

Hotel chains play Wi-Fi 'follow the leader'

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In response to consumer demand and strong industry fundamentals, major hotel brands are loosening the reins on their Internet offerings.



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REPORT FROM THE U.S.—The hotel Wi-Fi war is on.

Brands across the industry are rethinking their Wi-Fi and Internet offerings, in some cases allowing free usage for basic levels of service and charging fees for enhanced speeds. Hotel industry heavyweights Marriott International, InterContinental Hotels Group, Starwood Hotels & Resorts Worldwide and Hilton Worldwide Holdings are among the companies announcing changes to Internet policies. The highlights:

- This month, [Starwood Hotels](#) will offer free Wi-Fi in rooms and public spaces to Starwood Preferred Guest members.
- Last month, members of the [Marriott](#) Rewards loyalty program [gained free access at brands](#) where such access wasn't already complimentary.
- Tiered access in 2014 was put in place at [Hilton](#) properties. In a statement, the company said Internet policies are on a brand-by-brand basis, with complimentary access at its Hampton Inn, Hilton Garden Inn, Homewood Suites by Hilton and Home2 Suites by Hilton brands.
- [IHG](#) a year ago also freed up its Internet access to Rewards Club members while also instituting tiered access at some hotels.

Chad Sorensen, a principal and managing director at CHMWarnick, said a few elements are driving the movement. First, he said via email, is a desire to lift customer satisfaction scores. Also, now that the industry is performing strongly, brands are more willing to part with the Internet revenue stream.

"This is a follow-the-leader scenario," he said. "Once one brand made the change, all others followed to maintain a level playing field."

Hyatt Hotels Corporation, another brand that has reimagined its Wi-Fi service, [announced in December 2014](#) it would provide free Wi-Fi access in all of its lobbies and rooms worldwide at some 573 properties (count as of the end of 30 September 2014). The capability was scheduled to be online as of 14 February 2015.

Kristine Rose, VP of brands for [Hyatt](#), said in an email the company began offering the free service because company executives recognized that Wi-Fi is an essential part of the stay, "much like a comfortable bed or a clean room." The company's research showed the average guest uses approximately two devices per stay.

Matthew Arrants, an executive VP at Pinnacle Advisory Group, said studies have shown that free Wi-Fi access is of the utmost importance to travelers, so hoteliers are trying to cater to that.

"Basically everyone that hotels cater to consider free Wi-Fi critically important," he said. "Add to that the impact of negative social media for hotels that charge for Wi-Fi and (it's) clear that we as an industry must give it a lot of attention."

Rose acknowledged that offering free Wi-Fi is "an investment" but did not identify the precise financial cost to Hyatt.

"We take a long-term view," she said. "We want to be the most preferred hotel company and look at this as an investment in providing Hyatt guests with a seamless travel experience." The company isn't anticipating any bandwidth issues, Rose added.

FCC fight

The war over Wi-Fi also spilled into a tiff with the U.S. Federal Communications Commission for Marriott, which was accused (and eventually fined \$600,000) for blocking a guest's personal Wi-Fi hot spot.

Marriott officials indicated the company had guest security in mind, but [in a statement](#) the FCC made clear it did not approve of the action.

"The Communications Act prohibits anyone from willfully or maliciously interfering with authorized radio communications, including Wi-Fi. Marriott's request seeking the FCC's blessing to block guests' use of non-Marriott networks is contrary to this basic principle."

In a statement last week, Marriott said it would adhere to the FCC's request.

"We're doing everything we can to promote our customers' connectivity using mobile and other devices, and we're working with the industry to find security solutions that do not involve blocking our guests' use of their Wi-Fi devices," according to the statement.

The American Hotel & Lodging Association, in a statement to Hotel News Now, also brought up the security argument.

"We've seen too often that it only takes one rogue actor to breach a protected system. Guests can unknowingly click on a hot spot they think is secure only to have their information stolen," according to the statement.

"Hotel operators need tools to respond to a cyberthreat in real time without fear of legal penalty. Right now, it's unclear whether they can take action to attempt to stop cyberattacks that threaten their network. We believe addressing the security issue is of the utmost importance and are doing all we can as an industry to find a solution that balances the security concerns with access to Wi-Fi," the statement said.

Sorensen said he understands the security concern, but there might be financial concerns at play, too.

"Meeting room Internet access (for example) is the source of sizeable revenues, especially in convention hotels," he said.

HNN's Samantha Worgull contributed to this report.