

Hotelier's 2009 Top Ten Internet Marketing Resolutions

By Max Starkov & Jason Price, January, 2009

Here at HeBS we firmly believe that a comprehensive, ROI-centric Internet marketing strategy is the hotelier's perfect "survival tool" in the current economic environment. In the difficult year we expect 2009 to be, a well-executed Internet marketing strategy can help smart hoteliers generate incremental revenues, improve marketing ROIs, retain existing and attract more affluent travelers, and out-smart the competition. For the past almost 14 years, our experience shows that Internet-savvy hoteliers with robust Direct Online Channel strategies are the winners in economic downturns like this one.

The Travel Industry Association's (TIA) latest survey predicts a drop of at least 1.3% in overall leisure travel in 2009. Corporate travel is already down as a result of massive layoffs and economic contraction. There are visible signs of decline in the corporate and association meetings and group travel business. Unfortunately, these declines are expected to accelerate in 2009. Yet, even with this expected decline in travel, online travel bookings in 2009 are projected to grow by 10.5% and reach \$116.1 Billion (eMarketer), primarily as a result of the dramatic shift from the offline to online channel.

In 2009 the Hotel's overall competitiveness and even survival will be determined to a great extent by how well it manages its Internet marketing and distribution efforts. In 2009, more than 55% of all travel bookings and up to 40% of all hotel bookings in North America will be generated from the Internet (eMarketer, HeBS), which represents a double-digit growth over 2008. Another third of hotel bookings will be directly influenced by online research, but booked offline. By 2010 the Internet will contribute over 45% of all hotel bookings in North America.

Furthermore, a 2008 McKinsey survey of 340 senior marketing executives worldwide reported that despite the decline in economic activity, 91% said they plan to maintain or exceed current levels of online advertising, and 55% were cutting traditional media, "precisely in order to increase funding for online efforts." The survey shines a light on what many marketing professionals already know. The intended and relevant audiences are online, at lower cost, and with measurable results.

What are hoteliers to do in these dire economic times? How can they avoid discounting pressures and further commoditization of the hotel product? What type of marketing initiatives will produce the highest return-on-investment (ROI) in 2009? What are the best approaches to retain customers in this environment? The "2009 Top Ten New Year's Internet Marketing Strategy Resolutions", presented by Hospitality eBusiness Strategies (HeBS) for the ninth year in a row, provides some of these answers and action steps.

Whether you are a major hotel brand, hotel management company, independent or franchised hotel or resort, even in this environment you can stay well ahead of your competition and capture new market share with an effective ROI-centric Internet marketing strategy. Smart and proactive hoteliers who utilize best practices in Internet marketing and follow latest trends to their own advantage will define the industry winners and losers in 2009 and in the long term.

Here are the Top Ten Internet Marketing Resolutions your hotel company should consider adopting in 2009:

1. I will turn 2009 into the **Year of Outsmarting the Competition**. Even though fewer people will be traveling to my hotel's destination, I know there will be more than enough travelers to maintain a healthy occupancy rate if I can "steal" market share from the competition.

I know that my competitors are skeptical about the current economic downturn and are consequently slashing marketing budgets. I will continue to invest in my Internet marketing and do my best to increase market share by being a smarter marketer in 2009.

2. I will overhaul my **hotel's marketing budget to achieve the highest return-on-ad-spend (ROAS)**. Unlike the competition, I will not automatically cut my hotel's marketing spend, but re-evaluate my marketing efforts and advertising budget and focus on proven return-on-investment (ROI)-centric efforts. I will shift funds from offline to online advertising formats. I will shift funds from brand-building to direct-response initiatives. I will track every dollar spent with sophisticated website analytical and campaign tracking technology (Omniure, DART, etc.) to make sure that I achieve respectable return-on-ad-spend (ROAS) from every campaign.

I understand that in this economic environment I should not be experimenting with unproven advertising formats. In 2009 I will focus only on proven Internet marketing formats that generate above industry-average returns at the lowest possible cost. I will not spend valuable marketing dollars on traditional and expensive media formats, or on "sexy" new media initiatives like advertising on popular, but irrelevant to the travel planning and decision process social media sites like YouTube, Facebook.com, MySpace.com, etc. I will not fall prey to the "Stockholm Syndrome" (advertise on online travel agencies where the advertising cost, in addition to hefty margins, can drive the total cost to my hotel to 30%-40% from booked hotel revenue).

3. I will re-evaluate the **importance of my hotel's key customer segments and feeder markets** in lieu of the economic downturn. Have my main feeder markets changed lately? Have my traditional key customer segments' contribution changed? I have already noticed a drop in my fly-in guests' share due to airfare hikes, cuts in corporate travel budgets, and reduced airline capacity, and I understand the need to focus more on my drive-in market. I will do a thorough customer segmentation analysis and take a hard look at how my property markets to my key customer segments (e.g. meeting planners, groups, business, leisure), as well as develop a marketing plan to target my most important feeder markets.

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 focus on building customer loyalty via reward programs and other eCRM initiatives.

4. I will become **a smarter eMarketer in 2009**. I understand how important it is to track conversions on my website and ROIs from my Internet marketing campaigns and figure out what works and what doesn't. In 2009 I will track the post-impression and post-click activity of each campaign and track conversions (bookings, room nights, revenues) from every campaign. I will implement the latest website analytics + campaign tracking technology to track ROI from my online marketing efforts and adjust marketing spend instantaneously based on ROIs. I will know exactly which Internet marketing campaigns—search marketing, email marketing, display advertising, strategic linking, etc.—produce bookings and revenues, how much and at what ROI.

I will become ROI-centric. I know that measuring ROI is the last priority for many vendors out there. I will no longer accept excuses from my interactive vendors about how difficult it is to track conversions and ROAS and that the "technology is simply not there". I will only work with an Internet marketing vendor that provides a comprehensive Internet marketing strategy and focuses on online marketing formats that generate the highest ROIs. I will demand full transparency in fees and marketing spend, and accountability for results.

I will require 24/7 access to state-of-the-art website analytical and campaign tracking tools, utilization of industry's best practices, and marketing spend that can be tracked. If my current vendors cannot accommodate my hotel, I will replace them in a heartbeat.

5. I will re-evaluate my hotel marketing strategy to provide a **Unique Value Proposition** to my customers. I will create unique hotel offers based on unique product attributes. I will not be competing only on price. 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 understand that the online travel agencies 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 reach my key customer segments by creating unique specials and packages, event-related getaways, and seasonal promotions.

6. I will develop my hotel's **differentiation strategy to "stand out" amongst my competitors**. I understand that in an economic downturn, when all my competitors are slashing prices and competing on rate alone, I have to distinguish my hotel to attract more discriminating customers, achieve higher ADRs and increase market share. To set my hotel apart from the online travel agencies, I will stay within rate parity, but provide additional value such as resort or dining credits, room/suite upgrades, etc. if guests book on my site. To differentiate my hotel from the comp set, I will offer what my competition does not: a broader selection of specials and packages in a variety that my customers can appreciate: seasonal specials, suite specials, weekend specials, family specials, romantic getaways.

7. In 2009 I will continue making the **direct online channel** the centerpiece of my Internet strategy because I know it provides my hotel company with immediate results in a very difficult economic environment as well as long-term competitive advantages. I know that the leading hospitality brands already enjoy a very healthy 76:24 direct vs. indirect online distribution ratio, and Direct Online Channel sales will exceed 61% for the industry as a whole in 2009. I will maintain strict rate parity across all marketing channels and maintain a best rate guarantee, while at the same time creating unique product offerings to provide a unique value proposition to my customers. I will employ a comprehensive Direct Online Channel strategy to significantly increase my direct online sales and shift bookings from more expensive distribution channels to the least expensive channel—my hotel website.

8. I will **optimize and if needed re-design my hotel website in 2009**. I know that hotel Internet marketing starts and ends with the hotel website and my site has become the first, and in many cases, the last point of contact with the travel consumer. I understand that the site is the hotel's most important marketing asset today and enhancing and optimizing the hotel website should be a top priority in 2009. I will aim to enhance my hotel website's user-friendliness, search engine-friendliness, travel booker-friendliness, and interactive relationship-friendliness, which will boost conversion rates, improve search engine rankings, and website revenues. I also know that a well done website optimization and enhancement or re-design will pay for itself within 3-4 months.

I realize that if my site is over 12 months old, a website optimization is due in 2009, in order to take full advantage of the much cheaper organic search related visitors my your site. I also know that if my site is over 2-3 years old, a website re-design should be considered, or at least budgeted for late 2009. I know that my website should "speak" to two distinct audiences: travel consumers to whom the site must comprehensively describe all aspects of the hotel product and services, and the search engines, for which the site must adhere to best practices related to H1 headers, body copy (keyword density), page titles, description tags and keyword tags.

9. I will re-consider my hotel's **Web 2.0/Social Media Strategy** and implement effective, yet inexpensive, initiatives as part of my comprehensive direct Internet marketing strategy.

I want to listen to what my customers are saying. I know that by adopting best practices for monitoring customer review sites I can not only gain unfiltered insights into the customer experience and immediately address any issues and act appropriately, but I can also attract new customers. On the other hand I know that I can establish interactive relationships with my customers via Web 2.0/Social Media initiatives on my website such as expert blogs, consumer experience and photo sharing, contests and sweepstakes, etc.

10. I will take a hard look at how **Best Industry Practices** are being utilized in my hotel Internet marketing strategies and by my hotel's Internet marketing vendors. I know that now, after almost 14 years since the first online hotel booking, best practices have been established in practically every aspect of hotel Internet marketing. I do not want my Internet marketing vendors to "learn the business on my dime". I will make it my mission to acquire new core competencies and adopt best industry practices by partnering with leading hospitality experts in Internet marketing and direct online channel strategies.

I like to have a crystal-clear understanding of what the best practices and latest trends are in Internet marketing in hospitality. What works, what doesn't, and why. I recognize I don't have all the answers and that there are thought leaders and other proven professionals who can help me and my hotel stay competitive in these dire times, preserve and increase market share, and generate the highest website revenues and ROIs.

I will work with Internet marketing experts to disseminate eKnowledge and best practices, making my team stakeholders in the corporate Internet marketing efforts. I will hire experts who can teach me and my staff best practices and keep us apprised of the latest trends. These Internet marketing practitioners will provide crucial professional development as well as guide our direct Internet marketing strategies, online brand building strategies, e-CRM, website re-design and optimization, search and email marketing, and Web 2.0 initiatives.

Note: Mariana Mechoso, Director eMarketing Services at HeBS, also contributed to this article.

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 500 top tier major hotel brands, luxury and boutique hotel brands, resorts and casinos, hotel management companies, franchisees and independents, and CVBs has sought and successfully taken advantage of the firm hospitality Internet marketing expertise. Contact HeBS consultants at (212)752-8186 or info@hospitalityebusiness.com.

Contact: Max Starkov/Jason Price, Hospitality eBusiness Strategies, Inc. 14 E. 60th Street, Suite 400 New York, NY 10028. Phone 212-752-8159 Email info@hospitalityebusiness.com
Web: www.hospitalityebusiness.com