

Consumer Generated Media, a Threat or an Opportunity?

How you can use it to your advantage | By Max Starkov and Jason Price

Consumer generated media (CGM) – blogs, discussion boards, review sites, social network sites, etc., has remained a prevalent subject in hotel marketing discussions in the past year. How can hotel and travel marketers use this new medium to their advantage? Should CGM be considered an opportunity to promote the hotel product and be part of the marketing strategy, or is it a threat that needs to be contained? Can a CGM initiative help hoteliers differentiate their services and de-commoditize their product? The ideas discussed in this article could help hoteliers to benefit from the opportunities presented by CGM, and build CGM into the overall Internet marketing strategy.

Background:

Consumer Generated Media (CGM) is online content created primarily by Internet users themselves—anyone other than professional writers, publishers or journalists, and made available to other Internet users via interactive technology applications. This includes discussion boards, blogs, social network sites such as MySpace and LinkedIn, trip planners (Yahoo Trip Planner, IgoUgo), customer review sites like TripAdvisor, experience or photo sharing, and any other opportunity for the consumer to share their knowledge and familiarity with a product or experience. CGM is available in various formats, including text, images, videos, podcasts, and voting/ranking.

As it relates to hospitality a common question asked is, how does CGM become part of the multi-channel Marketing Model?

What is the role of CGM in the Hotelier's Direct Internet Marketing Strategy?

In 2007 nearly one-third of all reservations in hospitality in North America will be generated from the Internet (29% in 2005). By 2010 over 45% of all travel reservations in the U.S. will be done via the Internet (Merrill Lynch, HeBS). Next year over 60% of these Internet reservations will be via hotel-branded websites, though some major hotel brands already enjoy a very healthy 85:15 direct vs. indirect online distribution ratio.

In our view hoteliers should consider CGM initiatives only as part of a comprehensive Direct Internet marketing strategy, together with other important aspects such as search marketing, email marketing, website optimization, strategic linking and link popularity, online sponsorships and display ads. CGM initiatives like blogs should become a line item in the overall hotel marketing budget.

On the other hand Hospitality eBusiness Strategies considers CGM a vital part of the comprehensive de-commoditization strategy of the hotel, a potent tool to provide a unique value proposition to its customers. A well-developed CGM strategy could provide visibility to unique aspects of the hotel product and destination, and a differentiated approach to reach key customer segments.

Is Consumer Generated Media a Threat or an Opportunity in Hospitality?

In November 2006 we conducted a CGM survey via the HeBs blog (www.HospitalityeBusiness.blogs.com) and asked hoteliers if they thought consumer generated media (i.e. blogs, hotel review sites) is a threat or an opportunity? 81% of survey respondents said they viewed CGM as an opportunity.

In our view there are three ways hospitality and travel marketers can use CGM to their benefit. First, use CGM to listen to what consumers are saying. Hotel marketers gain unfiltered insights into the customer experience, something that in the past could only be achieved through surveys and comment cards. By monitoring sites that contain reviews and comments about your property, you can immediately address any issues and act appropriately.

Second, hoteliers can establish interactive relationships with the customer via corporate-sponsored CGM initiatives. Examples of such corporate-sponsored initiatives are the pioneering Starwood effort with their blog theLobby.com and Sheraton's new consumer experience and photo sharing CGM functionality.

And third, hotel marketers can utilize the various types and formats of CGM to promote their products and services. For example, HotelChatter.com and TripAdvisor now accept display ads, and many discussion boards accept sponsorships and advertising. In sum, hotel and travel marketers should review the use of CGM in the overall context of their Internet advertising budget.

Is there a Right Time to Launch a CGM Strategy?

As discussed above, a CGM strategy is best served after hoteliers have already launched a robust direct online distribution strategy. Aspects include a competitive, fully-optimized hotel website that is user-friendly, search engine-friendly, booker-friendly and interactive customer relationship-friendly. A successful website is one that presents the hotel product, addresses all key customer segments and provides fresh, up-to-date content that both online consumers and search engine bots like. Copy on the website must have high keyword-density to boost the search engine-friendliness and be updated on a regular basis with new content and rich media.

The hotel should be participating in local, vertical, organic and paid search marketing, email marketing, strategic linking initiatives, email and online sponsorships, and many other strategies to draw in customers seeking a hotel in your destination. Having a robust Direct Internet marketing strategy in place and generating substantial revenues from your online efforts is fundamental and paramount before investing time and resources into CGM.

Steps for Building the Corporate CGM Strategy

There are three approaches to building the CGM strategy. Which approach to use depends on your situation and needs. If the goal is to protect and monitor the 'chatter' on the web about your hotel for whatever reason, then a Brand Defensive Strategy should be entertained first. If the goal is to leverage the expert knowledge that currently exists at your property out there on the web then consider a corporate sponsored CGM initiative. Lastly, if the goal is to simply communicate to readers on high traffic CGM sites then you can advertise on them.

1. As a Brand Defensive Strategy:

- Identify CGM sites that cover your industry and segment e.g. HotelChatter
- Monitor the CGM Universe for CGM postings about your company (e.g. via technorati.com, blogpulse.com, etc.)
- Nurture satisfied customers to "express themselves" via popular CGM sites
- Implement CGM suggestions, address criticism, and contact critical CGM-ers to discuss improvements and results

2. Corporate- Sponsored CGM Initiatives:

- Determine if your company needs a CGM initiative in the first place
- Identify the type of CGM that best suits your organization e.g.
 - Corporate-sponsored blog, customer reviews, customer trip planning and advice, experience sharing, etc.
- Leverage the internal, in-house "expert knowledge" from spa gurus, golf pros, famous chefs, fitness pros, wedding planners, etc.
- Clearly delegate responsibility and ownership of the blog
- Budget for the new corporate-sponsored CGM initiative

3. CGM as an Advertising & Marketing Medium in Hospitality

- Many high-trafficked CGM sites (e.g. review sites, blog search engines) now accept display ads and sponsorships, cover your industry and segment e.g. HotelChatter
- Identify all CGM sites and initiatives that matter
- Advertise only on CGM sites that are highly relevant to your product/services and the destinations you serve, e.g. regional golf or spa blogs, destination CGM initiatives, etc.

Conclusion

A robust Internet marketing strategy is comprised of many tactics designed to grow the direct online channel. Website optimization, customer segmentation, strategic linking, keyword rich density copy, email and online sponsorship strategies, and search marketing strategies are fundamental to growing the online channel. Only when these are satisfied does it make sense to delve into CGM. CGM is a tool that can give marketers unfiltered insights into the customer experience, helps establish interactive relationships with customers, and provides a new medium to promote services and products. CGM is also a vital part of the comprehensive de-commoditization strategy of the hotel, a potent tool to provide a unique value proposition to its customers.

An experienced Internet marketing hospitality consultant firm can help you navigate your CGM strategy as part of the overall Internet marketing strategy.