

Human experience (HX) in hospitality

Differentiating and delivering value through experience in the hospitality industry

The delight of a luxurious weekend getaway. The relief after a long day of travel. The reprieve from a stressful work day. The joy of a family adventure exploring a new city. A hotel room is more than a place to lay your head; it's the setting for so many experiences and the feelings that accompany them—easy to recognize but impossible to describe—uniquely human feelings.

80% Of the decisions we make each day are based on feelings—our unique states of mind in the moments we're required to make a choice¹.

66% Yet over the past five years, revenue growth has slowed for over 66 percent of hotel brands in the US², indicating that organizations are not effectively capitalizing on this opportunity.

19.2B The 19.2B question³? How might companies harness the power of human experiences to drive revenue, growth, and success?

Exponential growth starts when organizations consider the human experience—aligning and connecting the experiences of the humans who stay (i.e., customers), the humans who serve (i.e., employees), and the humans who enable (i.e., partners) their businesses—and we have the data to prove it.

Our team has created a new algorithm, the Human Experience (HX) Quotient. It combines the impact of the customer experience (CX), the workforce experience (WX), and the partner experience (PX) and raises them all to the power (H), which is the alignment to human values.

We quantified these human values through an asset we created called the [Human Values Compass](#). This tool enables organizations to quickly survey and assess the values of the humans in their ecosystem, and to identify strategies and tactics to bring them into closer alignment.

HX Quotient

The impact of an organization's CX, WX, and PX efforts

The human-centricity of an organization

(CX + WX + PX)

↑ ↑ ↑
customer, workforce, and partner satisfaction

(H) Adoption of the human tenets and alignment of human values

We calculated the HX quotient and built corresponding Human Values Compasses for nearly 50 hotel brands⁴ across 7 distinct categories⁵. Our findings were astonishing.

We found a strong, positive correlation (0.72⁶) between alignment of HX quotient components and financial performance within a category.

1. <https://amdtl.com/blog/emotional-marketing-multifamily-marketers>

2. We ran a linear regression on revenue growth rate data and found that the slope of the trendline was negative for 66.2 percent of brands, indicating that revenue growth is slowing. Source: Euromonitor data

3. We calculated the opportunity cost of sluggish growth (i.e., a single year's revenue growth that is less than that same brand's 5 year average revenue growth) under the assumption harnessing the power of human experiences would enable brands to perform at or above the 5-year growth average. Source: Euromonitor data

4. We built value compasses for 48 distinct brands, considering only those with over \$100M in 2019 annual revenue

5. The categories are: luxury, upper-upscale, upscale, upper-midscale, midscale, economy, and home share by any person who relies on this publication.

6. Correlation between CX (as measured by JD Power), WX (as measured by Glassdoor), and 2018 RevPAR (as measured by corporate annual 10K reports)

This finding confirms that when hotels deliver a truly elevated human experience, they win⁷.

In fact, across pricing tiers, *winner captured more than 30 percent higher RevPAR* as compared to low performers within their category⁸.

We dug into what might be driving these results through a combination of evaluative and psychographic research and noticed some peculiar results.

Most notably, *the “share” value consistently rose above the rest*—ranking as the number 1 or number 2 value for 83 percent of brands across all hotel categories.

We analyzed value drivers and found that customers expressed a desire to be social with others; to share opinions and to be heard. [Our prior research](#) confirmed that “the basics” (e.g., clean room, perceived value, etc.) are no longer differentiators in the hospitality space. This finding goes a step further to suggest that guests reward brands that welcome a conversation around their perspective and experience.

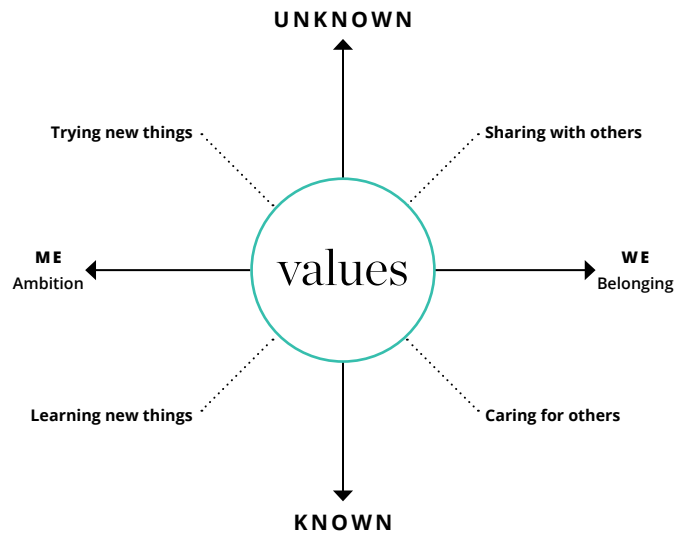
Furthermore, we were interested to find that the incidence of winners transcends average daily rate (ADR). All too often, we hear the terms luxury and experience used synonymously. However, our findings confirm a range of customer, workforce, and partner values across categories, which in turn impact expectations, experiences, and ultimately financial performance. In fact, we observe winners in the luxury, upper-upscale, upscale, and economy categories. Based on this, we assert that for brands to win, they must understand and align their customer, workforce, and partner values through a set of differentiated experiences.

Idiosyncrasies of the luxury category

The values espoused by those in luxury differed most greatly as compared to other categories. For instance, 75 percent of luxury consumers value ambition (me); this category was the only one in which we witnessed a higher incidence of ambition than belonging (we)⁹. These consumers are likely to seek out challenging situations, seize opportunities, and be willing to sacrifice their free time to get ahead. Furthermore, in this category we find a higher modal incidence of consumers who value curiosity (unknown) as compared to control (known). These customers value taking risks. When interpreted in conjunction with a lower-than-average price sensitivity, we postulate that consumers are asking brands to **surprise and delight** in the experiences that they craft.

Refresh on Deloitte’s Human Values Compass

Deloitte’s Human Values Compass is a visual reflection of a group’s values in aggregate. We started by defining four cardinal human values, rooted in a sense of personal achievement (**me**), belonging (**we**), curiosity (**unknown**), and control (**known**). Each offers a unique lens for what humans trust, are motivated by, and brings joy.



While these values are not opposites, they are inherently at odds. It is not impossible to find someone who is both curiosity- and control-driven, but it’s rare.

Next, we identified intermediate points on the Values Compass which offer manifestations of what happens when the cardinal human values interact; those being: **trying new things** vs. **learning new things** and **sharing with others** vs. **caring for others**. For example, when a person has equal parts ambition and curiosity, that most manifests as “trying new things.” Similarly, when a person has equal parts ambition and certainty, that manifests as “learning new things.”

It’s worth noting that there is no “right” Values Compass: every Values Compass reveals the core values of a group of humans. The inclusion of these humans in a company ecosystem is the outcome of a company’s historical emphasis on aspects of its business which attracted them, and can also offer direction on where an organization can shift focus in order to align the CX, WX, and PX to their values.

7. We define winners as those that provide an elevated human experience (CX + WX + PX) and in return realize outsized financial performance

8. Compares the winner to the average of all losers within the category for the 4 categories where we have clear separation

9. When assessed more broadly, across all categories only 6 percent of customers also valued ME over WE.



“Sea of sameness” in midscale

Remarkably, we do not identify any brand winners in the upper-midscale or midscale categories. As we dug deeper, it was not then surprising for us to find that values compasses in these categories vary tremendously across brands; a stark difference from the convergence we witness in other categories. With no winner in sight and high differentiation amongst consumer values, the battle for differentiation in these categories remains heated. Continued disruption from home share, boutique, independent, and extended stay options indicates that the opportunity to dominate these categories still exists.

How then might a brand take advantage of this opportunity and rise to the top? It starts by putting the human back at the core of all activities. Fifty-eight percent of customers say that a brand is their favorite for emotional reasons¹⁰. By identifying customer, employee, and partner values and creating experiences that anchor on these values, brands will drive a feeling of connection and ultimately lead to a stronger and more mature human experience.

Prioritizing partners

We often hear that franchise model brand standards make it impossible to deliver an exceptional experience. We disagree; our research suggests that corporate must prioritize franchisee relationships in the same way that they do their workforce. The majority of franchise owners feel unsupported and do not believe they make a fair profit¹¹. This feeling can undermine a hotel's ability to deliver on the expectations of hotel guests and the workforce.

In reality, hotel guests are largely unaware and perhaps do not care about the structure of an organization's business. We urge brands to not allow their business model to get in the way of appropriately harmonizing values across the humans that matter in the moments that matter. Imagine what it would look like to have franchise partners that understand and are truly passionate about delivering to guest and employee wants and needs. This insight would help inform capital investments, employee training, marketing strategies, ongoing support¹², and more—ultimately positioning themselves for both strong and stable growth.

Thinking differently

Technology is changing more rapidly than ever before. In response, brands are becoming less human in how they operate. Yet humans want to feel like they understand and connect with a brand; that it doesn't view them as a number. Now, more than ever, we seek human connection.

This need for human connections is why we developed a quantifiable, measurable approach to help our clients achieve alignment across customer, workforce, and partner experiences—ultimately elevating the human experience. By helping organizations shift their mindset and operations to be completely human-focused, they foster a connection with customers which creates loyalty and drives business results.



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10. Deloitte Digital's “Exploring the Value of Emotion-Driven Engagement” Research Study

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12. <https://www.franchiserankings.com/us/reviews-and-ratings-of-best-hotel-franchises>