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Millennials and Hospitality:

The Redefinition of Service

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# Demanding. Practical. Impatient. Enterprising. Hopeful.

These are just a few of the descriptions that often label the millennial generation. But are they even accurate, and more importantly, how do such traits influence their behaviors as tech-savvy consumers and employees?

For the hospitality industry, it's an important question that needs unequivocal answers. After all, millennials, comprising individuals born between 1981 and the late 1990s, now represent the largest generational demographic in the U.S. With a population of 83 million, they outnumber baby boomers and Generation Xers, and wield enormous spending clout – an estimated $200 billion annually. A hefty share of that pie is earmarked for hospitality: 77% of U.S. millennials say they visit a restaurant once a week or more, and each millennial is projected to spend an average of $3,900 on travel this year.*

Greater knowledge of their behavior is essential not only to engage them as customers, but to enhance their abilities as employees to deliver stellar guest service. To better understand how millennials want to use technology, Oracle Hospitality commissioned *Millennials and Hospitality: The Redefinition of Service*. The global study, conducted by an independent research firm, surveyed more than 9,000 millennials in 8 countries, including a subset that had worked in the industry within the past five years. The survey culled answers on a range of topics, such as mobile device preferences, technology use in hotels and restaurants, and expectations for the future. In addition, it sought their candid opinions about the state of technology in hospitality today and suggestions for improvement.

By sharing their responses, Oracle Hospitality aims to help its customers evolve and elevate their service to best meet millennials' needs.

*American Millennials, Deciphering the Enigma Generation
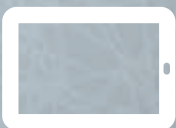
What is the redefinition of service?

At its essence, our business – whether it's providing relaxing comfort in a hotel or speedy and efficient service in a quick service restaurant – is delivering excellent service to each and every guest. For years, service has defined how we use technology in our industry. But the quantum advancements of late – especially on the mobile frontier – make technology far more than a facilitator; technology is now defining the way that service is delivered, in every type of operation.

Mobile devices, from ubiquitous smartphones to emerging Apple watches, empower millennials to do just about anything, with the expectation that nothing should go unfulfilled. But for all their power, mobile devices surprisingly aren't millennials' solution for everything. They still want personal attention, too. And that represents an unprecedented opportunity that hoteliers and food and beverage operators must seize: By pairing technology with "the human touch," they can redefine service to win the loyalty of our most influential customers.

Executive summary

Millennials – and their use of technology – defy simple stereotypes and neat classifications. The need to meet their individual demands and expectations is a challenge that hospitality operators around the world must meet, both to remain competitive and maximize the revenue opportunities that delivering individualized services can bring.
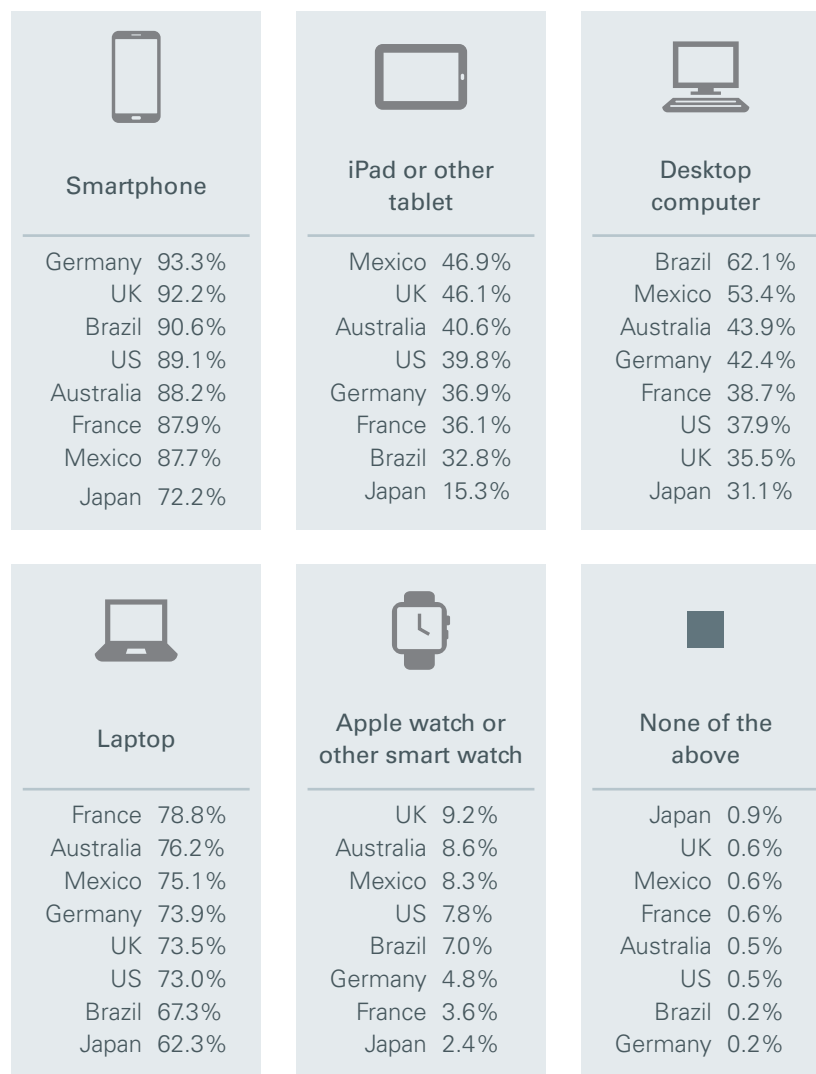
The findings of this report highlight millennials' uniqueness, address misconceptions and offer strategies to best serve them. Here are four critical takeaways to keep in mind:

1. Millennials' use of mobile devices in hotels and restaurants is more pervasive than many in the industry may have thought: 39% of millennials have already ordered food and beverages through their mobile devices, and a fifth have already used their smartphones to check-in to a hotel. In many cases, particularly with loyalty programs in restaurants and room service in hotels, millennials want to use their smartphones and tablets even more, suggesting demand is outpacing current service availability.

2. Millennials' engagement with mobile devices is clearly evident, but it is by no means universal. In other words, a large proportion of millennials still prefer the "human touch" and want personal service when visiting restaurants, bars, coffee shops and hotels. Striking a balance to suit the needs of all guests will be critical.

3. The power of mobile technology is radically altering consumer expectations. Such change is requiring a redefinition of service – one that offers millennials choice, speed and personalization based on their individual preferences. Historically, service defined how technology was used in a particular operation. Today, mobile technology is requiring hospitality operators to reassess the service they offer – and redefine it.

4. Today's marketplace demands efficient creation, delivery and management of an unprecedented array of services and options. Such a challenge requires a pioneering solution: integrated technology platform and hardware – powered by cloud – that provide the agility to evolve services and meet guests' ever-changing needs.

Smartphones are ubiquitous among millennials – tablets, not so much.

It's no surprise that mobile devices are the tools of the trade for the millennial generation. They can't leave home without one. But their preferences certainly vary, often by geography. Smartphones, for example, are ubiquitous among millennials – 87% said they use one every day. By comparison, iPads and tablets are used far less than we expected – 37% reported using one daily. PCs and/or Macs remain important; 72% said they use a laptop every day. And in the United Kingdom, 10% of survey participants said they've already embraced some sort of smart watch. With similar appetite in Australia and Mexico, the evolution of wearable technology will be one worth noting.

Question: *Think about your personal use of technology. Which of these do you use every day?*

Smartphone		iPad or other tablet		Desktop computer	
Germany	93.3%	Mexico	46.9%	Brazil	62.1%
UK	92.2%	UK	46.1%	Mexico	53.4%
Brazil	90.6%	Australia	40.6%	Australia	43.9%
US	89.1%	US	39.8%	Germany	42.4%
Australia	88.2%	Germany	36.9%	France	38.7%
France	87.9%	France	36.1%	US	37.9%
Mexico	87.7%	Brazil	32.8%	UK	35.5%
Japan	72.2%	Japan	15.3%	Japan	31.1%

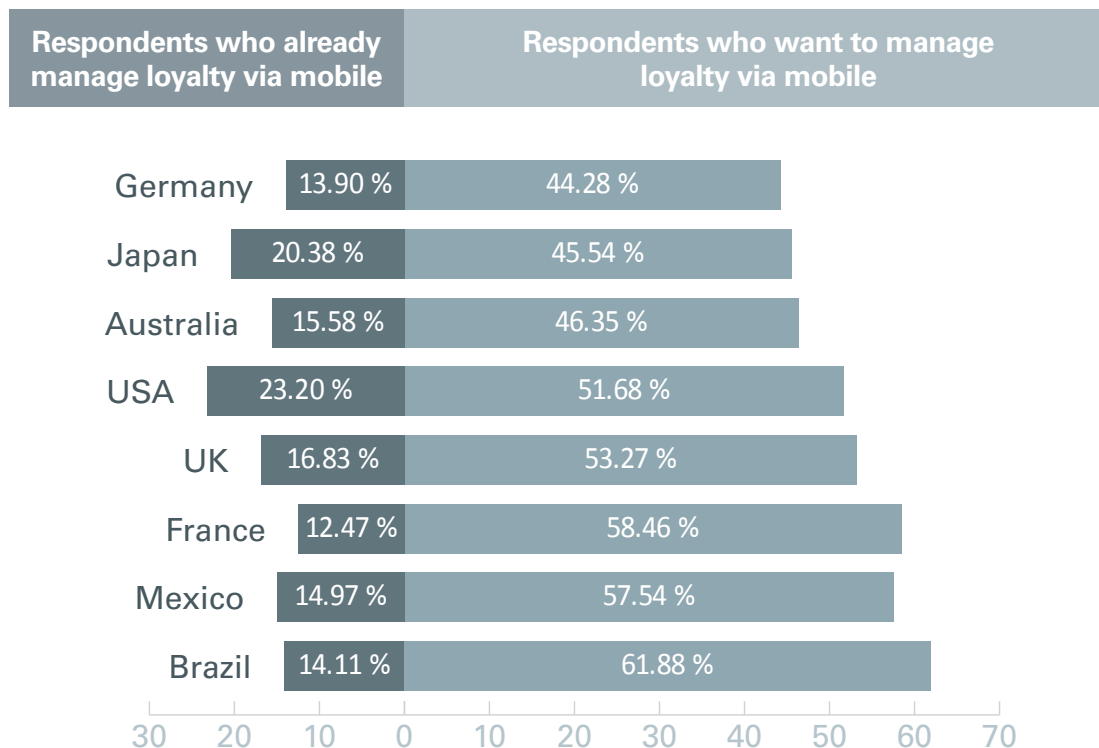| Laptop		Apple watch or other smart watch		None of the above	
France	78.8%	UK	9.2%	Japan	0.9%
Australia	76.2%	Australia	8.6%	UK	0.6%
Mexico	75.1%	Mexico	8.3%	Mexico	0.6%
Germany	73.9%	US	7.8%	France	0.6%
UK	73.5%	Brazil	7.0%	Australia	0.5%
US	73.0%	Germany	4.8%	US	0.5%
Brazil	67.3%	France	3.6%	Brazil	0.2%
Japan	62.3%	Japan	2.4%	Germany	0.2%

Millennials want loyalty via mobile device from food and beverage operators.

Food and beverage operators have long suspected that millennials not only want personalized service, but want it tailored for them. Survey results validate that hunch: 52% of millennials want to use their mobile devices to capitalize on loyalty programs offered by restaurants, bars and coffee shops. A significant gap exists between the number of millennials that want to manage loyalty on their phones, and the number that have been able to do it already.

This represents a huge opportunity for food and beverage operators. Millennials are willing to share data in return for personalization and acknowledgment. This means that you can gather invaluable information on behavior, target promotions to increase average order value, and deliver special guest experiences that fuel repeat business.

Millennials and loyalty management by mobile device

Respondents who already manage loyalty via mobile	Respondents who want to manage loyalty via mobile
Germany 13.90 %	44.28 %
Japan 20.38 %	45.54 %
Australia 15.58 %	46.35 %
USA 23.20 %	51.68 %
UK 16.83 %	53.27 %
France 12.47 %	58.46 %
Mexico 14.97 %	57.54 %
Brazil 14.11 %	61.88 %

30 20 10 0 10 20 30 40 50 60 70

52% of millennials want to manage loyalty on their mobile devices

FINDING
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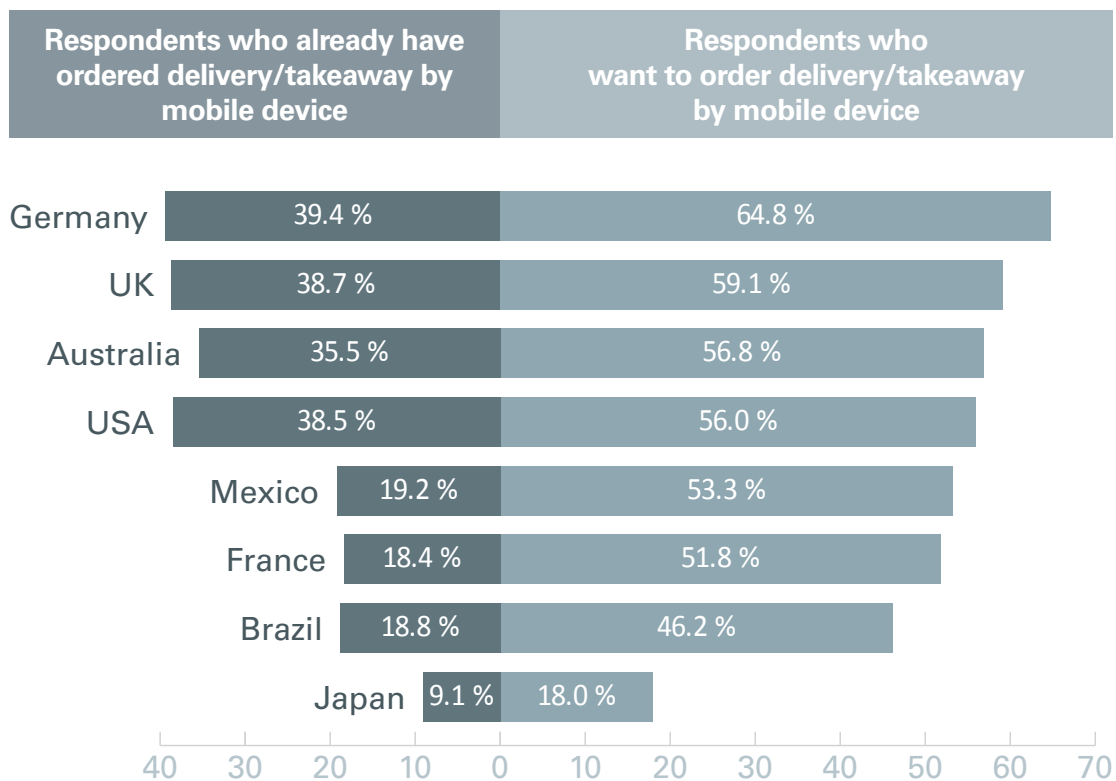## Millennials want to order food and beverages via their mobile devices and over a third are already doing so in some countries.

More than half (51%) of millennials want to be able to order delivery and takeout on the go, and 41% expressed interest in using mobile devices even more liberally – for example, when ordering while they're actually in restaurants.

But what is most interesting here is that 39% of millennials in the U.S., United Kingdom, and Germany are already using their mobile devices to order delivery/takeout. This shows that the expectation for mobile ordering exists, and when smartphone ordering is available, consumers will use it.

The other takeaway here is that demand for ordering via smartphone is not universal among millennials. There are plenty that want to give their orders in person and expect stellar service in the process.

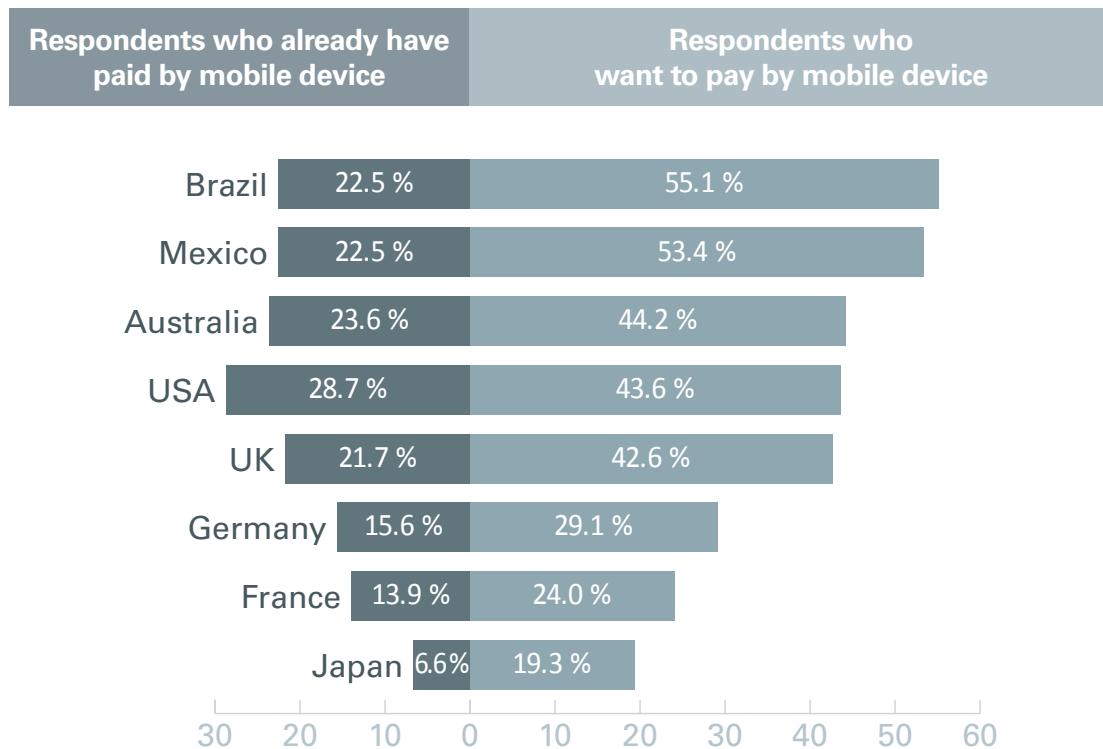| Respondents who already have ordered delivery/takeaway by mobile device	Respondents who want to order delivery/takeaway by mobile device
Germany 39.4 %	64.8 %
UK 38.7 %	59.1 %
Australia 35.5 %	56.8 %
USA 38.5 %	56.0 %
Mexico 19.2 %	53.3 %
France 18.4 %	51.8 %
Brazil 18.8 %	46.2 %
Japan 9.1 %	18.0 %

40 30 20 10 0 10 20 30 40 50 60 70

FINDING
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Popularity of mobile device payment varies by country.

Overall, 39% of survey respondents said they want the ability to pay with their smartphones or tablets. But such desire varies significantly around the world: In Japan, only 19% want this service while Brazil and Mexico reported the highest demand, at 55% and 53% respectively. Interest in mobile payment was similar in the U.S. (44%) and the United Kingdom (43%).

Similar to trends in ordering, mobile payment is already happening; 29% of U.S. millennials have paid for food or drink by mobile device.

Equally similarly, there is a gap between desire and opportunity – 44% of U.S. millennials want to pay by mobile device against the 29% that have done so.

Respondents who already have paid by mobile device	Respondents who want to pay by mobile device

Country	Already paid	Want to pay
Brazil	22.5 %	55.1 %
Mexico	22.5 %	53.4 %
Australia	23.6 %	44.2 %
USA	28.7 %	43.6 %
UK	21.7 %	42.6 %
Germany	15.6 %	29.1 %
France	13.9 %	24.0 %
Japan	6.6%	19.3 %

30 20 10 0 10 20 30 40 50 60

No surprise: millennials willing to use their smartphones in restaurants.

Walk into a restaurant, bar or coffee shop, and you would be hard pressed to find a millennial not engaged with a device of some sort. For better or for worse, such behavior is commonplace virtually worldwide: Only 6% of all survey participants said they would not use their mobile devices in restaurants or other food and beverage establishments. One, perhaps, surprising exception: 19% of Japanese millennials said they would keep mobile devices inactive in such locations. At the other end of the spectrum, Brazilian and Mexican millennials seemingly never put away their smartphones: Only 1% and 2% respectively, said they wouldn't use their mobile devices in restaurants.

Statement: *I wouldn't use a smartphone in a restaurant, coffee shop, bar, or stadium.*

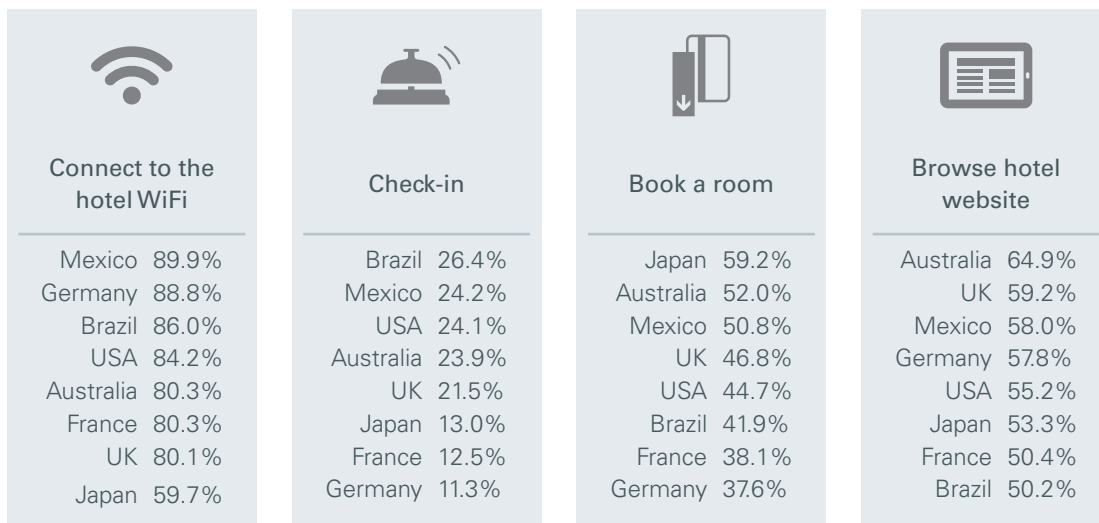| USA	UK	Australia	Mexico	France	Germany	Japan	Brazil
5.0%	4.2%	4.4%	1.8%	7.6%	6.2%	19.3%	1.4%
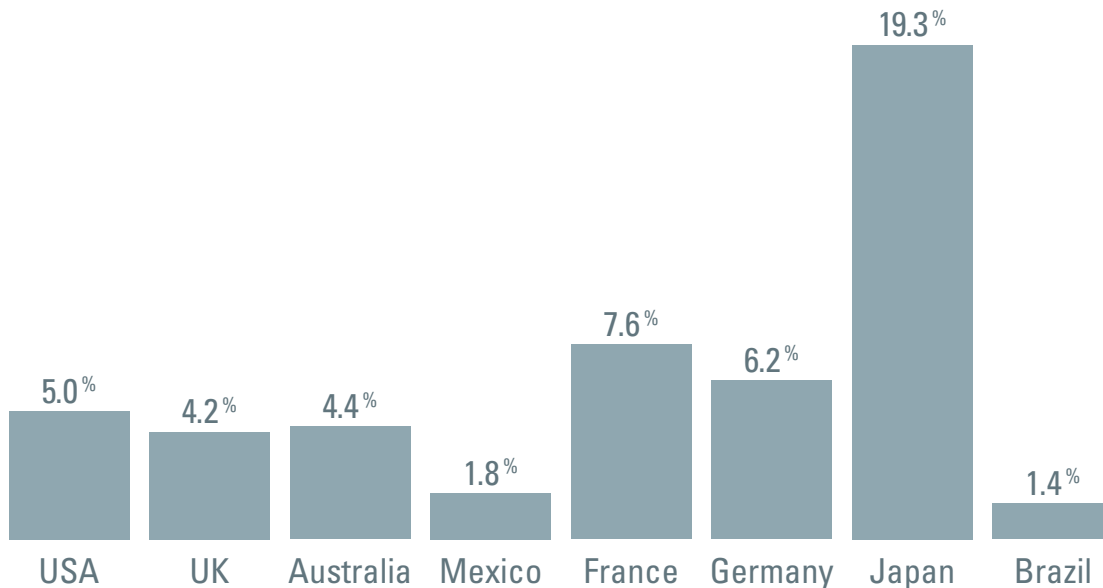
94% of millennials use their smartphones in a restaurant

Millennials are already using their mobile devices to interact with hotels.

Booking a room. Connecting to WiFi. Ordering room service. The activities may vary as might their frequency, but make no mistake: Millennials in every country are already using their mobile devices to conduct core functions with their hotels of choice. No surprise, their most common activity at hotels – engaging the internet. Of those who use mobile devices in hotels, 82% of millennials reported connecting to WiFi. Though such activity differs by geography, WiFi use is fairly prevalent: a low of 59% in Japan vs. a high of 89% in Mexico; in the U.S., usage is 84%. But more interestingly, survey results show millennials' growing interest or at least experimentation with more significant tasks:

+ 20% said they had checked into a hotel using a mobile device

+ 46% had booked a hotel room using a mobile device

+ 56% browsed the hotel website.

Millennials' use of mobile technology for hotel services.

Connect to the hotel WiFi		Check-in		Book a room		Browse hotel website	
Mexico	89.9%	Brazil	26.4%	Japan	59.2%	Australia	64.9%
Germany	88.8%	Mexico	24.2%	Australia	52.0%	UK	59.2%
Brazil	86.0%	USA	24.1%	Mexico	50.8%	Mexico	58.0%
USA	84.2%	Australia	23.9%	UK	46.8%	Germany	57.8%
Australia	80.3%	UK	21.5%	USA	44.7%	USA	55.2%
France	80.3%	Japan	13.0%	Brazil	41.9%	Japan	53.3%
UK	80.1%	France	12.5%	France	38.1%	France	50.4%
Japan	59.7%	Germany	11.3%	Germany	37.6%	Brazil	50.2%

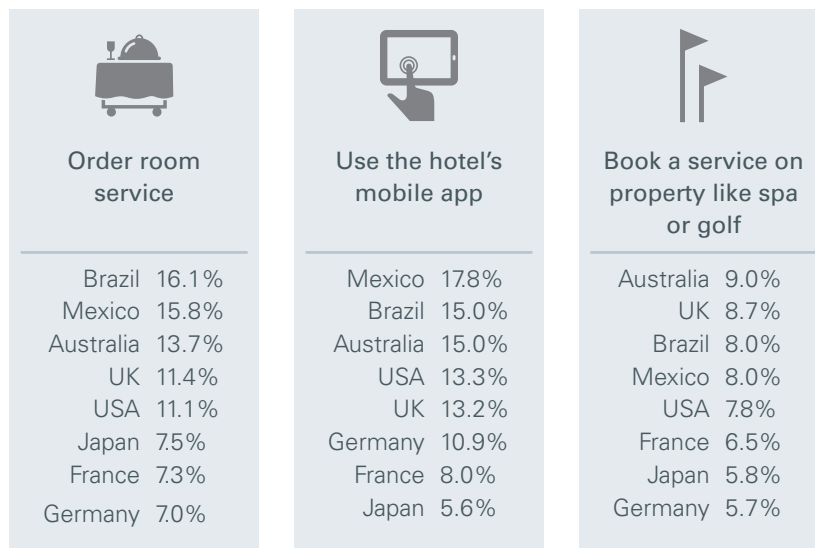**20%** of millennials that had used their mobile device in a hotel had used it to check in

But millennials are not accessing other hotel services by mobile.

Although millennials often tap mobile devices to connect with hotels and use their services, some activities hardly engage them. For example, only 12% had ordered room service on their mobile devices. Only 6% had booked a spa treatment or other service, and just 13% had used the hotel's mobile app.

But if we look at the millennials' responses to the open-ended questions, we see something very interesting; room service was the number one answer when we asked what else the millennials wanted to use their mobile devices for in a hotel.

We also saw many respondents that had worked in hospitality commenting that their employers needed to promote their technology services more to guests – hotels and restaurants are investing time and resources in developing apps, but maybe they need to market them better too.

Millennials' use of mobile technology in hotel setting.

Order room service		Use the hotel's mobile app		Book a service on property like spa or golf	
Brazil	16.1%	Mexico	17.8%	Australia	9.0%
Mexico	15.8%	Brazil	15.0%	UK	8.7%
Australia	13.7%	Australia	15.0%	Brazil	8.0%
UK	11.4%	USA	13.3%	Mexico	8.0%
USA	11.1%	UK	13.2%	USA	7.8%
Japan	7.5%	Germany	10.9%	France	6.5%
France	7.3%	France	8.0%	Japan	5.8%
Germany	7.0%	Japan	5.6%	Germany	5.7%

In what other ways would you like to use technology in hotels in the future?

1. Room service
2. Wifi improvement
3. Watch TV/movies from hotel
4. Connect device to TV/speakers
5. Check in/check out
6. Order food and drink
7. Book external facilities and activitis
8. Control entertainmment
9. Access the room
10. Book internal facilities and activities

All responses can be found towards the back of this report.

Millennials want to access their own media in hotels, but they're also willing to pay for it.

Millennials' preference for customization truly becomes evident when evaluating their media choice and use in hotels. Simply put, they want the best of both worlds: the ability to access their own music and videos by connecting to the hotel's TV/audio as well as the option to tap hotel-owned content.

Globally, 55% of millennials said they want to connect their mobile devices in hotel rooms to enjoy entertainment – the Japanese expressed the greatest desire for this ability (76%) and the Brazilians showed the least interest (44%). A mere 11% of survey respondents reported a willingness to pay for hotel-provided content.

But paid media content in hotels is not necessarily dead. 36% of millennials said they wanted to be able to access their own entertainment AND have the option of paying for music, films and TV. By providing this flexibility, it could be possible for hoteliers to increase sales of paid-for media.

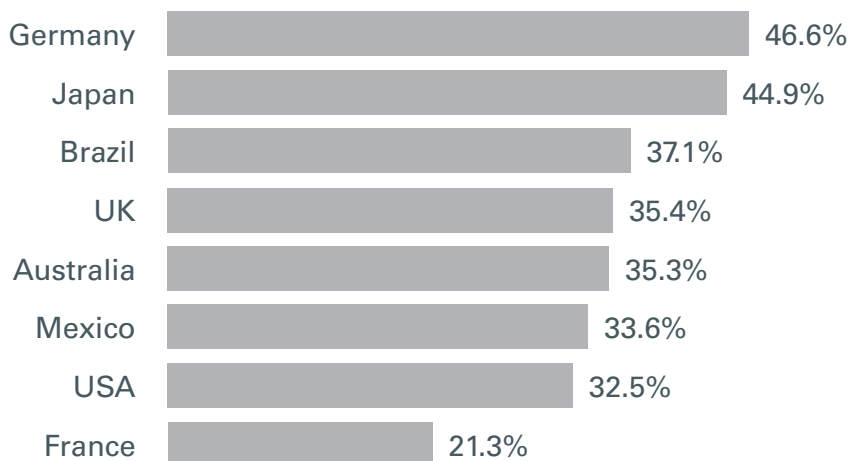| Respondents who would like to access their music and video content by connecting their devices to the TV/audio facilities in the room.	Respondents who would like access to TV, film, music and content provided by the hotel and are willing to pay for it.	Respondents who would like both options.
USA 56.0%	Germany 13.5%	Australia 43.6%
UK 52.6%	Brazil 12.7%	Brazil 43.2%
Australia 46.4%	Mexico 11.7%	Mexico 41.8%
Mexico 46.5%	UK 10.9%	UK 38.7%
France 61.8%	France 10.0%	France 36.5%
Germany 54.7%	Australia 10.0%	Germany 31.8%
Japan 76.0%	USA 8.2%	USA 28.2%
Brazil 44.1%	Japan 6.8%	Japan 17.2%

36% of millennials want option of paid or own media

Millennials working in hospitality:
More than a third think their employers could make better use of technology.

It takes one to know one. The common expression certainly applies to millennials who have worked in hospitality and can grade their employer's efforts to serve their peers. When evaluating their company's use of technology, more than one third (36%) who had worked in the industry in the past five years gave a harsh critique, describing it as "bad." Millennials in Germany were the most unimpressed – 48% were less than flattering in reviewing their employers' technology use.

Statement: *"I thought they made bad use of technology."*

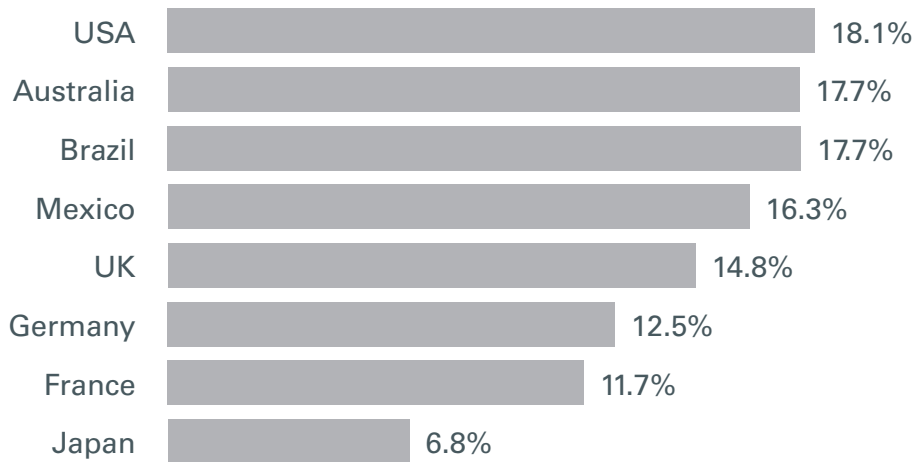|	
Germany	46.6%
Japan	44.9%
Brazil	37.1%
UK	35.4%
Australia	35.3%
Mexico	33.6%
USA	32.5%
France	21.3%

How could the business you worked for have improved their use of technology?

1. Install new or updated hardware/software
2. Wifi improvement
3. Guest feedback
4. Introduction of marketing/CRM
5. Install devices/apps for ordering
6. System for scheduling rotas/shifts
7. Promotion via social media
8. Communication
9. Introduction of an app
10. Updates to ordering systems

Millennials working in hospitality:
Only 15% of employers are seen to welcome staff feedback on technology.

Considering that millennials account for a sizeable share of hotel and restaurant staff, it's particularly remiss that employers fail to solicit their suggestions about technology. Indeed, only 15% of millennials who had worked in the field in the past five years reported that employers welcomed their feedback. U.S. hospitality operators were the most likely to query staff members about technology. It's an easy practice that hoteliers worldwide should adopt to improve guest service or they risk suffering consequences they can ill afford: brand damage and loss of business.

Percentage of hospitality businesses that welcomed feedback from all staff on subjects such as technology.

Country	Percentage
USA	18.1%
Australia	17.7%
Brazil	17.7%
Mexico	16.3%
UK	14.8%
Germany	12.5%
France	11.7%
Japan	6.8%

How can hospitality operators improve their use of technology?

Our 9000 respondents were also asked three open-ended questions:

1. In what other ways would you like to use technology in a restaurant/bar/coffee shop/stadium?

2. In what other ways would you like to use technology in hotels in the future?

3. How could the business you worked for have improved their use of technology?

On the following pages you will find a summary of their responses.

Frequent Responses

Question 1: In what other ways would you like to use technology in a restaurant/bar/coffee shop/stadium?

Topic

Ordering
Wifi improvement (availability, speed and cost)
Ordering through a device or app
Information regarding menus and prices
Nutrition and ingredient information
Customize or edit orders
To leave/ read reviews
Notify staff when service is required
Reserve a table
Access promotions/ discounts
Improvements to payment systems
Track food and drink orders
Listen and/or control the music
Play games whilst waiting for order
To check table layout/ availability
Post on social media/share photos
Interact with other customers
Leave feedback on service
Access loyalty programmes
Track queue wait time
Pre-order food and drink
Access general information
Charging ports supplied in restaurant/bar/coffee shop
To be able to take photos using technology
Hardware/devices supplied
Watch TV/videos
Use interactive menu
Communicate with staff through technology
Make a payment through device or app
Entertainment supplied through technology
Watch chef prepare food
Emails and messaging
Order food delivery
Leave a tip through device or app
Use technology to rate and vote on customer experience
Watch videos at a stadium/ concert venue
Pre-pay the bill
Order food and drink at a stadium/ concert venue
Information on External activities
Use technology to split the bill

Question 2: In what other ways would you like to use technology in hotels in the future?

Topic

Order room service
Wifi improvement (availability, speed and cost)
Watch TV/movies supplied by hotel
Connect personal device to TV/speakers
Check in/check out
Order food and drink
Access external activities information
Use device to access the room
Control all entertainment facilities
Reserve hotel room
Control temperature of hotel room
Access internal facilities and activities information
Book facilities and internal activities
Control lighting in room
Control/listen to music in room
Payment technology
Communicate with staff through technology
Access general information about the hotel
Book external activities
Use hardware provided by the hotel
Access hotel promotions
Play games
Leave/ read reviews about the hotel
Access loyalty programs
Make calls/ skype in room
Leave feedback on customer experience
Book restaurant
Download information apps about the hotel
Communicate with friends/family
Control curtains and blinds
Access social media
Special requests to personalize the experience
Control bathroom/bedroom facilities through technology
Make improvements to accessibility/usability of hotel
Entertainment provided through technology
Use phone as control (non-specific)
Maps and transport provided through device/ app
Interact with other guests through technology
Charging ports supplied by hotel
Automatic alarms/wake up call

Question 3: How could the business you worked for have improved their use of technology?

Topic

Install new or updated hardware/software
Wifi improvement (availability, speed and cost)
Technology which allows guest to provide feedback
Introduction of general marketing/CRM
Install devices/apps for ordering
System for scheduling rotas/shifts
Technology to support promotion through social
Technology to help with general communication
Introduce an app
Updates to ordering systems
Allow customers to write reviews through technology
Create website, for better online presence
Technology for general communication between staff
Implement technology as it is not currently used
Payment should be made through device or app
Install kitchen technology
Install a reservations system
Install back office technology
Install POS system
Better usability/ accessibility of technology
More supplied hardware/devices for guests to use
Payment improvements
Improvements to online ordering technology
Updates to payment system
Live chat for staff and customers
Training staff on how to use the technology
Organise staff payroll
Technology to notify guest when table is ready
Room service technology improvements
Install check in/out technology
Contactless payments
Use technology to help organise events
Make menu and price information more avaliable
Games for guests
Enable guests to pre-order food
Install a rate and vote system for guests
Send text notifications to staff/ guests
Provide 3D glasses
Allow guests to customize their orders
Install interactive menus

The above tables show the most popular responses given by the millennials.

Key Opportunities

So what do these insights into millennial expectations tell us? How should hospitality operators be adapting and evolving their services to meet those expectations?

Loyalty

Millennials want to be acknowledged and rewarded for their loyalty to you. This represents a great opportunity for hospitality operators to incorporate loyalty into their service offering and pursue personalized and targeted engagements with guests.

Mobile ordering, payment, and check-in are already happening

20% of millennials that have used their smartphones in a hotel have used them to check-in. 39% of millennials have already used a mobile device to order food delivery or takeout. 29% of U.S. millennials have paid for food or drink using their mobile devices. Hospitality operators need to look at how guests can complete key transactions using their smartphones and mobile devices.

Many millennials still want personal service

Don't expect mobile ordering and payment to be universally embraced. There are plenty of millennials that still want to talk to a human being when it comes to hospitality.

Global variances

Be prepared to adapt to different cultures. 99% of millennials in Brazil use their smartphones in restaurants, but a fifth of Japanese millennials do not.

How can Oracle Hospitality help you?

Oracle Hospitality provides cloud technology solutions to hotels, restaurants, coffee shops, bars, stadiums, theme parks and other hospitality operators to help them deliver exceptional guest experiences.

Our cloud platforms provide operators with the enterprise agility that they need to remain innovative and responsive to change, while maintaining the reliability that is essential in our industry. Our comprehensive suite of hardware and software solutions optimize operations from the back office to the kitchen to the front desk.

For more information, please visit
www.oracle.com/hospitality
or e-mail
OracleHosp_ww@oracle.com

Methodology

Using an independent research agency, Oracle Hospitality surveyed 9799 millennials in eight countries in early 2016: the U.S., the United Kingdom, France, Germany, Australia, Japan, Brazil and Mexico. All of the respondents provided feedback on their technology usage and how they interact with hotels and food and beverage operators using technology. 38% of the respondents had worked in hospitality in the past five years and also provided feedback on how their employers had used technology.

FOR MORE INFORMATION

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OracleHosp_ww@oracle.com
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