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Hotelier's 2007 Top Ten Internet Marketing Resolutions

By Max Starkov and Jason Price

In 2007, over one-third of all hotel bookings will be generated from the Internet in North America. This dramatic channel shift has created unprecedented price transparency and price-driven marketing in hospitality, thus further commoditizing the hotel product. How are hoteliers handling the increased commoditization of the hotel product, especially in the current rate parity and best rate guarantee environment? How can hoteliers de-commoditize their product offerings and provide a unique value proposition to the hotel customer?

This year at least a third of all hotel bookings will be generated from the Internet (29% in 2006, 25% in 2005). Another third of all hotel bookings will be influenced by the Internet, but done offline (call center, walk-ins, group bookings, etc). By the end of 2010, over 45% of all hotel bookings will be completed online (Merrill Lynch). Are hoteliers taking full advantage of this dramatic channel shift? Has the shift increased commoditization of the hotel product? Is there such a thing as customer loyalty in this environment? How can the hotel increase its direct online market share? What are some Consumer Generated Media formats and initiatives to consider, develop and implement? Is there more hoteliers can do to compete and succeed? The 2007 Top Ten New Year's Internet Marketing Strategy Resolutions, presented by Hospitality eBusiness Strategies (HeBS) for the seventh year in a row provides some of the answers and action steps.

Whether you are a major hotel chain or hotel management company, independent or franchised hotel or resort, you can stay ahead of your competitors and capture new market share with an effective Internet Distribution and Marketing Strategy. Smart and proactive hoteliers who utilize the Internet to their own advantage will define the industry winners and losers in 2007 and over the long term.

Here are the **Top Ten Internet Marketing Resolutions** your hotel company should urgently adopt in 2007:

1. I will make 2007 the “**Year of Mastering Internet Marketing.**” I know that only a comprehensive Internet marketing strategy can significantly increase my direct online sales and shift bookings from more expensive distribution channels to the least expensive channel—my hotel website. I understand that a robust Internet marketing strategy consists of many aspects, such as website re-design and optimization, customer segmentation, eCRM, strategic linking, email and online sponsorships, search marketing strategies, and consumer generated media (CGM) initiatives, all of which are fundamental to growing my direct online channel. I will do my utmost to master all of these Internet marketing formats and initiatives.

2. I will re-focus my hotel product offering and marketing on the value side of the **Value vs. Price Equation**. When designing my hotel marketing strategy, I will create unique hotel offers based on unique product attributes. I will stop competing on price only. I know that I will never be able to attract and retain more sophisticated travel shoppers and more affluent customers if I compete on price alone. I will create distinctive product offerings designed to provide a unique value proposition to my customers, such as suite specials and romantic getaways to boost sales of my suites and hotel packages, including family packages, weekend getaways, museum packages, seasonal packages, golf packages, and spa packages, to name a few.

3. I will develop a comprehensive **De-Commoditization Strategy** to provide a unique value proposition to my customers. I understand that the third-party online intermediaries have been responsible to a great extent for the commoditization of the hotel product and services. I will work hard against any further commoditization of my hotel product and services. I will identify unique aspects of my hotel product and destination and develop a differentiated approach to my key customer segments. I will create unique specials and packages, event-related getaways, seasonal promotions and launch one-to-one marketing initiatives to provide unique value and personalization.

4. I will embrace **Electronic Customer Relationship Management (e-CRM)** as part of my hotel's 2007 strategic objectives and develop programs and action steps to address all main e-CRM aspects: knowing your customer, customer service in this interactive age, personalization, one-to-one eMarketing, and building customer loyalty. I will continue Building Interactive Relationships with my customers. In this new online environment I don't just want to provide great service to my guests, I want to "own" the customer throughout the travel planning and decision making cycle and not allow the third-party online intermediaries to own my customers. I will make it my mission this year to build mutually beneficial interactive relationships with my customers in order to increase repeat business, boost revenues, and retain loyalty.

5. I will consider a **robust Consumer Generated Media (CGM)** strategy as part of my comprehensive Direct Internet marketing strategy. I want to listen to what customers are saying. I know that I can gain unfiltered insights into the customer experience, and by monitoring sites that contain reviews and comments about my property I can immediately address any issues and act appropriately. On the other hand I know that I can establish interactive relationships with my customers via corporate-sponsored CGM initiatives, such as blogs and consumer experience and photo sharing CGM initiatives. I also know that as a smart hotel marketer I can utilize the various types and formats of CGM to promote my hotel's products and services, and will make CGM a line item in the Internet advertising budget.

6. I will continue making **Direct Internet Marketing and Distribution Strategy** the centerpiece of my Internet strategy, because I know it provides my hotel company with long-term competitive advantages and will lessen my dependence on intermediaries, discounters and traditional channels that are expensive or about to become obsolete. I understand that 69% of all online travel consumers prefer to deal with me as a travel supplier directly. I know that the leading hospitality brands already enjoy a very healthy 85:15 or even 90:10 direct vs. indirect online distribution ratio, and Direct Channel sales will exceed 60% for the industry as a whole. I will maintain strict rate parity across all marketing channels and maintain a best rate guarantee, and create unique product offerings designed to provide a unique value proposition to my customers. I will employ a comprehensive Direct Channel strategy, including website re-design and optimization, search engine marketing, email marketing, strategic linking, e-CRM, loyalty and retention initiatives, consumer generated media (CGM) initiatives and online sponsorships to encourage, entice, and convert lookers into bookers on my own website.

7. I will continue to lessen my exposure in the **Indirect Online Distribution Channel**. I know that third-party online intermediaries (TPIs) need me more than I need them, as bookings for my hotel generate margins that are 10-20 times higher than margins the TPIs get in the other travel sectors (car rentals and airline tickets). I know that best practices now require my hotel company to work with fewer TPIs and only with those that can access my inventory via automated inventory feeds, such as Pegasus or GDS feeds. I will no longer use TPIs extranets to upload rates and inventory. I will definitely stop paying abnormally high margins of 20%-25%, since I know that a booking via my website costs less than \$3-\$5. I will further lessen my dependence on TPIs and make it my goal to reach the leaders in the industry who already enjoy a "controlled exposure" of 15% or less in the Indirect Online Channel.

8. I will take a hard look at my Internet assets and adopt a robust **Website Re-Design and Optimization Strategy** this year. I know that the hotel website has become the "first point of contact" with the overwhelming majority of hotel customers and I don't want a visit to my hotel website to turn out to be the "last point of contact" with this potential customer. I understand that a branding interaction occurs anytime an Internet user lands on my website. I also know that this branding interaction can be: positive (brand-building), or negative (brand-eroding) and I will do everything possible to build a positive brand presence and recognition on the Web. By adopting a comprehensive Website Optimization Strategy I will aim to enhance my

hotel website's user-friendliness, search engine-friendliness, travel booker-friendliness, and interactive relationship-friendliness. This strategy will deal with the issues important for turning lookers into bookers (conversion rates), improving search engine rankings, and boosting ROIs.

9. I know that to achieve my ROI goals, I have to go beyond PPC marketing and employ a **comprehensive Internet Marketing Strategy**, focusing on marketing key aspects of my hotel product to my key market segments in my key feeder markets. I will employ a robust Customer Segmentation Marketing Strategy since I know that each of my key customer segments requires a differentiated approach, information and offering. I will adopt an aggressive search marketing strategy, including thematic and event-related keyword buys, seasonal promotions and other direct-response driven campaigns, supported by special landing and private web pages. I will take advantage of all five main aspects of search engine marketing: organic search, paid inclusion, keyword search marketing (PPC), local search and vertical/meta search. I also understand that the Internet is all about "multiple entry points" to my hotel product and I will aim to position my hotel website at all "points of contact" with potential Internet travel bookers via email marketing, strategic linking, email and online sponsorships, CGM initiatives and other Internet exposure enhancing initiatives.

10. To achieve all of the above, I will **Acquire New Core Competencies and Adopt Best Industry Practices** by partnering with leading hospitality experts in Internet distribution and marketing strategies. I understand the Internet has become the most important revenue channel and will no longer rely on biased advice from vendors, interactive agencies, web hosting and design companies, or outsourcing this vital core competence to vendors that "keep me in the dark."

From this day forward I will be in control. I will seek advice from an experienced Internet marketing hospitality consultancy to help me navigate the Internet and utilize the Direct Online Channel to its fullest potential. I will utilize expert advice on how to disseminate eKnowledge and best practices to my employees and make them stakeholders in the corporate Internet marketing efforts, from experts who can teach me and my staff best practices and provide crucial professional development as well as guide my hotel company's direct Internet distribution and marketing strategies, online brand building strategies, e-CRM, website optimization and search engine marketing strategies.

About the Authors and HeBS:

Max Starkov is Chief eBusiness Strategist and Jason Price is EVP at Hospitality eBusiness Strategies (HeBS), the industry's leading Internet marketing strategy consulting firm for the hospitality vertical, is based in New York City (www.hospitalityebusiness.com). HeBS has pioneered many of the "best practices" in hotel Internet marketing and direct online distribution. The firm specializes in helping hoteliers build their direct Internet marketing and distribution strategy, boost the hotel Internet marketing presence, establish interactive relationships with their customers, and significantly increase direct online bookings and ROIs.

A diverse client portfolio of over 450 top tier major hotel brands, multinational hospitality corporations, hotel management and representation companies, franchisees and independents, resorts, casinos and CVBs and has sought and successfully taken advantage of the firm hospitality Internet marketing expertise. Contact HeBS consultants at (212)752-8186 or <mailto:info@hospitalityebusiness.com>.