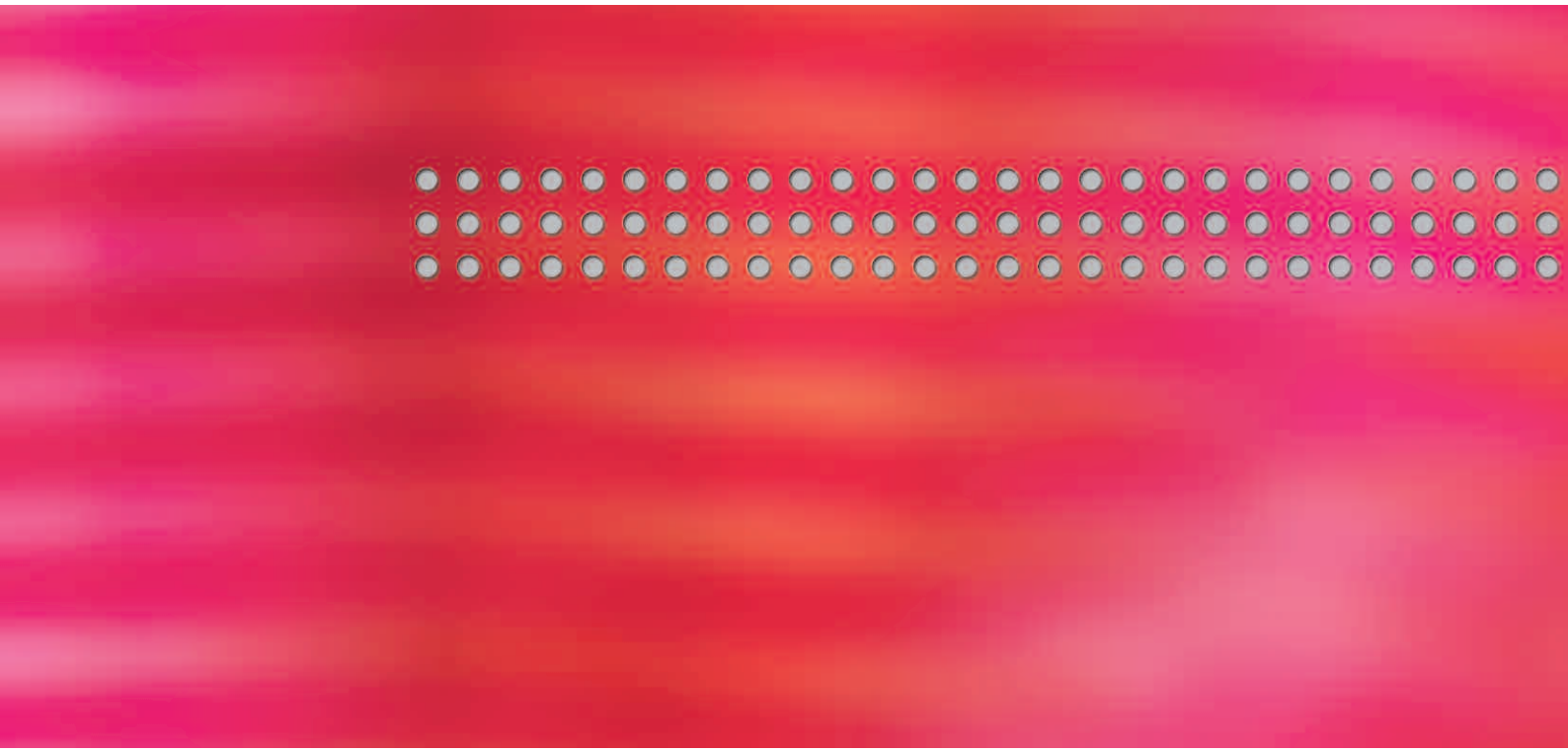
Alcatel·Lucent

APPLICATION NOTE

Unlocking the Gen Y Potential – Thrive with Technology



Introduction

We hold these truths to be self evident:

- That our kids are always on the internet
  …Or on the phone with their friends, texting or talking
  …Or on both
- And don't even get me started on iPods, TV and Nintendos!

We all know the score. These "kids" are one of the biggest marketing opportunities since the Baby Boomers, especially in the hospitality industry. Generation Y (Gen Y) has many names and many definitions, as a quick search on the internet will show you. Some consider Gen Y as people born between 1977 and 1994, or 25 percent of the total population in the U.S. alone. Others consider them to be born in 1980s and sometime as late as 2001. Alcatel-Lucent end user research has calculated it to represent around 235 million people globally. Whichever figures you take, what everybody does agree on is that it's a big demographic whose influence is growing as it matures. Gen Y will soon replace the Baby Boomers as the biggest purchasing power in the world as well as your primary source of employees. Anything you do to attract and retain Gen Y guests will also help attract and retain Gen Y employees.

Like any demographic, Gen Y presents a number of unique characteristics that companies must understand and address to earn their loyalty. Gen Y grew up with technology and the internet, and has embraced both as part of a hyper-connected lifestyle. **The way Gen Y-ers use technology is an extension of who they are – sociable, confident, well-informed, and open-minded. On the flip side, having a virtual world of information at their fingertips has made Gen Y the most impatient, advertising-skeptic, buyer-aware public we've ever known**. For them, corporate reputation and brand are less important than peer recommendations and viral forms of marketing. Price is generally secondary over convenience.

For Gen Y, being connected is not only normal but necessary. This hyper-connectivity is what has enabled Gen Y to create such strong social networks. It goes without saying, therefore, that a guest experience that appeals to Gen Y must have **connectivity** at its core.

Working for Alcatel-Lucent, it's this unique association with technology that makes Gen Y so interesting and important to me.

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Projected trends

While today's guests arrive at a hotel with multiple devices, Gen Y will be the first to surf, text, IM, email, talk, listen to music, take photos and watch videos all on one device. The same device can enable contactless payment, which Gen Y will want to use at a self-service kiosk rather than wait in a line at the desk. This trend is important because devices like these will be the center of the Gen Y guest experience before, during, and after their stay in your hotel. It's critical that hoteliers find the "wow" factor, whether it be with technology, design, or leisure facilities that will impress the Gen Y guest and ensure repeat business. Turning this "wow" factor into a branded experience for the Gen Y guest will earn their loyalty.

Communicating with Gen Y

Does your website appear in the right search engines? Do you have a virtual guest book where Gen Y-ers can leave recommendations for their peers? Have you created a Facebook group? Are you leveraging Twitter to allow the guests to keep up with the hotel promotions? Does your elevator music have its own MySpace page? OK, maybe that last one is stretching it a little, but why not?

In short, how you communicate with Gen Y defines if you will win them or not. It has to be in short bursts, easy to follow and via their preferred mode.

Reservations

For Gen Y, first impressions really count. The reservation system must talk to them, communicate **online and interactively via email and IM,** and adapt to their mobile devices. And remember the Gen Y-er from a previous visit, automatically catering to known preferences. It provides simple access to hotel and local area information – restaurants, concerts and the like.

Checking in

Gen Y hates waiting and will mobile check-in on their way or head straight for the kiosk when they arrive. **Personalized** check-in using biometric identification would bring enhanced convenience and security. The check-in process then guides the Gen Y guest through the standard options (pulled from the guest's registration data), confirm or change room preferences, and prompt for value-added services.

This is all possible in a **centralized IP network** that integrates all forms of wired and wireless communications (voice, HSI/data, video), building management systems, in-room controls, and billing systems. The IP-based network is a key factor in keeping up with Gen Y demands by being scalable and able to adapt to a number of new technologies. Eco-conscious Gen Y want hotels to use power efficient technology, switches and devices to reduce carbon footprints and energy consumption. This kind of "green IT" infrastructure makes business sense as it reduces your energy costs.

Around the hotel

Wi-Fi is commonplace in hotels today, but generally as hotspots. However, Gen Y expects their Wi-Fi enabled devices to work seamlessly throughout the hotel and be available anytime, anywhere, which can be a costly exercise. For the investment to make financial sense, Wi-Fi must be adopted for operations as well as guest services. Wi-Fi can enhance employee efficiency, attract and retain Gen Y employees, and reduce infrastructure deployment and maintenance costs. Plus, cost-effective Wi-Fi can be delivered to every room using the DSLAM and coax to IP conversion technologies for existing cabling.

Guest room experience

Gen Y isn't the type to stay in the guest room for long. To keep them, hoteliers need to provide an exciting and rewarding experience such as being able to easily connect their mobile devices, to watch films, listen to music, maybe work on presentations. **IPTV** makes it possible to provide high definition (HD) video on demand (VOD), personal video recorders and personalized channel line-ups all as premium-rate services. The Gen Y guest is likely to look for an "over the top" delivery model, whereby they can access their preferred content from their choice of provider via the TV or mobile device. You can potentially have revenue sharing from these kinds of video services.

With IPTV as the hub of the guest experience, you can push targeted content for your hotel and for local businesses such as events, services and shopping. Many of these could be additional revenue-earners with Gen Y.

IPTV could also allow guests to join a Facebook style service where they can see who else is staying in the hotel, see recommendations for local activities, and socialize virtually before meeting in the bar downstairs.

The humble telephone still has a place in the guest room. An **IP phone** with a large touch screen can give a similar level of access to services and information. Anything available on the IPTV should be available on the IP Phone and vice versa. A Gen Y guest can start an experience on the phone and by touch of a button automatically take it to the TV. And of course the phone is still a preferred media for talking to hotel staff. An IP solution allows you to offer voice telephony anywhere in the world for a flat fee (leveraging the Skype application integrated within it), keeping the telephone as a source of revenue. The Gen Y-er would probably want to go even further and connect their mobile device to the hotel network and use that as their guest room phone.

For internet access a more comfortable experience can be provided to Gen Y through IPTV or a fixed line **broadband** connection for PC users. A "tiered" service can be provided whereby Wi-Fi and standard fixed-line connections are free, but a higher-speed connection is provided at a premium rate.

Keeping the Ys coming

It's harder to win repeat business from Gen Y than with Baby Boomers as the expectations are so much higher. Remember, most of these kids have had it all since birth. The trick is to meet their expectations by providing the right mix of free and paid-for facilities that sticks with Gen Y guests and also has the "wow" factor for them. Their strong social networks mean that the speed at which a Gen Y-er can influence peers is astonishing. A bad experience can be shared worldwide in a matter of seconds. But conversely, a good experience will bring more new business from peers than with any previous generation. And that's what you need to aim for.

For more information

Alcatel-Lucent has invested heavily to understand the needs of teens and young adults (covering Generation Y) through a combination of end user research in 20 countries and the Market Advantage Youth Lab, yielding tens of millions of data points and insights. More information: www.alcatel-lucent.com/hospitality

Additional sources for this article

Multi-Screen Advertising (Market Advantage Youth Lab Quantitative and Qualitative Research, April 2009)

Mobile Multitasking (Market Advantage Youth Lab Qualitative Research, November 2008)

Maturing with the Millennials – Are Organizations Prepared for the Millennial Consumer? (A report from the Economic Intelligence Unit, sponsored by Genesys, September 2008)

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IPTV and Mobile TV Focus Groups (Market Advantage Youth Lab Qualitative Research, June 2007)

The Millennials: Addressing the Next Big Market with Personalized, Blended Services (Alcatel-Lucent white paper, 2007)

New Strategist Publications (2006)

Connecting Generations: The Sourcebook (Claire Raines, 2002)

Growing up Digital: the Rise of the Net Generation (Dan Tapscott, 1997)

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