

Optimizing your Hotel's Opportunities in Electronic Media and Distribution - By Bradly Sax 01/07/10

Small changes can translate into revenue opportunity for your hotel; especially when working with the internet and the other electronic distribution channels. Here's a quick checklist of potential opportunities for your hotel.

- Internet prospecting. Use online tools such as Google Maps to search your 'backyard' market; use Google search for competitor intelligence data like reviewing their web sites for a list of their clients or 'businesses nearby' or searching for specific types of business such as 'hockey tournament Buffalo' or 'training class Toledo'; or to search market specific web sites such as military reunion sites. Don't forget the online RFP sites such as RFP Express or Groopie to develop some sure-fire, qualified leads.

- Electronic Channel Bookings. The breakdown of revenues derived from the electronic booking channels looks like this: 55% from the internet; 23% Travel Agent/GDS; and 22% Voice/Call Center. The clear leader at 55% is the internet channel. These internet bookings break down further as: brand sites 70.1%; merchant sites 13.7%; opaque sites 11.9%; and retail sites 4.4%. Begin by focusing on the power house channels (your brand or proprietary website and the GDS) where the potential return is the greatest.
- Brand and Proprietary Web Site. Make sure the site and any downloadable brochures are up-to-date with information guests want and that the site contains well-researched keywords for optimal organic search results. Make sure content is in an easy to read format and change content monthly to optimize interest and organic searches. Highlight your location, your amenities and features, local attractions, festivals and events. Where possible implement Web 2.0 features and functionality on your website including customer testimonials, experience and photo sharing, expert blogs, etc.
- Online Pay-Per-Click (PPC) Advertising for Your Website. Strongly consider pay-per-click campaigns/paid search to gain more potential bookers. With over 78% of all travel planning commencing on the internet, pay-per-click campaigns can provide an excellent measurable return on your marketing investment. While anyone can go to Google adwords and start a pay-per-click campaign, the key to success is 1.) gathering immediate data on which 'keywords' are converting lookers to bookers and 2.) keeping on top of buying those keywords through the complicated auction system which determines your hotel ad's placement. This complex, algorithm based system is usually best left to the experts who have the software needed to operate and monitor PPC campaigns and who can measure your return on every penny spent.
- GDS. Consider marketing on the GDS channel. The likelihood that an agent will book a hotel as a result of a promotional message is 52%. In this challenging economy your campaigns must be well researched and well thought out as more hotels than ever are marketing themselves on the GDS. Begin your GDS research by a thorough review of your HOD or hotel description data on the GDS. Make sure that everything is up-to-date. This data not only feeds the GDS channel but frequently supplies hotel data to the various retail and merchant sites on the web. Then consider budgeting for GDS system opportunities for marketing including placement purchasing and actual promotional ads. These campaigns can provide good, measurable results.

- Online OTA Advertising. Many OTA's are now offering 'enhanced listings' such as 'pay-for-position', 'pay-per-click' (PPC) and display advertising programs that improve your showing on their site in exchange for higher commissions. Opportunities like TravelAds, the latest enhanced listing/advertising program from Expedia and Hotels.com is an auction-style model. The only caveat is that when users click on the sponsored listing, they do not go to the hotel website; they go to the hotel page on Expedia to make the reservation. In other words: advertising cost plus Expedia's margin equals a total cost to the hotel of as much as 30%-40% from the booked hotel revenue. Explore the opportunities in 'OTA advertising carefully and read the Online Travel Agency section of this article below.
- Online Travel Agencies. The OTAs account for a large percentage of lodging room nights sold. However, OTAs attract more infrequent, leisure travelers, who take just a few trips a year and are more price-sensitive. Brand sites, by comparison, are the preferred destination of the frequent, loyal leisure/unmanaged business traveler, who is less concerned with price and more interested in schedule and convenience. OTAs DO command a place in our distribution strategies. Use OTA's to 'introduce' something new like a new hotel, a renovated hotel or a brand change or to market significant shoulder periods. Then work to shift those guests to your own booking channels. But no matter what, it is vital to maintain rate parity between all channels. Don't give your guests a reason to book on your most costly distribution channel.
- Social Media. Omniture, the industry's leading website analytical and campaign tracking tool, reports that they have not seen any meaningful number of hotel bookings coming from these very popular, but extremely broad and travel-unfocused sites. We do not mean to undermine the importance of social media sites. On the contrary, hoteliers should monitor the Web 2.0 universe and especially the travel-related social media sites like Trip Advisor(R) and have a presence on these sites.

Hoteliers should be monitoring and reacting and responding to customer reviews on the social media sites that matter, like TripAdvisor.com (25 million unique visitors a month) and HotelGuide.com (both indexed by Google), or on major online third-party intermediaries like Expedia.com.

For additional information or a list of best practices on any of the information provide in this article contact the author at BSax@SHGonline.com.

About the Author

Bradly Sax is the Managing Partner of SHG Consulting | Management a New York based services firm focused on serving the owners, investors, franchisors, analysts, lenders and management of the North American lodging industry by providing asset management, advisory, operations leadership, market positioning, business development and related consultation and training services.

Prior to forming SHG in 2003, Mr. Sax was the Chief Operating Officer for a North American hotel ownership, consulting and management company overseeing a \$100,000,000.00 lodging portfolio. He is qualified by the Unified Court System of New York as Receiver and Property Manager; a Certified Hotel Administrator; and is operations and sales certified by numerous industry brands. He is a published author on industry topics and a frequent lecturer on College and University campuses. Mr. Sax also serves on numerous advisory boards and committees including those of educational institutions.