

H SMAI AND HFTP SPECIAL REPORT

Bringing Together Hospitality CMOs and CTOs

*Takeaways From European and North American ThinkTanks
on the Strategic Integration of Marketing and Technology*



HFTP
Hospitality Financial and
Technology Professionals

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Hospitality chief marketing officers and chief technology officers have a lot of overlap in terms of outcomes, goals, and of course operations, but how often do they talk to one another? HSMAI and HFTP did not think it was often enough, so we brought them together at two ThinkTanks on the Strategic Integration of Marketing and Technology — the first one for Europe-based CMOs and CTOs in Mallorca, Spain, on April 11, spearheaded by HSMAI Europe President and CEO Ingunn Hofseth, and the second one for their North America-based counterparts in Minneapolis on June 20.

During these ThinkTank events, our CMO and CTO attendees discussed their challenges, priorities, and experiences, including how the two roles can better collaborate. (See the Appendix for a complete list of participants.) Facilitated by Impact Consulting's Robyn Pratt in Mallorca and by Navesink Advisory Group's Flo Lugli in Minneapolis, both programs were powered by five questions:

1. In one word, what is the #1 strategic challenge facing the hospitality industry?
2. In one word, what is the #1 strategic challenge facing hospitality industry CMOs?
3. In one word, what is the #1 strategic challenge facing hospitality industry CTOs?
4. CMOs only: In one word, how would you characterize your relationship with your CTO counterparts?
5. CTOs only: In one word, how would you characterize your relationship with your CMO counterparts?

The resulting conversation yielded a number of interesting observations and analyses, which we're presenting in this special report — aggregating direct quotes, comments, and other insights into takeaways on which most of our participants seemed to agree, including comparing and contrasting what our North American and European groups had to say, and offering potential solutions for transforming the CMO–CTO relationship into a true partnership.

We hope you find this report valuable as you work with us to define the state of the art in hospitality marketing and technology.

Takeaways From European and North American ThinkTanks on the Strategic Integration of Marketing and Technology

	LEADING ANSWER(S) North America	LEADING ANSWER(S) Europe	CITED BY BOTH GROUPS
1. #1 strategic challenge facing the hospitality industry	Insightful data	Personalization	Distribution; compliance; data; Airbnb
2. #1 strategic challenge facing hospitality CMOs	Talent; brand relevance	Consumer behavior	Data; talent; technology
3. #1 strategic challenge facing hospitality CTOs	Prioritization	Integration	Integration; talent; data privacy; outdated tech
4. CMOs: relationship with CTOs	Improving	Challenging	Partnership
5. CTOs: relationship with CMOs	Collaborative/combative	Complicated	Strained



What is the #1 strategic challenge facing the hospitality industry?

The predominant answers at both ThinkTanks lined up closely: data analytics for North America, personalization for Europe. In both cases, the discussion centered on using data to customize and refine the guest experience.

NORTH AMERICA

Insightful data

- "In every industry, but in our industry in particular, we've got some significant infrastructure problems that are putting blinders on us. We're making decisions at a channel level, at a unit level, at a brand level, and most importantly at a guest-segment level, and I think for most of us, the best that we're doing is super-rudimentary. The best to medium-value customers often are designated by our loyalty program. Lifetime value is nowhere in the picture. A lot of things that are very commonplace in retail and other industries, we're a bit of a distance behind because of the fragmentation of our systems. Every hotel has its own database."
- "We don't have aggregated data. I have data everywhere, but none of it's useable in the way I'd eventually like to use it. Part of it is the way we organize as an industry. The GM — he or she is king or queen of their thing. They can make whatever decisions they want. They do it with no data, and typically they've come up through a hotel, not in sales and marketing, many times not even in rooms."
- "It's not that we don't have the data, it's that we haven't self-realized to the end goal of having that data. You need to make the step from, the data is there, to the data is easily accessible, to the data is formatted in a way that it is useful to the business, to the business takes on the burden of responsibility of translating that data into actionable insight. I think that's where we start to fall down along the path."

EUROPE

Personalization

- How can you personalize at scale? How can you personalize not just 1:1 but across experiences — e.g., for a Millennial who flies EasyJet but stays at Four Seasons? How can you balance personalization with data management? How can you get the data to the people who need it and get them to understand what they are supposed to do with it? How can you bridge marketing, which focuses on pre-stay, with IT, which focuses on the stay?

SOLUTIONS

Attendees in both North America and Europe had a variety of suggestions for integrating marketing and technology that apply to both data analytics and personalization:

- **Do not think so big.** Personalization is an ambitious goal, so identify small targets along the way — i.e., cut the goal into “operational pieces.”
- **Focus on customer experience.** To help break down departmental silos, consider having a VP or chief officer for customer experience. Everyone needs to understand they are in the business of customer experience.
- **Think of the guest first.** Have you asked your guests what they want? Not every guest wants the same thing — e.g., some guests want a frictionless experience, but others might be fine with a little friction.
- **Base KPIs on customer experience.** This is in contrast to standard practices, which (for example) measure/rate guest check-in in minutes and nothing else.
- **Do not oversell it.** Hotels have a habit of saying they know everything about you and will give you everything you want. It is better simply to tell guests, “Come stay with us, we’ll take care of you.” Under-promise and over-deliver.
- **Think about the future.** The move to keyless entry and check-in kiosks is going to change the definition of personalization.

What is the #1 strategic challenge facing hospitality industry CMOs?

On this question, the two groups split, with North American participants giving equal weight to talent acquisition and brand relevance, while in Europe, the discussion focused on consumer behavior — especially the extent to which the industry is not keeping up with it.

NORTH AMERICA

Talent

- "It's the last option or choice for a job — that's the psychology of people. They don't want to do the kind of work that's hard like this and not get paid enough. We are not getting the cream of the crop that are customer-service-oriented."
- "Hospitality's not viewed as the sexy place to go. You want Amazon and Facebook and a million companies before you get to a hospitality company."
- "We resist change. Why try something different? That's the fear that we live under and don't give youngsters the opportunity to bring their creative knowledge into the system and change things."
- "We've now evolved to where, yes, actually, you still need to have a little bit of a knack for the creative, but we also have the expectation marketing professionals are going to be highly quantitatively oriented. They're going to be grounded in technology. I think part of the problem is, to be a successful marketer in this space, you need to have what could potentially sometimes be conflicting skills. It's a pretty complicated job description."

SOLUTION

- "We need to change our mindset, our hiring attitude. It doesn't matter what industry they are from. And if we steal from those industries that are not hospitality, I bet you they will be most successful in hospitality."

QUESTION #2

NORTH AMERICA

Brand relevance

- “Brand relevance will still be very important as long as people want money from banks. Outside of certain markets — San Francisco, New York — if you want money to build a hotel, you need a brand. So, as long as the finance industry still continues to give loans based on flags, brands will continue to be relevant, even if their technology sucks.”
- “How do we prepare for this changing onslaught of everything that’s happening from a channel perspective — so, the growth of the OTAs, Airbnb, and others we’ve been talking about here. How do you make your brand a destination to give somebody coming to you, to your website, a reason to come there, other than maybe immediately booking? When we say brand relevance, what do we stand for? Why do we give you a reason to come to us?”

SOLUTION

- “Loyalty is a major component of this — loyalty programs and how deep they are, knowing your customers, being able to deliver experiences for them.”

EUROPE

Consumer behavior

- The primary challenge is consumer behavior — specifically, the consumer has evolved, and the industry is lagging behind. We need to stop and consider all aspects of that before moving forward with big plans and costs.

SOLUTION

- Focus on customer behavior and plan for how we consider that behavior will change in the future.

What is the #1 strategic challenge facing hospitality industry CTOs?

For participants based in North America, CTOs are most challenged by the volume of requests they receive from marketing and other departments, with all of them being equally important, while in Europe, CTOs are grappling with systems integration.

NORTH AMERICA

Prioritization

- "I think people don't realize that when you build A, you can't build B. And, for some reason, they want A and B to be built in parallel through some kind of magic."

SOLUTIONS

- "The more success I've seen over time is when we do a better job of quantifying the value of that opportunity cost and of that time and of saying yes: If I say yes to you right now, that means these other things are not going to get done."
- "We said as a leadership team, we're going to focus on six things. That's the only thing that's going to get funding. That dramatically drove focus and decision making. Even our CFO said, 'Go away. Don't even talk to them about anything else, unless it's one of these things.' It was truly saying no. But it had to be aligned and then based upon funding and prioritization, and then communication of that, so people are aware they're going to be told no and this is why."

EUROPE

Integration

- Hotels are working with legacy systems, which leads to a "tail wagging the dog" dynamic in which systems dictate processes.
- Another product of legacy systems that do not do what CMOs want/need them to is "shadow IT," which one CTO attendee defined as "when marketing goes out and buys their own systems."

SOLUTION

- IT is known for saying no, so people go around them to get what they want. IT needs to be more positive and proactive, to market itself in a way that shares its successes, and to have a seat at the table, so they know what everyone's challenges are as early as possible.

CMOs: How would you characterize your relationship with your CTO counterparts?

At both events, while CMOs acknowledged their relationship with CTOs is not ideal, they sought to put a positive spin on the dynamic — and both also described it as a partnership.

NORTH AMERICA

Improving

- “The reality is, just like there is a tension between the brand and the franchise community, there has to be an organic strain between the CIO and the CMO, or the technology organization and the marketing organization. You have to have more demand for what you can actually accomplish and deliver, otherwise you’re not pushing hard enough.”
- “I think where we’re starting to see improvement is, we’re allowing the people who have the subject-matter expertise in the relative areas to take the lead in that. What you see happening when the marketing and IT organizations become siloed is, you have the IT teams who are doing a lot of business decisions and the marketing team trying to drive a lot of solutions decisions. Helping to define everyone’s roles and responsibilities in that broader ecosystem has been helpful for us.”

SOLUTIONS

- “Make them part of your team decision-making process and involve them from the very first point. Give them the importance, the respect, and their knowledge to bring to the table and work together. They get their self-respect, they will be less resistant.”
- “We do quarterly meetings or bimonthly meetings with IT, and IT gives us the whole roadmap: Where are all the priorities? What’s the status on every project? We’re all working toward an understanding of what everybody in the organization is working on from a technology and IT perspective.”

QUESTION #4

EUROPE

Challenging

- The stereotypes — which are somewhat based in reality — are that IT people are antisocial and “back of the house.”

SOLUTION

- We need to break down traditional paradigms in which IT is seen as introverted and consigned to the basement while marketing is extroverted and in the GM's office. This speaks to company culture.

CTOs: How would you characterize your relationship with your CMO counterparts?

CTOs in both North America and Europe were more straightforward in evaluating their relationship with CMOs, acknowledging that it can be thorny.

NORTH AMERICA

Collaborative/combative

■ “I think combative is a light word, because it’s like debate, right? We work together. Combative is like, you’ll butt heads. They’ll want something, you say you can’t really build it, then you reach a conclusion. There’s an argument, then there’s a resolution, then there’s another argument next week, and then there’s a resolution. I can see them being frustrated in the middle of the meeting, and it ends okay.”

SOLUTION

■ “Regardless of the interaction, the important thing is as long as everyone’s aligned to make the business better and to give the guests the best experience possible, you’ll ultimately get to where you need to be. It just might be exhausting, with lots of friction.”

EUROPE

Complicated

■ The two groups often speak different languages and communicate in different ways, which is exacerbated by CTOs frequently not having access to their companies’ decision-making and/or goal-setting processes.

SOLUTION

■ IT needs to have a place at the table — meaning the executive table, which right now they are excluded from in many companies.

HOW CMOS AND CTOS CAN WORK TOGETHER

Throughout the ThinkTank events, participants offered specific solutions to specific challenges, which are included in the discussions of the five questions. They also spoke of the CMO-CTO relationship in broader terms. Here are three suggestions they had for improving and maximizing that relationship:

1. Set IT free

This goes hand-in-hand with making sure the CTO has a seat at the executive table. Consider having IT report to the commercial department (along with sales and marketing) instead of the finance department, for two reasons. First, when IT is part of finance, the answer it gives to any request is almost always no because of money; reporting to commercial would help remove that barrier. If reporting is unable to be changed, consider dotted-line reporting; or, at the very least, CMOs and CTOs should be present at each other's team meetings and be viewed as an extension of each other's teams, even if only informally. Whichever approach is taken, marketing and technology should be encouraged to operate in a more synergistic and collaborative way, and the leaders can make that happen, regardless of the reporting structure.

2. Get to know one another

CMOs and CTOs — and their departments — must dedicate time to knowing each other's challenges and putting themselves in each other's shoes. Even when teams do cross-training, sales trains with marketing, revenue trains with sales, marketing trains with revenue — and no one spends time with IT. But everyone should. Consider informal team-building exercises, success celebrations, joint innovative sessions where discussions are centered on what could be vs. what is, regular update presentations between teams, etc.

3. Focus on the big picture

Sometimes, the relationship between CMOs and CTOs is the product of a company culture that has become siloed and counterproductive. But it is not CMOs vs. CTOs. Or, it should not be. Instead, everything begins with what the entire company wants to achieve. What are its goals and priorities? Then, what are marketing's and technology's goals and priorities? How can they support the company and each other? By working together and setting an example of collaboration and cooperation, CMOs and CTOs can change the culture, even if it is only within their own organizations.

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Palau de Congressos, Palma de Mallorca, Spain | April 11, 2019

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Minneapolis Convention Center, Minneapolis, Minnesota | June 20, 2019

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ABOUT HSMAI AND HFTP



ABOUT HSMAI

Hospitality Sales & Marketing Association International (HSMAI) is the hospitality industry's leading advocate for intelligent, sustainable hotel revenue growth. HSMAI provides hotel professionals and their partners with tools, insights, and expertise to fuel sales, inspire marketing, and optimize revenue through programs such as HSMAI's Revenue Optimization Conference, Marketing Strategy Conference, Sales Leader Forum, and Adrian Awards. HSMAI offers organizational and individual membership, with more than 7,000 members in four global regions — the Americas, Asia Pacific, Europe, and the Middle East. This report was made possible with the support of HSMAI's Organizational Member companies. — [hsmai.org](https://www.hsmai.org)



ABOUT HFTP

Hospitality Financial and Technology Professionals (HFTP), established in 1952, is an international, nonprofit association, headquartered in Austin, Texas, with offices in Hong Kong, United Kingdom, The Netherlands, and Dubai. HFTP is recognized as the spokes-group for the finance and technology segments of the hospitality industry, with members and stakeholders spanning across the globe. HFTP uniquely understands the industry's pressing issues and assists its stakeholders in finding solutions to their challenges. — [hftp.org](https://www.hftp.org)

