

# When it Comes to Expansion, 'Asset-Light' is 'Asset-Right'!

- A WNS Perspective



*An integrated and consolidated global back-office can help hotel brands quickly expand to new markets through franchisees and partners!*

A combination of factors – the turnaround in the global economy, decline in oil prices and growing demand from emerging markets, particularly Asia, is fuelling growth in the global travel industry. Not surprisingly, hospitality chains are looking to capitalize on this opportunity with aggressive expansion plans.

But even as they pursue growth, hotels are realizing that the best strategy is to stay asset-light – expand the presence of their brand across global markets, without investing in brick-and-mortar themselves.

Increasingly, some of the largest hotel chains are choosing to grow through the franchisee and managed hotel route. It lowers their capital risk and gets them faster to market.

Despite its myriad advantages, challenges remain on this route:

- While they hand over operational management and brick-and-mortar investments to the franchisee, the hotel chain still has to ensure that it provides a consistent brand and customer experience across all geographies
- Customers, especially the Millennial travellers, expect a seamless service experience across interactions and touch points – be it the contact center, mobile or the Website
- The mother brand has to ensure a hassle-free transactional experience to customers – be it reservations, payments or loyalty program relationship
- Hotels will have to continue to manage and optimize their marketing and sales campaigns and spends to reach the right customers at the right time

To address these challenges, leading hotel chains are investing in integrating and consolidating their back-office functions, particularly sales and Customer Relationship Management (CRM). Back-office consolidation allows hotels to provide standardized services across the world, manage the customer experience throughout the relationship lifecycle and improve revenue integrity.

An integrated sales and CRM set-up delivers several advantages to hotel chains:

- Complete transactional control, and the ability to predict and protect revenues
- Better customer intimacy and understanding, as brands have a consolidated and single-view of the customer
- The ability to deliver a consistent brand and service experience across multiple touch points throughout the relationship lifecycle

- Ability to precisely target sales and marketing campaigns for different regions
- Ability to plan and re-deploy resources according to seasonal peaks and growth forecasts

In addition to these customer experience and marketing benefits, consolidation also gives hotels immense pricing flexibility.

- Hotels are seeking to grow revenue beyond rooms by bundling ancillary services. Complete back-office integration will give them the ability to create dynamic bundled packages and pricing strategies for different regions based on market conditions and consumer preferences
- Selling, managing and reporting ancillary services through cross-sell and up-sell activities are much easier with an integrated sales back-office

Many hotel chains are going one step ahead in their asset-light strategy, by outsourcing their integrated sales and CRM function to Business Process Management (BPM) players. And finding a great deal of success in it! BPM players, who have a sound understanding and experience of working with large, complex clients in the travel and leisure industry can bring the following tangible benefits to hotel chains:

- **Better customer service through more language coverage across geographies:** Typically, BPM players have delivery centers across the world, which enables better customer interaction through contact centers
- **Ability to scale up and down much faster:** BPM companies can optimize their resources based on changing business conditions, which helps hotel chains ramp up or ramp down resources
- **Continuous cost savings independent of locations:** Over a period of time, BPM providers bring in superior business process efficiencies through platform-based services, which helps save costs and ensure standardized output. The savings are also augmented when BPM providers offer flexible pricing models and outcome / transaction-based models
- **Access to wider resources and services:** Apart from ensuring seamless and efficient customer service, BPM companies can provide other services such as Finance and Accounting, Analytics, technology interventions and even strategic business insights due to their domain expertise

As business, leisure and domestic travel expands, hotels have a big opportunity to drive global growth by entering new markets through the franchise or managed hotel route. With a consolidated and integrated global back-office, asset-light may well turn out to be the asset-right strategy.

---

To learn more, please write to us at [marketing@wns.com](mailto:marketing@wns.com)