for longer periods of time. If your service encourages them to stay longer at your hotel, you benefit from that.

Your HSIA is also a natural vehicle for bolstering the services and resources you probably already offer to loyal customers through affinity programs, preferred guest memberships or frequent traveler programs. HSIA offerings can be integrated with these affinity and membership programs so that a guest's on-line experience can be customized per the guest's profile.

Your HSIA presents many convenient, new publicity and marketing opportunities for your hotel as well. Those using your HSIA are a captive audience and you can use your system to promote events, shops or resources in your hotel. Chances are, you'll find yourself co-marketing your partnerships with your service providers to your respective customers, which will broaden publicity for your services. You will also realize that you gain free publicity in Internet and tourism media that are now reporting on HSIA hotspot availability, and from other outlets that are publishing directories of hotels and other businesses that provide hotspot connectivity.

#### *Configurations for a Profit-Making HSIA*

It is entirely possible and practical to configure your HSIA system in a way that enhances your relationships with your customers and generates the revenue streams that HSIA roaming, Internet advertising, and “intangibles” can provide.

Nomadix has optimized its technology and services to help hotels achieve these goals. The company's public access gateway and service technologies, deployed over a 6-year period in more than 25,000 locations, have been adopted by hotels of all sizes, from small B&Bs to leading hotel chains and the biggest hotels in Las Vegas.

HSIA roaming services and Internet advertising programs can be established with the Nomadix Interconnect Services (NIS), which automatically incorporates your venue into the worldwide footprint of roaming partners, making your venue available to your roaming partners' subscribers. It also sets up a framework to offer value added services like location aware Internet advertising and content delivery.

Value-added affinity programs and marketing activities can be incorporated into a hotel HSIA with Nomadix's patented “Home Page Redirect” technology. This feature automatically directs a guest's Internet connection to a hotel-branded welcome page. The technology includes a “walled garden,” an extensive 5-step branding solution,

authentication services and goodbye-page, each providing multiple opportunities for a hotel to "touch" the guest with a customized Internet.

Best of all, these capabilities can be configured in a way that it is hassle-free for hotels to deploy, maintain and manage and easy enough to use so that guests can access the system, without help, while enjoying the same or better reliability and quality of service they receive at work or at home.

### *Conclusion*

As the hotel industry continues to advance its service-based strategies in today's exciting new business environment, it's time to look at HSIA in a new light. HSIA has become an integral part of hotels, much like TV became long ago and new amenity packages are becoming today. When considering your new service strategies, remember that HSIA provides more than Internet access; it can provide innovative ways to generate revenue and build new bonds with your customers. Companies like Nomadix are working overtime to deliver the technologies and services that make this possible in your hotel.

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