



Impact where it matters.

Episode 3, featuring Sarah Searls of Choice Hotels International

Gopi Vikranth:

And welcome. This is Gopi Vikranth, and I lead personalization and customer experience analytics at ZS.

Arun Shastri:

And I'm Arun Shastri. I lead the artificial intelligence practice at ZS.

Gopi Vikranth:

We both work at ZS where we use our industry expertise, cutting-edge analytics and technology to create real world solutions for our clients. In this executive series, we will be talking to leaders about how they're re-imagining customer experiences at their organizations. Arun and I are quite passionate about this topic as it is one that our clients often wrestle with, and as consumers, we are constantly re-imagining on how businesses can do a better job of engaging us. With us. Today is Sarah Searls. Sarah is the Chief Customer Officer at Choice Hotels, and Choice is one of the largest hospitality franchises in the world. It currently franchises more than 7,000 hotels representing nearly 570,000 rooms in more than 40 countries worldwide.

Arun Shastri:

It's a pleasure to talk to you Sarah. Sarah brings an extraordinary blend of management expertise and analytics and interesting fact about Sarah, and I'll let her tell you herself. You won't guess where she got her career started. I can't wait to get your insights, Sarah, welcome to the podcast.

Sarah Searls (Choice):

Well, thank you. And thank you very much for that intro. I'm really thrilled to be part of these series and I'm really looking forward to this discussion. So as you hinted, Arun—a fun fact about me, well, maybe not a fact, but I'll share a little-known area of my background. So I actually started my career in politics and I think that as I reflect, this is probably where my passion for customer and data-driven marketing was born, but in a very unplanned and serendipitous way. So a little story. I was in college and I was on the ski team and we raced every weekend in Vermont, and that was what I planned on doing every weekend and one weekend I pulled a muscle and I wasn't going to race, and this was January 1992. I was sitting in their lounge when a friend came up and asked if I wanted to go up to New Hampshire to volunteer for some candidate named Bill Clinton, one of the many candidates in the New Hampshire primary.

Sarah Searls (Choice):

So without a lot of thought and perhaps because I had nothing better to do, I said, sure. And then to make a long story short, I became totally enthralled with his candidacy and I decided I would do everything possible to help elect him. So that summer again, with no place to stay in a really old jalopy of a car, I drove myself down to Little Rock, Arkansas to volunteer and ultimately, perhaps being in the right place at the right time, I became the liaison between Bill Clinton's national campaign and all of the Southern campaign operations. But this is really where appreciation for marketing and data originated. In politics of all places. it was here where I observed the power of truly understanding. What's important to voters, who are the voters. It could be influenced who are those undecided, those that we needed to target and then delivering powerful messages that would resonate with them.

Sarah Searls (Choice):

And so I do think that the fundamentals that apply in targeting today, that art of direct marketing that we see so pervasive in all of our digital marketing, it had deep originations in politics. As I think back, I'm not sure whether I should be appreciative of my injured leg or Bill Clinton or just that sort of youthful risk of trying new experiences without overthinking. But in all cases I am grateful because here I am in a very different role in a very different industry, but I'm still drawing from those early fundamentals that I learned as I started out.

Arun Shastri:

Very interesting linkage and I think that understanding what motivates us and what are some of the triggers in our lives that get us to where we are, and that was a very cool story. And I think just Chief Customer Officer, this is a role that seems to be relatively new in industry overall, not just hospitality more broadly, but maybe less than 20 years. What is your remit, Sarah? What do you focus on?

Sarah Searls (Choice):

In this role, I'm responsible for leading Choice's marketing and customer acquisition and overall digital experiences. But I'm really responsible for furthering all our customer first strategy by understanding and maximizing how we listen to customers and then really connecting these insights with strategy and go to market approaches to create great customer experiences, and ultimately we want to make sure that every customer connection, every customer touch point is meaningful across his or her travel journey, and of course we do this to drive value to guests, but also to our franchisees of Choice.

Arun Shastri:

Sarah, how has your philosophy and approach to customer centricity evolved over the last decade?

Sarah Searls (Choice):

As you mentioned, I've spent much of my career in analytics using all types of data, including customer-data driven strategy, to optimize media, to grow a host of measurable outcomes, largely related to influencing customer behavior. So whether through marketing approach or web or e-commerce experiences, and at my core, I'm a data-driven marketer and I'm a numbers geek. However, over the last 10 years, I've come to realize that data will only take you so far and it will take you far but only so far, and sometimes the most important insights come from really gleaming at deeper understanding of customer motivations, customer mindsets, the why behind the what, or the deeper customer motivations really drive those numbers.

Sarah Searls (Choice):

Whether it's talking to people or watching them in action, hearing their conversations, it's sometimes these learnings that can often spark those special "ahas" or those insights. For example, you can look at your volumes of data and your segmentation numbers, and you can create some great optimizations in your targeting, but knowing exactly what to say and the tone in which to say it can often come from having conversations and understanding what is truly going to motivate them. So I would say over the years, I've just truly gained a deeper appreciation for the art and for the customer insight that can drive the strategy, which might be less quantifiable. But at the same time, of course, I still maintain that deep appreciation for science driven marketing and orientations around that.

Arun Shastri:

The pandemic, I think we can't do this podcast without talking about it. It has really impacted travel hospitality, quite adversely, and hospitality companies are facing unprecedented headwinds, yet Choice has managed to emerge with good strong performance. What are some of the keys to your success?

Sarah Searls (Choice):

Yeah, so you're right Arun. The pandemic definitely created deep impacts in the travel and hospitality industries from ever-changing travel restrictions to detailed health and safety cleanliness guidelines. But it also changed how consumers and customers approach travel pretty dramatically. And therefore one of the many reasons I believe Choice fared relatively well and gained share across all the brands and to your point emerged with strong performance was that across the company, we really kept a tight pulse and focus on observing who was traveling and why and then we responded really quickly. So, from the first week we implemented daily meetings to understand what was happening. We talked through changes that we're seeing in the industry among guests, and we worked really quickly to implement change. This included everything from cleanliness, changes at the property, to updates to our loyalty program, as well as finding ways to support our owners. But more so this also included implementing a very dynamic approach to marketing.

Sarah Searls (Choice):

And this helped us ensure that we were responding really fast to any customer demand that was present throughout the pandemic. So for example, when travel came to a halt, our global sales teams, they quickly focused on ensuring that we were capturing the demand from essential workers, and at that point they were the primary customer who was traveling. But then we continued over the course of early on in pandemic and throughout just to look at all sorts of additional behavioral data insights from our partners, such as Google Search trends, sentiment research, and our own behavioral data that showed us who was traveling to understand the customers who are out there traveling as well as a little bit of insight into the why. These insights helped us pinpoint when and where leisure travel was coming when it started to come back.

Sarah Searls (Choice):

Early on we saw it was coming from drive-to destinations. We saw huge spikes in guests that were saying just 25 miles from their house, but it was regional in nature, and this really helped us influence our go-to-market approach. So I think that this laser focus on evaluating and watching customer demand and customer sentiment allowed us to quickly determine where to be in market with what media, where and when we should stimulate demand and promotions, and ultimately helped guide our strategy by watching the customers and the data that was out there

Arun Shastri:

As chief customer officer of Choice. I'm sure you're spending a lot of time thinking about how this pandemic has impacted customer experience, and I'm very interested in hearing your perspectives on what you think those changes are not only in the short term, but in steady state, once we return to this, perhaps this new normal, can you share your insights on that?

Sarah Searls (Choice):

Yeah, sure. I think that some of the changes that have been implemented are going to persist, but I definitely think that some will continue to evolve. As I'm sure you've seen, the travel industry as a whole has doubled down on increasing safety and cleanliness measures and I would imagine that some of those approaches are going to continue as just part of good practice. And there's been other experiences that have been adjusted as well. Often many that were geared to minimize contact. For example, brands have implemented housekeeping on demand versus coming in and cleaning every day. Some hotels have implemented different breakfast offerings. They've moved away from a full buffet to grab and go sandwiches and then we're hearing a lot more about digital or contactless check-in, which is probably perhaps part of a much more broader trend.

Sarah Searls (Choice):

So my own opinion is that some of these experiences are going to stick, particularly when there's a benefit to the franchisee, perhaps for efficiency or cost savings and to the guest. But at the same time, I'm also starting to hear research and insights suggesting that right now people are really missing out on some of those micro interactions and this is not just in hospitality, it's across all industries. They're missing that chit-chat with the local barista that they've come to know at the Starbucks that they're not experiencing because everything's mobile to go, and I actually think I heard a stat that a very high percentage of customers who do pick up groceries, they end up actually going into the store for some human interaction. So with human interaction and service being such a key element of hospitality, my guess is that some of these experiences that have been built out of the pandemic are going to persist, but others are going to evolve as a customer mindset and sentiment continue to emerge.

Sarah Searls (Choice):

I also think that when we think about the experience in hospitality, part of it is at the hotel, but part of it extends beyond that stay itself, when you think about the travel journey. We've seen extensive and significant growth in mobile usage and we're going to continue to double down and our mobile experiences of how we go to market in that regard. So I do believe that the focus on digital and the role that we'll play in the travel experience, that will continue to persist just as adoption continues to accelerate.

Gopi Vikranth:

So when you talk about the mobile experience, what role do you believe Choice's digital marketing efforts have played in your success and weathering the pandemic?

Sarah Searls (Choice):

I think that there've been a lot of factors that have contributed to the success as I mentioned a few minutes back, but I do believe that our digital marketing efforts, which are largely focused on driving bookings to choicehotels.com and our mobile apps certainly did contribute. What are the big advantages of digital marketing is that you can turn it on and off really quickly, we can deploy it regionally or nationally and a host of different targeted ways, whether it's paid search social media, digital display, now we can

deploy it to audiences and areas where it can be most impactful and where we believe we can capture the most demand and generate bookings. So in this environment that we experience, where there was a lot of change and different types of travelers were out there in different regions, it was very helpful to leverage this approach because it did provide that level of agility.

Sarah Searls (Choice):

Additionally, with digital marketing, you can quickly test what's working and what's not, and turn things on your websites, messaging on and off, and respond really quickly to customer needs. Again, going back to examples of the pandemic, customers needed a lot of assurance when they were looking to travel so that they could potentially cancel. They wanted updates and to understand what we're doing with respect to elevated safety and cleanliness. Merchandising became really critical because we saw that customers who are out there were looking for deals. They expected to stretch their budgets and we're able to leverage our digital channels to quickly turn and change messaging and in a very targeted way and that was helpful to our efforts. So I think that overall just the speed and the agility that comes from digital marketing coupled with targeting capabilities, made it a really critical element in driving our performance during this pandemic.

Gopi Vikranth:

So when you look about some of the efforts that Choice has around customer centricity, what are some tangible things that you're doing to bring those to fruition?

Sarah Searls (Choice):

One of the reasons why I think that we've been so successful at Choice over the years is that we've had a very deep and broad understanding of our franchisees and their needs, and we've had ongoing feedback loops and, in many cases, one-to-one relationships, which has allowed us to understand exactly what's important to this very important customer of ours, the franchisees. Over at Choice, we have two customers. We have franchisees and the guests, and while we certainly have the same appreciation for our guests, but when you have over 20 million, it takes different work to get to know and understand their needs. Tangibly speaking we've done considerable work and research over the last couple of years to further understand guests' mindsets their motivations both broadly, but also within travel.

Sarah Searls (Choice):

And we've also looked to better understand the guests' occasions and the needs associated with them. So why are they traveling to the hotels now? Are they with traveling a family, for work, vacations? And then in those occasions, what do they care about in the context of these different circumstances? So we've really built out, I would say robust insights, guest segments, and personas, but admittedly, we're still on the journey to understand how can these insights be applicable across the customer journey. From the marketing, to the stage, to our loyalty program, and there's some work underway to activate against these insights to really create those more meaningful connections and experiences for our guests across our brands and portfolio.

Sarah Searls (Choice):

Quite frankly, I'm not sure that this work is ever done because all the mindsets and motivations are fairly stable. There's macro trends and behaviors that will continue to change and therefore how we go to market and the new experiences we create will need to continue to evolve as well. But I think near and dear to your heart, concurrently to activate against these insights in a scalable market in terms of how we go to market, how we reach customers, we are also building out a more robust martech stack that will ultimately leverage the combination of technology, data and customer insights.

Gopi Vikranth:

So on that point, Sarah, most of the marketing is moving away from broad-based or even segment based to a more one-on-one personalized marketing. So how do you see personalization in hospitality and what are some investments Choice is making on this front? If you can throw some light on it, that would be great.

Sarah Searls (Choice):

Yeah. I personally think that personalization it does take on many different definitions and meanings to different practitioners. I think that there's probably a place for one-to-one marketing. But to me when I think about personalization, I do think about it, I guess in just a little bit more of a broader sense. It's really about leveraging what you know about individuals or audience segments, and then using that knowledge to deliver more relevant messages offers or maybe experiences, but to do this you need to have really good customer data. You need to have the infrastructure and the ability to target and segment your customers by their behaviors, by their demographics, by their propensities to be part of an audience and then sometimes individually based off of exactly what they've done at that moment and then differentiate what you offer them, what you messaged to them. Perhaps it's a creative use of the promotion gave them and then have the ability to activate against the customer touchpoints.

Sarah Searls (Choice):

That includes everything from email to website, to mobile apps, to call centers, paid media and digital and social, and perhaps even part of that hotel experience itself where you do have additional customer touchpoints. When I think about personalization, I do really think about it as almost just an evolution of really thoughtful and efficient marketing that yes, to your point shifts from that broad-based approach and broad-based segment approach, but it's still in the same principles as marketing, where you're reaching your target audience with information that's most relevant in the channels where they're going to be present. But to do this and to do it in a scalable way, it does require technology and data investments to pull it all together.

Sarah Searls (Choice):

I think there's a lot of really interesting capabilities that we're seeing out there that are newer than what we've seen in the last several years and I think this is really exciting because it's making the scalability of this a lot more accessible to a lot more marketers, but it's not just about the technology and the martech. I think to really bring this all together, it requires thoughtful activation strategy. It requires thoughtful prioritization and typically really strong cross-functional teams working together to bring it all to life.

Arun Shastri:

Sarah you alluded to this earlier, this concept of the customer yearning for contact, despite the fact that they may be able to check in and access the room on the phone and so on, what role do you think automation and self-serve plays in reinventing customer experience in the hospitality industry?

Sarah Searls (Choice):

I do think over time, automation's going to continue to play a larger role in customer experience. But as I mentioned earlier, and I truly believe this, I do believe also that human interactions will remain key in hospitality. If the year of Zoom calls and online ordering has taught me something, there is something fundamentally very different about a face-to-face personal interaction versus an automated experience. I think that there's an intangible that I personally value and I believe that many others do as well, but sometimes the automated experiences are going to be warranted and welcome, particularly when they present ease and they make processes more efficient and I think that likely over time, the ability to check in via mobile, it's going to become an expectation. It's going to be table stakes for some people. Using your phone for the key bypassing the front desk.

Sarah Searls (Choice):

Some guests are going to want to do that over time. I think guests are going to expect to be able to order towels or other services from their mobile app, versus calling housekeeping. When data and preferences can be integrated into the experience, like for example, maybe the front desk knows someone's preference at check-in because the data about the prior stay is automatically reflected in their profile, and that that can certainly enhance the experience. But I just do not think automation takes over. I think that some guests are going to continue to value those interactions and this is where I think I mentioned earlier that the power of listening and the power of talking and in getting that less quantifiable data. I've heard from our hotels that they value the interaction with guests.

Sarah Searls (Choice):

It's their opportunity to welcome them and differentiate themselves and to be hospitable and to learn about their needs. So if you read the reviews or talk to guests or hotel operators, it's often these personal interactions that they mentioned that really do play an important role in that customer experience. So I think that for many hotels and for many guests, automation will be an important part of the experience. It will add value, it'll remove friction, it'll create ease, it'll create efficiencies for hotel owners, but I don't think it ultimately replaces that front desk and replaces the human interactions and the human element of hospitality.

Arun Shastri:

I heard you refer a little bit to your lessons learned from the pandemic. So let me actually dig in a little bit deeper on that. What would you say are some of the most interesting learnings from the pandemic and how do you think that's going to influence your actions going forward?

Sarah Searls (Choice):

As I reflect, I think one thing that I just thought was really interesting and what surprised me, it was the speed and the acceleration of behavioral changes that we saw in customers. Think about how quickly we all adopted to working from home or ordering online. I think the acceleration of consumption changes in media and mobile, and really just how quickly demand changed from one area to another across the country and how different customers with different staycations, how we saw it come and go so fast. That speed of change definitely was really interesting and I think has implications. For example in mobile, usage has been growing fast for the last several years, but this year was just a ginormous tipping point with more mobile commerce than we've ever seen before at Choice and media consumption as well.

Sarah Searls (Choice):

It dramatically changed this past year with more customers cutting the cord, watching streaming TV, online videos, shifting from linear to digital and of course this all has implications in terms of how we go to market. First just from a learning, this just really reinforced that value of working fast and nimble in an agile market in order to respond to the speed and this approach in terms of how we operate is certainly something that we're going to maintain going forward. But also these rapid changes in behavior, I think also reminds us of just how important it is to continue to look ahead at what's coming, because as we look ahead, some of the trends that we're seeing there, they could come at us pretty fast.

Sarah Searls (Choice):

I do think a forward approach is key to gaining advantage into the future. Something I personally value is operating with a growth mindset, thinking about how it can evolve, how it can do better, and to do that I think you need to be thinking forward and we need to assume that consumer expectations and behaviors are going to continue to change and evolve, what they watch, how they play, how they shop. Technology is going to continue to change, more capabilities like 5G are coming at us, privacy mandates, data evolution, and so on and so forth. We really need to keep an eye on the future to make the right bets and investments and ultimately, and I think you guys can appreciate this. I think that this means really

leveraging that combination of technology, data and deep customer insight so that we can ensure that we're creating those meaningful experiences.

Gopi Vikranth:

Sarah, on that note to the futurist in you, flash forward and imagine the hospitality industry five years from now, and let's say some of the data constraints and the technology constraints will evolve to keep up, what are your top three predictions about how customer experience and personalization will evolve in the next generation of hospitality?

Sarah Searls (Choice):

This is an interesting question because it's one that we're asking ourselves where we're asking ourselves what are those macro and micro trends that can help us really understand and predict the needs of the customers over the next five years. Because ultimately it is those customer needs and motivations that should drive the experiences, and I think that in terms of predictions and I'm not good at this. I think I joke that the only accurate prediction I can offer five years ahead is that I'll probably be wrong, but we get beyond that. I do definitely think that personalization and digital automation is going to play an increasingly large role in the experience. This will come in part from the continued acceleration of mobile usage that we mentioned, 5G adoption is just going to make this all much easier, digital commerce, it's going to enable us to remove friction areas outside of the travel journey.

Sarah Searls (Choice):

Already, it's so much easier to book and transact with just a couple clicks. I think that the experiences of doing so are going to continue to improve and become faster and easier. And I do also think that there's going to be more automation for those who want it via their personal devices that will be a conduit more so across the journey. So I mentioned before the door lock, but also in experiences that they have today will be enabled and enhanced such as, this you're seeing today, about streaming video in your room, that's more personalized, maybe you're pulling down your Netflix, you watch at home and other activities that you do, I think can be more streamlined. But at the same time, as I've mentioned before, I still also fundamentally believe that even when we think of five years, seven years, 10 years, I do think that when people travel, I do think that many times they are looking for that service.

Sarah Searls (Choice):

And I think that customer experiences that truly connect the guests and provide meaning, are going to continue to be important. Those experiences that make them feel something, whether it's learning about something local, getting that delicious treat at check-in or perhaps being graciously welcomed to a new area. I think that those types of experiences are still going to be relevant and are still going to be meaningful to the travel experience as we look forward and we look ahead. As I said earlier at the end of the day, I think that digital experiences and technology can play an increasingly important role in the travel journey. We're going to have more data. We're going to know more about customers. We're going to be able to serve them up information that perhaps is going to be more relevant to them more fast. But at the same time I don't see a world where we go to total automation and in total kind of technology driven experiences in totality.

Gopi Vikranth:

If I were to quickly summarize some of the teams that came out today, one is the first essentially to quickly adapt to changing consumer travel needs, especially during the pandemic, as an example, essential workers came out as an initial segment. Similarly, other segments are coming out and Choice needed to quickly adapt to try during the pandemic. And then the second is a precision marketing. So digital allowed you to target these specific consumer trends as they're coming up and then be able to do more on-demand marketing versus having fixed marketing plans. The third thing that I took away was

around mobile experiences and adapting the processes at the different franchisees so that the customers felt more safe and taken care of.

Gopi Vikranth:

Last but not the least, I think you're looking at personalization to have dual fronts, the one there'll be continued automation on certain aspects, but then there are also going to be human-driven, micro interactions, whether they're local or something more specific to the consumers. They're still going to be a more human-driven and to deliver those truly personalized experiences. Consumer behaviors are continuing to evolve and the speed at which they are evolving means that the overall marketing technology and the strategies will need to evolve fairly fast. Is that a good summary? Did I miss something?

Sarah Searls (Choice):

I think he did a phenomenal job. I think you were listening carefully and you articulated what I said very well. So thank you.

Gopi Vikranth:

Thanks Sarah.

Arun Shastri:

Thank you so much for joining us on this podcast, I think over the years, as I've gotten to know you, I've always had thoughtful exchanges such as this, and I look forward to many more, thank you for taking time and sharing your perspective as a Chief Customer Officer, not just about customer experiences in hospitality, but what the evolution of that looks like. So thank you once again.

Sarah Searls (Choice):

Well thank you for having me and I look forward to many more conversations with you as well Arun and Gopi. Thank you.