

High Speed Internet Access - Free or For Fee?

Introducing the key issues

The fundamental issue that a hotel needs to address in respect of the provision of High Speed Internet Access (HSIA) is what purpose they are trying to achieve by offering the service to their guests. The answer could be one or more of the following:



- Guest satisfaction
- Revenue maximisation
- Create competitive advantage / avoid competitive disadvantage
- Reposition brand
- Enable hotel to "tick the box" to show that they offer internet services

EkoPLC is keen to partner with hotels which are focused on guest satisfaction, repeat business and driving revenue. With this in mind it is important to understand what the guest values when they are selecting HSIA at a hotel.

EkoPLC has now conducted over 100,000 guest surveys and the key issues for the user continue to rank as follows:

- 1 - Speed – significantly more important than anything else
- 2 - Security – many individuals will not yet use WiFi because of security concerns
- 3 - Ease of use – it is important that users can connect easily
- 4 - Price – often number four on the list of key factors

But some hotels offer it for free, don't they?

It is true that some hotels (predominantly in the US) have decided to offer HSIA to guests free of charge. However it is also true that hotels that are concerned with providing their guests with a business-grade service have realised that guests will and do pay for a service that they value.

A "free to guest" hotels might previously have been charging for HSIA and sharing the revenue with the HSIA provider, who would usually pay for the data line out of their share of the revenue. Providers who would no longer receive a share of the revenue then agreed fixed prices with hotels for the provision of their services and allowed hotels to choose the data line connectivity. Faced with no revenue from the provision of the service, many hotels decided to opt for the cheapest connectivity option - often reducing the line speed from c. 2Mbps E1 to c. 300Kbps DSL connections.

So it is not surprising that, after a move to "free to guest", experience shows that guest satisfaction falls dramatically. This may appear to be counter intuitive but bearing in mind that the data line speed was reduced, as well as features such as data security, VPN compatibility and 24/7 support, it is easier to understand. As a result, hotels that had previously requested the cheapest possible connection were now calling their providers and asking for the data line speed to be increased back to the previous levels or higher, and the provision of the other features most valued by their business guests, such as VPN compatibility.

From the point of view of the hotel, a service that had been a cause of guest satisfaction when charged for had become a source of guest dissatisfaction once it was provided for free. Additionally, whilst HSIA had previously contributed to the overall profit within the hotel, it was now a cost item and there was no competitive advantage because all comparable hotels were following suit.

So is there a solution to suit everyone?

Faced with this "worst of both worlds" scenario it would be surprising if hotels were not looking at ways to address this. One solution currently being evaluated is the provision of free internet access at speeds comparable to dial up whilst offering HSIA to guests prepared to pay for it. This meets the needs of two different types of guests, business travellers (who value and are prepared to pay for speed, security and support) and leisure travellers (who only want to check their mail account occasionally and don't want to pay). This type of approach is already looking like it might be the future.