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FutureHotel – Business Potentials of Experience Based Booking and Selling

Evolution of the Attribute Based Booking Model

A Report by Fraunhofer IAO from
the FutureHotel Research Project

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Executive Summary

The relevance for this study is provided by an increased demand for personalized, emotional experiences rather than standardized hotel room categories on which today's hotel industry is widely based. To enable hotels to take an active role in shaping and controlling guest experiences, this study presents a theoretical **vision of an Experience Based Booking and Selling (EBBS) model which is based on so-called extended service experiences**. The model integrates a wide variety of features (room attributes, ancillaries, policies, and duration of stay) on different spatial levels (room, hotel, neighborhood, cooperation partners) throughout the guest's user journey (Feature Pyramid). The features are individually combined according to a guest's stated and non-communicable preferences and formed into hyper-personalized hotel room products (Feature Funnel). Of course, customer data is key to the model's success. To be efficient in analyzing individual preferences and creating personalized offers, the potentials of automated data analysis and AI need to be harvested. Thus, digitalizing the hotel user journey plays an important role. Even though there are experience defining features for a guest, it is the combination of features from all levels that will create the **seamless overall travel experience** guests demand. After all, the ideal product on the website needs to meet the guest's expectations on site. Thus, the backbone of the model is to guarantee the features relevant for defining the expected experience.

The EBBS model is understood as an evolution of the already existent **attribute based booking (ABB) model**. The ABB model stands for unbundling a room product into its features and creating personalized products by enabling individual feature combinations. ABB solutions can still be considered a niche in today's hotel industry. Also, the available solutions are limited to the hotel and do not consider experience defining features from a wider hotel ecosystem. Of course, this would require new solutions for ecosystem management as well. In addition, the most recent achievements in the field of AI offer room for improving existing ABB solutions. Once these steps are taken, the potentials of the outlined EBBS model are:

- Room products (hardware) become experiences (software).
- Endless options to configurate features lead to infinite room products.
- The same room can be presented as a different product at a different price.
- AI based product labeling and storytelling emotionally address the customers.
- More (digital) data points improve upsell and cross-sell.
- Dynamic offers (e. g. seasonal, weather dependent) increase revenue.
- The hotel actively acts as experience manager and navigator for its guests.
- Ecosystem resilience is realized through stronger bonds in partner networks.
- Selling experiences serves as unique selling point and offers distinctive brand positioning.

The study at hand lifts the discussion of experience based travel to the next level by showing potentials of enriching the already existing ABB model with emotional offers and therefore creating hyper-individualized hotel experiences. The research question answered by the study is:

How does the Experience Based Booking and Selling (EBBS) model contribute to offering experiences rather than hotel rooms to meet currently visible societal trends and forming user demands?

The study begins with an outline of the changing user demands and continues with presenting the current state of research and application in the field of ABB. The overview is augmented with empirical insights from a use case carried out with Meili Selection, a partner of the FutureHotel Innovation Network, and the ABB start-up GauVendi. Furthermore, the experience term is analyzed and the discussion leads to the EBBS model vision. The study finishes by pointing out the innovation potential of the EBBS model for the hotel industry.