HVS

MARKET REPORT

Marketing a Hotel Online In a Struggling Economy

OCTOBER 10, 2008

In a tough economy, when your marketing budget shrinks, you need to be careful about how you invest your money. The return on investment (ROI) for online marketing spending is faster than almost any other form of hotel marketing.

Introduction

In a struggling economy, businesses slow down. This is especially true for hotels as their growth is directly related to the health of the economy. Consequently, your marketing budget shrinks and you need to be careful about how to spend your marketing budget wisely. In other words, identify what marketing methods work, and what don't. It is more important than ever that you pay attention to your return on investment (ROI).

In 2008, 37%-38% of all hotel bookings will be generated from the Internet (one-third in 2007, 29% in 2006). At least another third of all hotel bookings will be influenced by the Internet, but done offline (call center, walk-ins, group bookings, etc). All major hotel brands are already generating an excess of 40% of the (CRS) bookings via their brand websites. By the end of 2010, over 45% of all hotel bookings will be completed online.

The internet has surfaced as the leader in travel and hotel sales. It has established itself as the most important distribution and marketing channel in the hospitality industry. Since this is the case, it only makes sense for you to give some serious thought and planning to Internet-related campaigns in your hotel's marketing mix. In other words, when your marketing budgets shrink, you could benefit by accentuating your online strategy versus offline strategy. The bonus is that Internet marketing is almost totally measurable, which allows for quick evaluation and continual adjustments to improve results.

Marketing on the Internet

The primary objective of all your online marketing efforts should be to attract the right visitors to your web site and to encourage them to make a reservation. Of course, bringing more and more visitors helps in brand building exercise too. There are several ways to promote your website online. Below we list just a few of them.

First and Foremost – Create and Enhance Your Hotel's Website

Hotel Internet marketing starts and ends with the hotel website. The hotel website has become the first, the only and in many cases — the last point of contact with the travel consumer. It is only natural that creating and enhancing the hotel website should be the top priority. The objective is to create an attractive look and feel; and at the same time make sure that the website is content/feature rich so that it provides required information to its visitors.

Most of the hoteliers are content with having a web site as the sum- total of their Internet marketing efforts. Whereas the fact is that having a website is just a starting point and not the end. Once you have a well designed website in place, it is crucial that you promote it or market it online. What's the point in spending all that time and effort to create a website which brings in tiny amount of visitors? If promoted properly, your website can generate substantial amount of leads and reservations for your hotel.

You need to keep a close eye on latest trends and usability enhancements and accordingly enhance the website at regular intervals. However, more often than not, it doesn't happen. A fine example could be the screen resolution with which websites are designed. We noticed that a lot of websites still cater to 800x600 pixels screen resolution (perhaps, even less) whereas the current trend is that more and more computers are using a screen size of 1024x768 pixels or more. Therefore, a substantial amount of web page real estate is going wasted.

Another example could be that of images and graphics used on websites. Many hoteliers don't realize that today, Internet users have a lot more bandwidth/internet speed at their disposal than what they had a couple of years ago. Still, many websites continue to use small sized, highly optimized graphics, thereby compromising on quality and presentation. These are just a couple of examples. There are several other factors contributing to websites being archaic – verbose content copy, poorly done virtual tours, confusing navigation, and other redundant elements.

Content Copy - Study Your Competition

You need to thoroughly study and understand your competition since having an edge over your competitor's website should be one of the primary objectives for your website. In order to do so, you have to understand exactly what your competitors are doing online – the manner in which they display their services, facilities and amenities, use of graphics, search engine penetration, etc.

Travelers are getting more and more skeptical of hotels' website content. Write concise and straight forward content copy for your website with appropriate graphics. Graphics and animation go a long way in sending the right message to your visitors. It is important that your website demonstrates your hotel's facilities and amenities in as attractive a manner as possible. But at the same time, make sure it is searchable. For that to happen, you need to understand what people search for on the Internet and then accordingly plug in the right kind of content and other sales elements into the web pages. In the online world, your website is your biggest asset. The content that you write for it can either build brand equity or tarnish the brand image of the hotel.

Search Engine Optimization (SEO)

Optimize web pages by reviewing website's HTML source code, META Tags, implement popular keywords in the content, etc. In short, do whatever it takes to improve your website's "Organic Search", which is the free/unpaid search on search engines.

Make sure that the agency or SEO specialists that you hire have enough experience and knowledge of hotel selection and booking process. The problem with many SEO specialists is that they tend to populate hotel sites with unrelated non-travel visitors through the careless use of poorly selected key words/phrases and other means. The number of visitors your SEO efforts generate is important. But even more important is the number of reservations generated from these

visitors. Having a lot of visitors to your website would be of little use if they do not help in generating reservations. Therefore, conversion is the key.

Having a good link strategy is a very important part of SEO. When ranking your web site, several search engines consider the number and quality of in-bound links to rank your website. Participating in local search – Google and Yahoo – also helps. It also keeps your hotel near the top of search engine results.

Paid Search Campaigns

Implement "Paid Search" Campaigns such as Pay Per Click (PPC) or Google AdWords or Yahoo Search Marketing or Microsoft adCenter. It is worth investing in Paid Search Campaigns to start with since it brings immediate results as opposed to Organic Search (SEO above), which usually has a gestation period of three to six months. As your Website's visibility improves in Organic Search, investment on Paid Search could be reduced.

The sad part is that many site promoters use PPC to replace and not supplement efforts to improve a web site's ability to earn good organic search results. Organic search should be your goal. User behavior supports this too. Users are more inclined to click on organic search results than paid search results.

Finally, as with SEO, remember that the number of reservations or conversions, not simply the number of site visits, determines a Paid Search Campaign's success.

Packages and Promotions

Identify which aspects of your product resonate best with your customers. Why are people staying at your hotel to begin with: good location, business amenities, free breakfast, etc. Package and promote your hotel's unique value proposition to potential customers. For example, create unique hotel offers based on your unique hotel product attributes or attributes in the local environment. Several years ago, someone had the brilliant idea to include a complimentary breakfast as a value-added feature to improve sales. It worked so well that nearly every hotel now offers it; it is no longer a special feature and could even be a deficit for those who do not offer it.

The vast majority of travelers make a value judgment when selecting a hotel. Create special promotions, which focus on value-added features targeted to the market segment you are seeking.

Consumer Generated Media (CGM) - Guest Reviews and Feedback

Social media sites have become very popular as these websites provide a means for keeping in touch with friends, colleagues, and relatives. However, in a tough economy where marketing budgets are limited, it makes more sense to focus on travel-related social media sites like *TripAdvisor.com* and *HotelChatter.com* instead of non-travel focused websites such as *YouTube.com* or *FaceBook.com*. Yes, if you have the resources to focus on both types of websites, do so by all means. While travel-related social media websites play a significant role in travel planning, non-travel focused, popular social media websites are important from the perspective of brand building and awareness.

Make sure your own website supports Consumer Generated Media (CGM) including blogs, trip planners, guest reviews, experience sharing, etc. For instance, it should allow visitors to read and post reviews, comments and feedback. People do read reviews and experiences of the visitors who have stayed at your hotel in the past. This trend is increasingly catching up with people as part of their planning process for both business and leisure travel.

From a guest's perspective, it is more convenient for him to write a candid comment about the services that he

experienced at your hotel than to go to the front desk or a consumer court and vent out his frustrations. That's what people like to read before planning their travel – blunt and honest guest reviews – whether good or bad. And it does make an impact on their travel decisions.

The Bottom Line

Internet marketing involves more than simply having a web site. It consists of varied but interrelated components such as design, development and online marketing. Online Marketing can alone have several channels such as: Search Engine Marketing, which includes SEO and Paid Search Advertising, display advertising, e-mail, newsletter, online PR, etc. Tying these components together require expert knowledge and years of experience.

But the Internet is still the most effective, least expensive way to expose your hotel to global traffic and new reservations. It is the largest and most important marketing and distribution channel in hospitality. According to *Telecommunications Industry Association* (TIA), 83% of travel planning in the US is done online. By 2010 the Internet will contribute over 45% of all travel-related bookings in North America. The cost to sell directly to consumers via your website can be really low as compared to the hefty distribution costs via the Global Distribution System (GDS) and the third-party online intermediaries. Reducing the reliance on these two very expensive channels will directly affect the bottom line.

If used effectively, the Internet can provide the required exposure and incremental business for your hotel. In these uncertain times, the Internet can produce a large portion of a hotel's overall business.

Online Marketing Trends and Opportunities in India

At a time when companies are cutting advertising budgets, online marketing provides much-needed edge to marketing. Indian market has seen 19% increase in the regular internet users this year over 2007, boasts of an active eight million online buyers. With regular internet users already reaching a sizeable 40 million this year, search engines are becoming a significant marketing tool for Indian companies across all industries. More and more Indians are turning to search engines like Google, Yahoo and MSN. The SEM industry is likely to double in size to $225 million by 2009-10. With Indian online industry headed towards Rs 2,000 crore, takers of online marketing have increased in the past four to five years. Online marketing will soon become the preferred mode of advertising for many businesses in India. Since most Internet users now avail search services and buy online, online marketing is becoming an active advertising model for result-oriented projects in India.