

RFID TECHNOLOGY

AND ITS USE IN THE LEISURE AND RESORT INDUSTRIES



By Jeremy Rock



An interesting statistic has emerged pertaining to the number of water parks that are being installed along with hotels and resorts. The report detailed by the Hotel Waterpark Resort Research & Consulting firm reported that as of October 2004, there were 14 new hotel water parks that had opened and a further 32 that were in development. This report validated what has already been observed as a trend within the industry whereby resorts are developing additional parks and attractions as a method of creating a broader appeal to the public and thereby securing a competitive edge in the marketplace. From a technology perspective these new parks have been adopting RFID as a method for not only tracking guest activity, but also to provide an easy method for transacting business.

From ski resorts to the mega Las Vegas-style casino resorts most of these properties are looking into the idea of implementing RFID technology to assist them in streamlining operations and improving the bottom line. RFID has potential advantages as it pertains to targeting specific guest preferences to improve the services that are being offered.

A few facts on radio frequency identification (RFID) technology:

1. It operates in the 13.56 MHz frequency band and is passive, meaning it can be deployed in wristbands that do not require batteries.
2. RFID can be read through a person's body and clothing and is not interfered with by fluids. As such, it is a natural technology to be deployed in water parks and ski resorts.
3. It does not require line of sight like other technologies such as bar codes.
4. It possesses read/write capabilities.
5. It works with POS proximity readers.
6. It can be secured to a guest's wrist to prevent unauthorized use.

When we talk about RFID technology and how it's currently being used in theme parks it's important to understand some of the parameters surrounding the technology. In most cases, the use of RFID is achieved by securing a thin waterproof plastic wristband on the guest's wrist that allows them to access the park and make

purchases. By entering the guest's information into a database and associating this information with a specific RFID tag, information with regards to access hours, credit limits, guestroom numbers, guest preferences, group and other information can be interfaced with the other systems in the park and resort such as the PMS. Guests can roam the resort without having to carry money, room keys and the other usual paraphernalia and instead focus on enjoying the attractions being offered. Based on this scenario, the following represents an overview of the technology and how it's currently being utilized in theme parks and ski resorts.

Theme parks and ski resorts are primarily focused on using RFID technology in the following three areas: ticketing, identification and tracking and to set up a cashless market-

place. Ticketing provides guests with an electronic access device in the form of a wristband, card or chip which they can gain access to rides, ski lifts and other areas of a park or resort. Much has been made of the tracking capabilities of at least one of the tracking systems which has focused efforts on location the whereabouts of children within parks and resorts. This system uses RFID tags that are placed in waterproof wristbands to allow parents to locate their children's whereabouts on one of the many kiosks located through the park or by sending a SMS message to the central server which will respond with the "zone" that the children are located in. Through the use of this system, parents have the ability to enjoy the park at their own leisure while still having the comfort and knowledge that they can locate their children at any point in time. With a cashless marketplace RFID tags can allow the guest to purchase retail items and food and beverages based on the credit limit that was established at the time of entry. Predetermined spending limits can also be attached to each of the RFID tag. This allows parents to provide spending money to their children for food and essentials while in the park. By simply having their RFID wrist bands read by the POS reader, guests can make purchases which can then be tracked and charged to their account.

The numerous benefits of RFID tags within the theme parks could be utilized from a resort perspective. Currently many resorts are integrated to the parks through an interface that allows for ticket posting and other retail and F&B charges to the guest's folio. This interface also provides the park with the guest's name and credit limit thereby allowing the park to personalize and track various data associated with the guest. The park has the ability to capture information on guests on a continuous and real time basis. This information could be used to update their overall guest

Other areas where RFID tags are used:

- Profiling people
- Managing the flow of the park
- Targeting mobile retail services
- Tracking the rides that have already been taken
- Providing the ability to enhance a guest's profile (know where guests are spending time and money)

profile for both guest services and marketing purposes. While the potential to provide information from the various theme parks presents a great opportunity to identify and track guest

Some Advantages of RFID

- Wireless cash, guests have an e-wallet
- Promotes impulse buying
- Reduces shrinkage usually associated with cash transactions
- Provides potential incremental income through locker rentals
- Provides child tracking and locating systems for parents
- Provides analysis tool for park management to identify bottlenecks in the park or locate VIPs

preferences and incremental income associated with these areas of the resort, it has the potential within the resort or hotel that can perhaps yield the most useable information.

It would be almost impossible to place a wristband on the

average resort guest, it may be feasible to assume that resorts would be able to provide an RFID-enabled key card which could be tracked throughout the resort. Like the casino's player tracking card, an RFID enabled guest key card could provide a substantial amount of information on the guest's preferences, behavioral and spending patterns. There is the big brother issue that would need to be addressed, however,

the marketing and operational advantages of having this information could prove invaluable.

Jeff Johnson, vice president of marketing for Montage Resorts, said that if you were able to track information on guests much the same way as theme parks are able to it could prove to be very beneficial from both an operational and marketing perspective. He mentioned that there are behavioral and predictive marketing advantages to accessing this kind of information.

A resort could focus its marketing efforts in a very specific manner so that they know where to market, patterns about specifics geographic regions, the time of day to anticipate staffing requirements, spending habits by ZIP code and can measure capture rates.

For example, you could ascertain when VIP guests typically visit the spa and what packages they purchase. The resort could target this area and focus on providing spa packages to the guests that meet their needs and requirements. Another example would involve ski resorts where they could use the system to ascertain if the skiers on the mountain are staying at the hotel. Depending

on how the transponders where placed, it could be ascertained as to what runs the skiers where taking and the time of day. One could also determine where the skiers were staying.

There is a very real potential that RFID technology or a similar type of technology could soon be adapted to track guest's movements and preferences around the hotel. Given a certain environment, the resort can anticipate how the guest is going to behave and where they are most likely to spend their time and money based on prior stay experience or a demographic profile. This is invaluable to target the resort's marketing efforts. At some point this technology will allow resorts to anticipate guests' wants and needs with an extreme amount of certainty. And, after all, this is the essence of providing guest service.

Jeremy Rock is the president of the RockIT Group, a hospitality technology consulting firm specializing in system implementations. He can be contacted at (310) 575-0550 or jrock@rockitgroup.com.