

FOREWORD



Dear reader,

Digital marketing has become the main avenue for marketing in hospitality. And having worked on hotel marketing for some time now, I realized that as an industry our concept of marketing a hotel through digital channels is evolving.

When I was asked to be the Guest Editor for *The Hotel Yearbook*, I saw an opportunity to gather experts from the field to try and get an overview of the field as it is now. I specifically wanted to work with experts within the field who do digital marketing for hotels, some that do marketing beyond hotels, and some academics who can see the industry from a broader viewpoint.

We've put together a great roster of people, with different experiences and opinions on the industry: from simple tips like finding free ways to build brand awareness through unlikely channels like Spotify to much more holistic views covering the pillars of a modern digital marketing strategy.

There's so much more that goes into a digital marketing strategy today than ever before. Seeing digital marketing as a source of clicks and conversions (performance marketing) is only a small part of the bigger picture. Today, digital marketing is a lot more – it is a large part of the guest experience journey.

Working with such great experts to put this special edition of *The Hotel Yearbook* together has been extremely informative for me, growing the breadth of my own opinions and ideas. I hope you find it does the same to you.

Happy reading.

Best,

Martin Soler

Partner, Soler & Associates
Guest Editor-in-Chief



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& associates





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“OK Google, find me a nice hotel for my weekend break in Berlin.”

by **Peter O'Connor** 

One of the biggest factors that drive the adoption of any technology is whether it reduces friction, i.e. does it make things easier for a customer to do business with a company? As Peter O'Connor of Essec explains, communicating with our computers and devices using our own voices will do just that. But are we ready for this new disruption?

Every so often a technology comes along that changes everything. In the 1990s this was the Web, which empowered consumers with previously hard-to-find information about potential products and services, and subsequently facilitated instant purchase at a distance. In the 2000s we saw the rise of social media, allowing peers to seamlessly share information with each other, radically increasing transparency. But both of these developments are likely to pale into insignificance when compared with the next big disruption – the proliferation of voice as our primary way of interacting with technology-based systems.

Long the domain of science fiction, being able to talk to our devices has now become reality. Not only are “smart” speakers such as Google Home, Amazon Echo and Apple HomePods multiplying like Tribbles in consumers’ homes, but the use of voice to interact with mobile devices has also exploded. Although their functionality is currently rather limited, Alexa, Siri, Google Assistant and the others will undoubtedly rapidly evolve in terms of what they can concretely do and are already taking on an essential role in consumers’ daily lives.

Currently over 20% of searches on Google are voice-based, with some estimates forecasting these will grow to over 50% of total volume in just two years’ time. Similarly, the ability to complete transactions is also currently limited but growing rapidly. Over

one in five voice users have already made a purchase using their voice-driven device. Statistics aside, what is certain is that consumers will shortly be searching and buying in a very different manner. And – as usual – hotels, restaurants and other leisure businesses are woefully unprepared.

The path-to-purchase of a hotel room has several inter-related phases. The most important of these is discovery, which implies gaining visibility at the moment when consumers are searching for a solution for their upcoming travel needs. Here it’s a case of “If you’re not in, you can’t win!” Even worse, it’s the ultimate “winner takes all” scenario, as – unlike screen-based search, where multiple results are displayed – with voice search, the options presented are much more limited; in most cases only the top result are read to the consumer.

Appearing here requires a heavy commitment to organic and local search engine optimization – things already a mystery to many hoteliers. But even that is not enough. Optimizing for voice means taking additional steps specifically to answer voice queries. Structured data (schema) helps explain to the search engine what your pages are all about. While such mark-up doesn’t affect your rankings directly, it does give a valuable boost in voice results since it helps clarify the relevance of your content for answering specific queries.



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To fully exploit this opportunity, however, additional pages (akin to landing pages) need to be developed that specifically address customers' potential queries at the consideration ("What four-star hotels are close to the Brandenburg Gate in Berlin?") and selection ("How are the user reviews of room comfort in the Majestic Hotel Berlin") stages of the customer journey. Obviously, undertaking these enhancements has cost implications, but failing to do so means to a large extent being invisible in voice search and missing out on this developing opportunity.

And unfortunately, even being highly visible in voice search may not be enough. To subsequently drive conversions, hotels need to develop their own "actions", "skills" or equivalent that leverage their considerable tech-based systems and data repositories to provide enhanced value for customers. Imagine, for example, a "loyal" Marriott customer asking Alexa to book the chain's property in Rome for the first of November. Without a skill, such a request would undoubtedly be routed through an OTA channel (and then probably through Book-on-Google), incurring considerable commission costs for the hotel. With the appropriate skill, this instead could be picked up by Marriott's voice app, integrated with preference and past-purchase behavior data from the chain's loyalty program to help identify the most appropriate property and room type, and subsequent booked directly.

One of the biggest drivers of technology adoption is the reduction of friction – making it as easy as possible for a customer to do business with a company. Voice's promise is just that – a highly convenient and powerful user interface that makes addressing customers' wishes and desires just a simple question away. That this will become the mainstream manner in which we interact with technology-based systems, of that there is no doubt. Whether hotels will be able to profit from this opportunity, or once again risk being disintermediated by nimbler technology-based companies that better understand its full potential, has now become a key challenge.

The big question is are you ready?



Hoteliers are not powerless: a guide for the digital market

by **Cindy Estis Green** 

It's not the "OTA vs. Hotel wars" that we're in the middle of, writes Kalibri Labs' Cindy Estis Green; it's the distribution platform wars. The legacy grip the OTAs have had is slipping and the power will shift, she says. But hotels have their own leverage – and it is significant. Here is her recipe for success.

Is it really a showdown between the OTAs and the hotels? Maybe it's about who can capture the traveler, not just for the booking, but for the end-to-end travel journey. Look beyond the OTAs, as they are caught in a chokehold with Google today and have an eye toward an even tougher field tomorrow when Airbnb, Amazon, Facebook and Alibaba jump into the fray. Airbnb just acquired HotelTonight. Booking.com is claiming to have more vacation rental units than Airbnb, and Expedia's Homeaway is not far behind. It's not the "OTA vs. hotel wars"; it's the distribution platform wars. And if any hotelier thought it was difficult to compete in a market with the OTAs, the large tech companies will prove challenging as they attempt to redefine how the travel marketplace works. According to a recent PhoCusWright analysis, Booking.com and Expedia spent a combined \$10.6 billion in 2018 marketing funds and they are still struggling to survive in the platform driven marketplace. The two OTA giants are selling technology to hotels to facilitate the guest experience and broaden their reach as the direct consumer base gets more diffused and they recognize that booking fees alone won't sustain their business. Voice-activated assistants and new devices will divert the traffic in the sales path. The legacy grip the OTAs have had is slipping and the power will shift. But hotels have their own leverage and it is significant.

In spite of the daunting scale of these digital behemoths, hoteliers are not powerless. Hoteliers can take control of their position in four important ways that are not available to third-party platforms. These four methods are available to both large and small hotels, but the independents have to find support either in soft brands or in some other technology partner and the partners need to be chosen with care. Few individual hotels will be able to thrive without data and tech support.

1. Understand the market and get the mix right

Use market knowledge to cherry pick the most profitable business from competitors. Find the hotel's Optimal Business Mix and manage

to it. Take advantage of the various demand sources in the market and pursue an intentional path to capture the highest profit contribution.

Many think they are striving for "fair market share" based on the idea of getting business in proportion to a hotel's size. The new world order calls for "optimal share" based on capturing the most profitable mix. It doesn't matter how large or small the hotel is; what matters is the optimal share it can capture from the actual demand in its market. And that amount is not always in proportion to hotel size. If a hotel's available rooms are 15% of the supply in the market, that does not mean they should be happy with 15% of the OTA business, and 15% of the corporate business. The optimal mix may call for 5% of the OTA business and 30% of the business traveler market. The precise mix is driven by the pool of demand in each rate category that is available and the portion that is a match for a hotel. Set your target on the Optimal Business Mix and spend acquisition funds in proportion to the value of each opportunity.

Third party vendors do not have access to data about the full range of demand in a market. They only know what they can deliver. Hotels can tap data that informs the full market opportunity and can derive an optimal business mix to enable surgical targeting of business and channel spending funds against known opportunities. The hotels may not have billions in marketing funds, but they can operate smarter with available market intelligence and insights.

2. Take control of the digital customer journey

Ensure that you control the digital components of the guest experience within your own hotel. Controlling the booking does not necessarily mean control of the guest experience. The consumer wants a friction-free path after booking to include pre-stay planning, arrival, local market know-how, eating, drinking, staying and paying. Consumers have exhibited a bias toward convenience when using digital tools and travel is no exception.



Cindy Estis Green is CEO and Co-founder of Kalibri Labs, a technology firm using the industry's largest and most robust database tracking guest stays and cost of customer acquisition. Kalibri Labs assists hotels in evaluating and predicting revenue performance with data science and next-generation benchmarking. The firm is based in Washington, D.C.

That includes making the travel journey easy--easy to shop, make a booking, get confirmation details, choose a room, check in, generate a digital room key, find out about local dining or attractions, request towels or other in-hotel services and pay upon departure. Some would also like a travel app to include airline and ground transportation. While the large brands have many online services built into their loyalty apps, even independent hotels can buy similar functionality from vendors to ensure they can meet expectations of the digital consumer.

The caveat here is that some large tech platforms may offer stay-related digital conveniences to independent hotels along with booking services. The concern when a third-party booking partner also becomes involved in the in-house stay is that the hotelier may find they cannot control the guest experience or the guest relationship. By decoupling the booking from the stay, the large brands have effectively blocked the largest platform vendors from influencing the experience once the guest enters the lobby of the hotel. The only direct connection between booking and stay is within the brand's loyalty app. It's part of the reason the Book Direct campaigns have proven so effective. You can book through Google or Expedia or Booking.com, but if you want the full stay experience to be seamless, you have to use a hotel brand app and be a loyalty member.

3. Personalize

Enable your booking engine to offer options that a third party could never make available related to the stay such as bed types and bedding, amenities, early arrival/late departure and other on-site services.

With technology available to offer attribute-based reservations, it may dramatically differentiate the experience for consumers. For instance, if you want to specify bed type, indicate your preference for a specific room, request an early arrival, indicate if you want points or a snack basket, arrange for exercise mats to be in the

room and ensure your loyalty number is recorded, you can only do this through the hotel's booking engine. There isn't a third-party vendor that will have the type of inventory required to reserve and deliver this level of service. Whether the consumer calls the 800 number or books through the app or website, the same options will be available. Google, Expedia and Booking.com have access to an inventory of standard rooms and that won't be compelling when compared to the hotel's complete range of options.

Recording personal preferences or logging loyalty numbers will not be an option through a third party. As these details become more important to travelers, the third parties will be less attractive as a booking venue. These services are not just about knowing and anticipating the guest preferences but allowing the guest to self-serve by informing the hotel of their wishes. However, as the technology evolves and artificial intelligence and machine learning advances, the hotel companies will become more agile at anticipating these requests. Again, this will be more difficult for third parties in spite of the massive data gathered provided the hotel-specific requests are not made through the third party. Data about guest preferences will become the differentiator and the guest will have an incentive to provide it to the hotel in order to ensure their needs are met. The third party vendors will not be in a position to deliver on these requests so there will be a disconnect with the consumer.

4. Nail the guest experience every time

This has little to do with technology and everything to do with tried and true innkeeping. Know the guest and deliver on your promise. Hire a service-oriented team, train them well and manage the guest experience consistently. All the digital technology in the world can't surpass a hotel that gives its guests a great experience. But, like it or not, great service alone won't be enough for the digital natives who will dominate the population of global travelers. The combination of a great stay with a great digital experience will be essential and when done right, will be unbeatable.

Summary

To function in this fast-changing market requires data and technology. No one can succeed without it and those that use it well can thrive. Using data to understand and manage a hotel's position in the market, facilitate the customer journey, anticipate guest preferences and create great stays is table stakes for the 21st century hotelier. Hoteliers are not powerless, they have access to a potent arsenal and can either take advantage of the new opportunities posed by the tech giants or get consumed by them.

Independent hotels: An action plan to win the direct booking

by **Max Starkov** 

Independent hoteliers must understand that digital marketing consists of three distinct, but interconnected and interdependent categories, writes HEBS Digital founder Max Starkov, focusing respectively on guest engagement, guest acquisition, and guest retention. Hoteliers have no choice but to be effective in all of these three categories.

With the explosion of the “digital way of life,” the traveler’s customer journey has become increasingly complex, which necessitates independent hoteliers to rethink and overhaul their marketing and technology stack strategies and investments. Today’s online travel consumer is exposed to more than 38,983 micro-moments in any 60-day timeframe and visits an average of 18 websites via multiple devices across eight sessions before making a hotel booking (Google Research).

Google defines this customer journey as a fluid series of interconnected stages: Dreaming, Planning, Booking, Experiencing and Sharing Phases, in which every phase both influences, and is being influenced by, the other steps of the journey.

The OTAs have been investing heavily in digital marketing initiatives and technology solutions to engage the traveler throughout the customer journey, acquire them as OTA customers, and keep them engaged throughout their lifetimes.

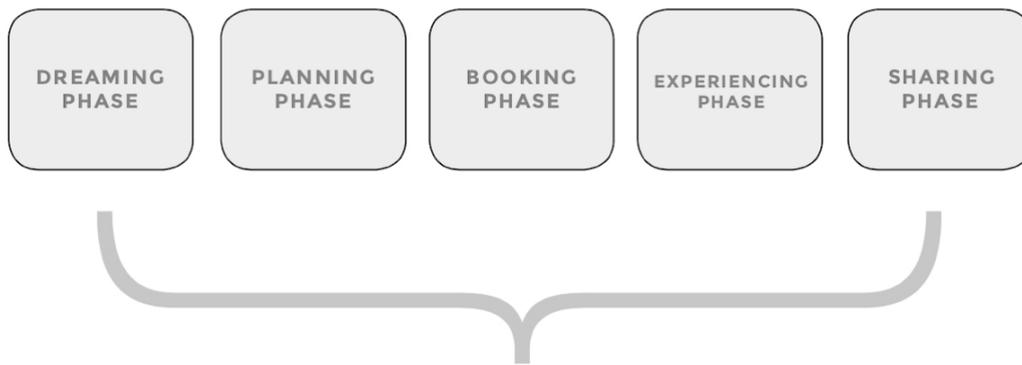
As a result, the OTAs have de facto monopolized the guest relationships and left independent hoteliers in a tough position.

This investment by the OTAs is rewarding them well: over the past 6 years, the OTAs have increased their market share by over 40% at the expense of the hotel direct channel.

What should independent hoteliers do to reassert themselves in the customer journey to get in front of travel consumers and win the direct booking?



Five Stages of Booking a Hotel (Google)



Independent hoteliers must have marketing presence in all phases of the customer journey

To begin with, independent hoteliers must understand that digital marketing consists of three distinct, but interconnected and interdependent categories: *Guest Engagement Marketing, Guest Acquisition Marketing and Guest Retention Marketing*. Second, independents must “play” in all of these three categories: Not in one or two, but in all three categories.

Only and only then they will be able to re-establish relationship with the digitally-savvy customer in all phases of the customer journey: Dreaming, Planning, Booking, Experiencing and Sharing and win the direct booking, resulting in decreased OTA dependency and lower distribution costs.

Let’s review the three categories of digital marketing:

Guest Engagement Marketing:

This category includes brand marketing, social media, PR, influencer marketing, content marketing, etc. These marketing initiatives help hoteliers connect with the online traveler in the Dreaming and Planning Phases and steer them “in the right direction” in the next phase – the Booking Phase.

Guest Acquisition Marketing:

This category includes all Performance Marketing i.e. ROI-focused direct-response marketing formats, including: SEO, paid search/ SEM, display advertising, retargeting, metasearch, email marketing, affiliate marketing, omni-marketing campaigns, etc., as well as all of the hotel website related marketing initiatives: promotional slides, special offers banners and promo tiles, limited time offers, personalization marketing offers, etc. These initiatives build upon the successful customer engagements in the Dreaming and Planning Phases and help hoteliers “close the deal” i.e. convince the online traveler to choose the hotel and a direct booking at the hotel in the Booking Phase.

These performance marketing initiatives are ROI-centric, focusing on seasonal and ad hoc occupancy needs and acquiring first-time guests.

Guest Retention Marketing:

This category includes all CRM marketing initiatives in the pre-, in- and post-stay marketing, loyalty marketing, drip campaigns and marketing automation initiatives aimed to turn the guest into a repeat guest and loyal customer. Building upon the customer relationship established in the previous Dreaming, Planning and Booking phases, and utilizing CRM and loyalty marketing initiatives, hoteliers can win the guest loyalty in the Experiencing and Sharing Phases.

What is the situation today?

Most independent hoteliers focus only on a single digital marketing category: Guest Acquisition Marketing, and not even on all available marketing initiatives, while completely ignoring the other two marketing categories Guest Engagement and Guest Retention.

This lack of comprehensive marketing approach results in:

- Worsening ROIs from marketing campaigns due to severe competition by the OTAs in all performance marketing initiatives
- Lack of “fresh supply” of engaged and intrigued potential guests coming down the Guest Acquisition pipeline from the Dreaming and Planning Phases
- Shrinking number of repeat guests due to half-hearted or absence of any efforts in the Experiencing and Sharing Phases.
- Ever increasing dependence on the OTAs
- Deteriorating hotel bottom line due to spiking distribution costs.

Focusing only on Acquisition Marketing is one of the main reasons why independent hotels have less than 10%-15% of room nights on any given night coming from repeat guests. Compare this to 50%-55% for the major hotel chains. The difference comes from ignoring or under-investing in the two main digital marketing categories: Guest Engagement and Guest Retention Marketing.

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Here are the action steps independent hoteliers must undertake in order to win the direct booking of travel consumers:

Establish and maintain a robust presence in the Guest Engagement Marketing Category to connect with the online traveler in Dreaming and Planning Phases.

According to Google, in the Dreaming Phase, 82% of leisure travelers are undecided on the accommodation they will book, which provides independent hoteliers with ample opportunities to “grab the attention” of the traveler and “ignite interest” in the hotel location, product and value proposition.

Only by engaging and intriguing travelers in the Dreaming and Planning phases, hoteliers can ensure a “fresh supply” of potential bookers to the next stage in the customer journey: The Booking Phase.

The Engagement Marketing category employs practices and initiatives needed to identify and differentiate your hotel product from everybody else’s: your competitors, the OTAs, etc., and communicate your value proposition to potential guests.

The commoditization of the hotel product, in which hotels are forced to compete with the OTAs strictly based on rate, leaves the hotel little opportunity to communicate the value of the hotel product to potential guests. The OTAs have mastered the “sell on rate” game, and hoteliers have little chance in winning this battle. To combat this, hoteliers need to re-learn how to “sell on value” as opposed to “sell on rate,” and need to adopt an effective website merchandising strategy.

The Guest Engagement Marketing category offers limitless opportunities for the hotelier to present the hotel product and value proposition directly to the online travel consumer: communicating via content marketing, PR and social media the unique features of the property such as hotel location, self-service guest services technology and amenities, mobile tech-friendly accommodations, streaming media hubs, award-winning F&B, up-to-date function space and amenities, news-worthy golf and spa amenities, etc.

How enticing are the property special offers, packages, and promotions play an important role in communicating the property’s value proposition. Are promotions unique, seasonal, and outshining the competition? Enticing special offers and packages built around the property’s unique value proposition and hotel product aspects are a sure way to convert lookers into bookers, while capturing more direct bookings.

Here are some marketing initiatives in this category:

- Brand marketing: lifestyle editorial blogs
- Content marketing
- Performance marketing initiatives used for branding purposes: brand-focused display advertising and sponsorships, destination-focused SEO and SEM/paid search, etc.)
- Video marketing (destination and local experiences video content)
- PR
- Social Media
- Influencer marketing

Partner with an industry-specialized PR agency or full-service digital marketing agency to lead the efforts in this category.

Invest adequately in the Guest Acquisition Marketing category and take full advantage of all performance marketing formats in the Booking Phase: from SEO, SEM to display advertising, retargeting, metasearch, email marketing and omni-marketing campaigns.

Launch a robust presence in the Guest Retention Marketing category to reinforce the brand values, enhance and deepen the customer relationships, and win the guest loyalty in the Experiencing and Sharing Phases to establish a steady “supply” of repeat guests and brand ambassadors.

Acquiring a new guest is 8-10 times more expensive than retaining an existing guest. Increasing the number of repeat guests from the current 10%-15% would bring enormous benefits to any hotel and help lowering marketing and distribution costs. According to Phocuswright, 79% of hotel website bookings made by travelers who belonged to a guest recognition or loyalty program.

Here are some marketing initiatives in this category:

- CRM marketing initiatives with pre-, in- and post-stay messaging aiming to engage the customer, remind of booked services, inform of hotel location, local tours and activities during stay, recommend and upsell services, and make sure guest experience is at its best.
- Upselling and engagement marketing initiatives
- Marketing automation with drip and event-triggered marketing initiatives
- Guest recognition programs
- Loyalty marketing initiatives

Partner with a comprehensive CRM technology and consulting company to empower your property’s efforts and provide not only the technology tools, but consulting and best practices.

Max Starkov is an Adjunct Professor at the Tisch Center for Hospitality at New York University and is the Founder & Director at HEBS Digital.



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Revenue science and the future of hotel revenue management

by **Ravi Mehrotra** 

The evolution of revenue management and success for the next generation of hotel managers are intertwined, not to say inextricably linked, writes Dr. Ravi Mehrotra, founder and president of IDeaS. Based on more than thirty years of experience in the space, he offers observations on how that is so—and where the future may lead.

Where we are today

Revenue management as a discipline in travel was founded by American Airlines with its yield management system in the 1970s.¹ The evolution of hotel revenue management has been much slower—and fraught with fits and starts.

In the beginning, and to an extent even today at many hotels, revenue management meant little more than opening and closing availability and rates. This was fine as a static system in a pre-digital age, and acceptable when the only competition for hotel bookings were...other hotels.

With the advent of online travel agencies, the picture rapidly became more complex. Suddenly there were players in the market who could adjust rates in real time. And increasingly, they could establish customer interaction in the booking path that threatened the very viability of hotel-guest relationships.

This dynamic has only grown more intense.

The core problem is that the legacy systems the industry was built on have not been able to deal with the massive amount of data that must be transported between a property management system or central reservation system and a revenue management system.

In a digital age, that data is the key—and it is growing exponentially.

Old interface technology creates bottlenecks, and traditional property management systems are not able to manage rates and pricing efficiently. The channels still work on the premise of “tell me where you are going and when, and I’ll give you a long list of room types to choose from” as opposed to “tell me the experience you seek.”

All of this will change as legacy systems are replaced with the next generation of interconnected platforms.

Because I have worked for years pioneering models for parallel computing and algorithms for distributed processing, based on data science and artificial intelligence, I have had the opportunity to see the industry from a different perspective. Early on, I became extremely interested in exploiting the power of data science to help organizations make better business decisions. And I believe this model must be applied to the hotel industry.

In fact, data science can be used to improve our problem-solving abilities by helping us explore new ideas and acquire greater knowledge to propel decision-making and, therefore, pricing. And from a certain perspective, that’s what a hotel is—a massive amount of data, which includes room type, length of stay, occupancy and rate trends and much, much more.



About IDEaS

With more than one million rooms priced daily on its advanced systems, IDEaS Revenue Solutions leads the industry with the latest revenue management software solutions and advisory services. Powered by SAS® and more than 25 years of experience, IDEaS proudly supports more than 7,000 clients in 94 countries and is relentless about providing hoteliers more insightful ways to manage the data behind hotel pricing. IDEaS empowers its clients to build and maintain revenue management cultures—from single entities to world-renowned estates—by focusing on a simple promise: Driving Better Revenue. IDEaS has the knowledge, expertise and maturity to build upon proven revenue management principles with next-generation analytics for more user-friendly, insightful and profitable revenue opportunities—not just for rooms, but across the entire hotel enterprise.

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Complex decision-making

Coming from outside the hotel industry originally, I wondered why so many companies rely on guesstimates and gut feelings to make important business decisions. In today's data-driven world, complex decisions in any business encompass far too many variables for the human mind to comprehend and analyze.

With the advent of the digital marketplace, it has become clear that the amount of available data and the ability to process it with machines will continue to grow exponentially, whereas human brain processing capacity remains limited.

I have always been passionate about applying mathematical and scientific reasoning, as well as quantitative data analysis and optimization. This in turn supports complex decision-making in businesses, while removing ambiguity and improving speed and accuracy. Pricing power for hotels follows, as does the ability to forecast better, make quicker, more intelligent revenue decisions—and achieve higher RevPAR.

Sometimes, however, data lies, and big data alone does not tell the full story. Some of the worst business decisions in history were data driven. Big data delivers the numbers, but it is relevant, unconstrained data that delivers true meaning. Any system or tool that forecasts occupancy or optimizes rates

for the future based on historical data from previous years will come up short.

Constrained data does not allow hotels to go beyond the past to see the bigger picture of market opportunity to provide insight regarding true unconstrained demand potential. Unconstrained demand is a term in revenue management to mean the total demand you have for a specific date with no constraints, such as number of rooms in the hotel or the price needed to profit.

Where we go from here

The future is always unknowable. But it's clear the pace of change will continue to outstrip legacy technologies.

For example, businesses have come to rely upon autonomous software agents, computer programs that act for a user or other programs. These agents have the potential to exchange information, goods and services, with other software agents representing consumers, producers and intermediaries.

Such software agents help in all facets of electronic commerce based on up-to-date, real-time information, enabling consumers to be better informed about products and prices. Likewise, software agents enable producers to be better informed about and more responsive to their customers' needs.



How will hotels stay ahead of the trend? I believe human agents and software agents must work together.

Data scientists must create an architecture to enable software agents to work with human agents to provide the deep knowledge of the domain that may not be captured by software agents alone. Imagine the efficiencies and forecasting capabilities that will result in such an environment.

Indeed, hotels and resorts have used revenue management and price optimization for several decades to sell rooms to the right people at the right time for the right price. But it must be done better—with the aid of all the data science at our disposal.

Today, we are seeing a shift in the industry from the practice of pricing products in isolation. This in turn has driven the need to be able to dynamically price and distribute key linked or independent products for the wider market, or specific guest micro-segments, while maximizing profitability of all priceable products.

To determine the full benefits of dynamic pricing, the prices must be adjusted in real time, possibly after each transaction, using sophisticated techniques derived from a combination of sound mathematical models, predictive analytics and game theory.

This is a complex process.

Revenue Science and the Human Touch

Because we know human brain processing capacity is limited, in the future it will take a team of software agents that rely on AI with big-data and machine-learning techniques to address this complexity and bring hotels out ahead. To the extent possible, the process must be automated, so machines do the work they do best—gathering, parsing and analyzing data—under the supervision of capable revenue managers.

When this happens, we will have achieved the true potential of revenue science, taking the principles of revenue management to the next level by combining sophisticated mathematics and deep industry knowledge with automated decision empowerment.

It's important to remember this does not do away with the need for human agents. There will always be a need for human interaction from those with expertise and intelligence to account for various external factors, particularly those factors which the system might not be aware of but would affect the decision-making process.

For example, hotels may find it interesting to consider automated pricing agents such as shop bots and price scrapers. This technology can reset the selling price at optimal intervals based on supply and demand, with the objective of maximizing long-run average profit per unit over time.

Machine learning can also be used by seller agents to learn directly the probability of winning from say a database of bid transactions with known outcomes.

Humans will also be more readily adaptable as circumstances or objectives of the problem to be solved evolve and change, helping the software agents continue to deliver the optimal solutions.

Change Is Inevitable

Ultimately, it all comes down to data—and the quality of the data we can gather from today's complex systems. The faster hoteliers adapt, the more they will be able to drive revenue-enhancing decisions across their internal department silos and create real business-impacting changes to their revenue picture.

The building blocks are in place, and it appears many hoteliers are embracing the principles of revenue science. There are quite a few areas ripe for disruption. In my opinion, there are two main areas we will see a major category shift in the next five years.

First, I believe automation in day-to-day revenue management will become standard, resulting in a higher-order shift of the revenue manager and leader's roles. This is especially true when we deal with inevitable market upturns, and most importantly, downturns. The sheer number and complexity of the daily decisions a revenue leader must make will exceed their capacity, driving them to rely on intelligent automation to ensure they remain competitive in a fast-paced market.

Second, the principles of revenue science will serve as the basis for more and more decision-making across the guest journey. It can provide the hub, if not the major driver, among hotel marketing, distribution and sales systems. I believe we will see players in complementary areas start to link themselves together to drive a more direct connection to revenue, while delivering the right price to the right person at the right time.

The future of hotel revenue management is the intersection between automation applied wisely by revenue managers and the broader principles of revenue science.

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Digital branding for hotels: The four E's to success

by *Lulu Raghavan*  & *Chekitan S. Dev* 

Future winners and losers in hospitality will be determined based on how much they embrace digital to transform every aspect of their brand to create new, personalized, carefully curated and meaningfully differentiated emotional experiences for guests, write Landor's Lulu Raghavan and Cornell's Chekitan S. Dev. Much is at stake in a market heading toward a trillion dollars in value.



As technology continues to raise the bar on consumer expectations and experiences in every category, brands that survive and thrive in the future will need to be more agile than ever. The digital revolution has resulted in an explosion of choice for guests who are better informed and more discerning than ever before. By 2025, digital travel sales are forecasted to exceed one trillion dollars worldwide.

Every touch point in the hospitality customer journey is under attack. New players are disrupting the industry by choosing to specialize in distinct parts of the value chain to create disproportionate value for consumers. For example, Instagram is creating outstanding value for guests at the “Dream” stage of the customer journey while TripAdvisor is an excellent sharing platform in the “Advocacy” stage.

It is very clear to us that future winners and losers in hospitality will be determined based on how much they embrace digital to transform every aspect of their brand to create new, personalized, carefully curated and meaningfully differentiated emotional experiences for guests.

When it comes to marketing and branding, going digital is not just about countering the influence of OTAs and investing in performance marketing. It's time to play offense not just de-



fense; elevating the power of the brand by investing in digital to positively and profitably impact brand success. No doubt you have heard of the 4Ps of marketing. Well, here we present our 4Es of digital branding: excite, engage, empower, and embrace. Four best practice champions from the hospitality industry that are on the cutting edge of digital branding, organized by the 4Es, are summarized below.

EXCITE: Marriott's content strategy across multiple platforms pays off

Our excite best practice champion is Marriott. Imagine if you could generate \$600,000 in room revenue in just 60 days. Well the Marriott just did that through one short film, French Kiss, on YouTube. With almost 500 million PR impressions, the film earned an ad value of more than \$7M. Marriott brand interest, as measured through a Google Search lift study, saw a 63.2% lift after the film's release, illustrating that the film achieved its objectives to drive brand awareness and consideration for Marriott brands. To promote the Paris premiere and elevate the film, they engaged with influencer Be Frassy. She shared the event with her more than 550K blog readers. Her posts covering the event garnered more than 6K engagements on Instagram. Imagine what their overall video and broader content strategy across brands is doing for their business.

What impressed us about Marriott's approach to content is that it is not only strategically sound, but the execution is of the highest standard. They have taken the power of storytelling – both verbal and visual – to another level. This includes the quality of their content, its relevance, the emotional connect to the desired audiences and the production values of their videos. Their belief is that great content delivers tremendous value to their consumers which helps to build a community. This community then becomes a captive audience to drive commerce for Marriott.

The results of these investments have been impressive. Twitter grew 65%, LinkedIn grew 20%, Facebook grew to 1.2 million – and the brand's CRM 'Stay in Touch' database has received over 1.6 million job applicants, with over 25% open rates.

ENGAGE: Virgin Hotels' smartphone app sets a new standard

Our engage best practice champion is Virgin. Recent Research by mobile advertising network BuzzCity finds a 50% increase in mobile use across business and leisure travelers since 2013. 30% rely purely on their mobiles to make last minute bookings, making it the most preferred device for ticket or room bookings. Mobile is also a key tool for research and getting around, with 1 in 5 (24%) using their phones to find out about local tourist information, restaurants and attractions.

Virgin Hotels' Lucy smartphone app is totally different. Ask for anything – extra pillows, laundry pick-ups, turndown service, valet – she'll make it happen without you having to talk to anyone. She can help you book your stay. This includes reserving your room, adjusting bookings, check-in and check-out.

She can offer you suggestions of what to do in the city. She can connect you via a chat board to other guests to get suggestions or to meet someone new. She can connect you to the hotel staff. And you can even order room service and control the thermostat with Lucy.

EMPOWER: Wynn bets big on voice commands via Alexa

Our empower best practice champion is Wynn. Google says that one in five searches made on its platform is on voice— that's 20 percent of all searches on the world's most popular search platform! This is set to grow to 50 percent in just a few short years. Globally, Alexa is now available on 20,000 devices, from microwaves to cars.

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As voice search becomes increasingly mainstream, we expect to see hospitality brands leveraging its power to enhance the customer experience. Wynn Las Vegas is already leading the way. They have recently made an announcement saying that they will integrate Amazon Echo to digitalize their 4,748 hotel rooms in order to offer their guests tremendous control over multiple facilities using their mere voice. It will start with controlling room lighting, temperature, TV, draperies, and they are likely to leverage Echo's personal assistant services as well.

EMBRACE: Airbnb leads the pack in offering a one stop travel solution

Our embrace best practice champion is Airbnb. On a recent family vacation to Los Angeles, we were amazed to discover that Airbnb totally embraced our trip offering us carefully curated options for everything we needed: lodging, transportation, restaurants, and excursions. Airbnb totally got our need for a total travel experience. We know they working on air travel so that will make the picture complete: in the future, Airbnb will be the only travel app we'll ever need!

As for the next practices which will shape the next 12-18 months, we are keeping our eye 3 things: augmented reality, artificial intelligence (AI), and machine learning. Augmented reality is making the Dream stage of travel more engaging and inviting. Routinized tasks are being delegated to machines freeing up precious human talent for more complex and value added tasks. With tons of data, loads of cheap computing power on the cloud, and advanced analytical techniques, divining the right value proposition for the right customer at the right time via the right channel of distribution communicated via the right message is coming out of the lab and into the marketplace. Recently, Expedia reported using AI to understand how travelers plan travel.

There exists a tremendous opportunity for hotel brands to harness the power of digital branding to excite, engage, empower and embrace their customers.

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***Lulu Raghavan** is the Managing Director of Landor Mumbai and has been at Landor for the past 18 years. She worked at Landor's San Francisco, New York, and London offices before establishing the Mumbai office. She has vast experience in a multitude of international markets and is a renowned industry commentator and thought leader. Lulu has led the rebranding program for a number of hospitality groups including the Taj Group, The Park and Cinnamon Hotels and Resorts. Lulu anchored Bloomberg UTV's show **Beyond Logo** and is a sought-after speaker and moderator at brand-focused conferences. She was named one of India's 50 most influential women in media, marketing, and advertising in 2019 by **IMPACT Magazine**.*



***Chekitan S. Dev** is a professor of marketing at Cornell University's School of Hotel Administration in the SC Johnson College of Business. An internationally recognized teacher who has received multiple awards for teaching excellence, Professor Dev is recognized as the leading expert on hospitality marketing and branding. He has published his work in some of the highest quality peer-reviewed journals including the *Journal of Marketing* and *Journal of Marketing Research*, *Harvard Business Review*, *MIT Sloan Management Review*, and *Cornell Hospitality Quarterly*, and is the author of *Hospitality Branding* (Cornell University Press). An active consultant, expert witness, keynote speaker, and workshop leader, Professor Dev has served corporate, government, education, advisory, legal, and private equity organizations in over 40 countries. In 2010 he was selected as one of the "Top 25 Most Extraordinary Minds in Hospitality, Travel and Tourism Sales and Marketing" by *Hospitality Sales and Marketing Association International*.*





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Yes, clicks and conversions are important, but don't forget about brand marketing

by **Daniel E. Craig** 

Hotel marketers have acquired an unhealthy dependence on performance marketing, writes Reknown's Daniel E. Craig. They pay to generate clicks and conversions, but as he explains, this occurs when travelers have already decided on their destination and are making their ultimate choice of hotel. Instead, we should be focusing on creating demand.

“The best minds of my generation are thinking about how to make people click ads. That sucks.”

Jeff Hammerbacher, an early Facebook executive, famously said this back in 2011, but the sentiment is still relevant today, and it's particularly applicable to hotel marketing.

Over the years, hotel marketers have acquired an unhealthy dependence on performance marketing—paying to generate clicks and conversions on search engines, online travel agencies and price comparison sites.

While clicks and conversions are important drivers of revenue, they're just one component of a comprehensive marketing strategy. An overreliance on this type of marketing can cause long-term damage to a hotel's brand.

The problem with performance marketing

Performance marketing is attractive to marketers because instead of paying a flat upfront fee, as with traditional offline advertising, you pay only if ads generate measurable results. Because it's easy to measure return on investment, hoteliers tend to inflate its value and importance, allocating a disproportionate amount of resources.

The problem with performance marketing is it usually takes place near the bottom of the purchase funnel, when travelers have already decided on the destination and are choosing a hotel and booking channel. Rather than focus on creating

demand, hotels attempt to harness existing demand, engaging in bidding wars with other hotels and third-party sites, a zero-sum game that drives up the costs of acquisition.

Moreover, on the major performance marketing platforms—Google, OTAs and metasearch channels—hotels are treated like commodities and travelers make booking decisions largely on price, which we all know has nothing to do with brand loyalty.

Short-term thinking, long-term damage

Before the advent of digital marketing, hotel marketers had to plan far ahead and stick with strategy because switching gears mid-year was difficult. Today, hoteliers often start the year with good intentions, but the moment the property is falling short of revenue targets all long-term, strategic thinking goes out the window. Rates are slashed, the OTA taps are turned on full blast, and money is poured into cost-per-click campaigns.

Such tactics may lead to a short-term bump in revenue, but they also cause long-term damage to the brand in terms of value perception and reputation. Deal-seeking travelers who “trade up” are often a mismatch for the property, and they take out their disappointments and frustrations in online reviews.

Moreover, funds allocated for brand-building activities are diverted to short-term fixes, which eventually will catch up with the property in the form of softer demand and greater dependence on intermediaries.



Travelers aren't always ready to "Book Now"

Nothing represents hoteliers' obsession with performance marketing more than the ubiquitous "Book Now" button. "Book Now" is an appropriate call-to-action when the traveler is ready to purchase, but if it arrives too early it's like a job candidate blurting out "Hire me!" the moment he sits down for an interview. If it arrives too late it's like those ads we see on Facebook long after we've made a reservation—or returned from the trip.

If travelers don't know the hotel, urging them to "Book Now" isn't going to lead to a conversion. Keeping with the interview analogy, the interviewer needs to get to know the candidate and meet other candidates before she's ready to make a hiring decision.

Effective marketing is about determining where travelers are in the customer journey and what their intent is and then delivering messaging that speaks to that intent.

Who's driving your brand marketing?

This obsession with performance marketing comes at the expense of brand marketing, which is more concerned with longer-term goals: building brand awareness, distinguishing the property from competitors and creating demand. Brand marketing targets travelers throughout the customer journey, from the dreaming stage to the on-property experience to post-stay loyalty and advocacy.

For hoteliers, brand marketing is less appealing because it's harder to draw a direct line between expenditures and bookings. Often they rely on third parties to create demand—not only OTAs and price comparison sites but also destination marketing organizations and, for branded hotels, parent companies.

But the priorities of these companies are to promote their brand, not yours, and to convert any property, not just yours. Just look at some of the tactics they employ, like bidding on your brand name to divert travelers to their site and then promoting your competitors to them. To surrender control of brand marketing to these platforms is dangerous.

Ironically, even these companies recognize the risks of an overdependence on performance marketing. In recent years, Booking.com, Expedia, Trivago and TripAdvisor have all shifted resources to TV advertising. Why? Because they want to generate direct traffic and build direct relationships with travelers. Sound familiar?

Take a holistic approach

TV advertising is cost-prohibitive for most hotels, but brand marketing comes in many forms. The problem is that it receives the most attention when a hotel is launched, rebranded or renovated, and then takes a back seat to performance marketing.

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Brand marketing is part of long-term strategy that starts with the basics: ensuring that the messaging and visuals on your website clearly and compellingly tell your brand story and explain why travelers should choose your property and destination over others. Rather than allow this content to grow stale, hotels should review and refresh it regularly to ensure it reflects current market conditions and competitor behavior.

Also essential is ensuring that messaging and visuals are up-to-date and consistent on listings on OTAs, metasearch channels, online directories and social media profiles.

From there, it's a matter of mobilizing on multiple channels to reach travelers at each stage of the customer journey. Facebook, Instagram and YouTube provide opportunities for hotels to share brand stories and reach new audiences in the dreaming stage. Email marketing, CRM, loyalty programs and surveys help nurture relationships with travelers before and after their stay. And don't forget offline channels like print advertising, sponsorships, events and public relations for building awareness and creating demand.

Measuring results

Measuring results in brand marketing isn't always as cut-and-dried as with performance marketing, but it's equally important. In addition to tracking performance on each channel, monitor growth in organic search traffic for your brand name and track online reputation. When you're doing a great job of communicating and delivering on brand promises, it will be reflected in reviews and rankings. You should also see an increase in demand on offline channels like groups, events, corporate and agency business.

Strike a balance

Success in hotel marketing requires creativity, resourcefulness and strategic thinking. More than anything, you need to know when to be flexible and when stay the course, even while under pressure from corporate office and ownership.

By striking the optimal balance between brand marketing and performance marketing, you'll accomplish a lot more than finding ways for travelers to click ads. You will position your property for long-term growth and lower its dependence on intermediaries. And that, my friends, doesn't suck. It's actually pretty fabulous.

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The founder of Reknown, **Daniel E. Craig** is a former hotel general manager, author and marketing executive. Reknown is a global consultancy specializing in digital marketing, content development and reputation strategy for the travel and technology industries.



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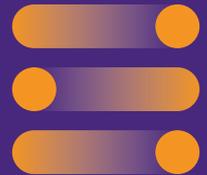
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The rise of attribute-based selling

by *Anson Lau* 

Hotel distribution is going through a transformation of how hotels distribute inventory. This change, known as “attribute-based selling”, or ABS, has been years in the making, but is only beginning to gain traction. Shiji Distribution Solutions’ Anson Lau describes what these changes will mean – and how hotels should adapt.



ABS is the bundling/unbundling of hotels’ inventories into smaller attributes, so guests can search for specific characteristics within a hotel. ABS will shift many aspects of distribution and will require many integrations from systems like PMS and booking engines to adapt.

The current hotel distribution model

Currently, most users book hotels in a standardized way through a set of patterns, known as micro-moments. After selecting a destination and transportation, travelers will then search for a hotel that fits their needs, which is broken into three criteria of location (place), price, and style / comfort (product).

While the model has proven successful since the shift from travel agents to self-service bookings, it has yet to offer higher levels of personalization that guests demand today. Increased granular knowledge of guest preferences and shopping habits is required for better, tailor-made solutions. With AI-based shopping decisions growing at an ever-faster pace, these preferences will feed AI-assistants with relevant data. When travelers use existing filter-based models to select a hotel, AI-assistants have very few attributes to offer them whereas with OTAS, users end up with hundreds of properties in a given city. If these systems already knew travelers’ preferences, they could propose relevant options to make the process more efficient.

How attribute-based selling works

Breaking down a hotel's services into smaller units allows each one to have its own inventory and cost, and travelers can create their unique travel experiences. When booking a room, the final cost is only shown at the end when the system bundles the room together. For example, if a traveler is looking for a room with a king-sized bed, sea view, and balcony, the system will price each attribute separately and present the final rate. ABS offers transparency and shows the room's value by attribute. A typical room rate by an ABS system would be:

Basic Room: \$50
+ King Size Bed: \$20
+ Junior Suite upgrade: \$30
+ Gigabit WiFi: \$10
+ SeaView: \$30
+ Breakfast: \$20
+ Not Refundable: -10%
Final price: \$144.00/night.

From the airline industry to hospitality

While ABS may seem new, the airline industry already implemented it over a decade ago. At the 2008 PhoCusWright Travel Innovation Summit, Sabre presented an electronic reservations system to help "travel agents and consumers navigate the plethora of travel content available today" and allow "the shopper to identify and select the best travel options, fully considering the optional charges."

When travelers purchase a flight, they are really buying just a seat. Low-cost carriers have mastered the art of unbundling services that formerly came with a ticket, such as baggage fees or seat selection where anything with value is sold as an added item. While initially the reaction from passengers was negative, eventually the pay-only-for-what-you-use model became the standard. According to Frommers, "domestic airlines collected \$340 million in baggage surcharges," in Q1 to Q3 of 2007, but two years later, when most major airlines began charging for checked bags, the amount skyrocketed to \$2 billion.

How hotels should adapt

The hospitality industry shift is inevitable, and travel-tech will have to adapt to ABS to increase profits while providing an improved experience for guests.

The main notion of inventory will change. Currently, the information exchanged by PMS, channel managers, and even OTAs are only for room type and rate plan. With attributes, the amount of information that will transit between channels will grow exponentially.

The industry needs to agree on a standard list of attributes like the one developed by OpenTravel Alliance that is widely used today, but is still not universally accepted. HEDNA has announced a joint effort between all associations to develop a Unique Global Identifier (UGI) where hotels worldwide will be registered in a master database with information about its franchise, location, property type, and more.

Hotels must be consistent with updating their attributes. With many types available like Bed Type (BED) and Room View Type (RVT), the risk of obsolete information is extremely high. For example, if a hotel's pool is under maintenance and isn't updated in the system, this would negatively impact the guest experience for travelers expecting to swim.

The industry will have to agree to an appropriate level of attributes with relevant options for guests, but not so many that the booking process becomes overly complicated and causes shopping paralysis.

Conclusions

Since the introduction of ABS model, ancillary revenue for airlines has become an extremely profitable source of revenue, spiking by 312% over the last 8 years, according to IdeaWorksCompany and CarTrawler. Adopting ABS in hospitality is the logical next step, and while there will be challenges to come, the long-term reward will be worth it.

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About Shiji Distribution Solutions

The Part of the Shiji Group, Shiji Distribution Solutions got its start over 10 years ago with the founding of CHINAonline when it developed the first international chain-to-Chinese-OTA connection for IHG and eLong. Today, over 70 hotel groups, 90+ distribution channels, 2500+ independent hotels and 23,000 properties use Shiji Distribution Solutions to streamline their distribution.

www.shijigroup.com/distribution

Eleven questions for citizenM CMO Robin Chadha

by **Robin Chadha** 

This Hotel Yearbook's guest editor Martin Soler sat down for a chat with Robin Chadha, Chief Marketing Officer at citizenM, about maintaining brand integrity – especially in the digital world.

Hotel Yearbook: citizenM is known for changing a lot of the status quo in the hotel sector. But also for building a very efficient hotel marketing system, almost ruthlessly so. Cancelling programs based on ROI and so forth. How does brand integrity fit in such a performance driven culture ?

Robin Chadha: *citizenM is a truly brand driven organization, this means everything we do and touch keeps the integrity of the brand in mind. The brand stretches across the entire organization from our asset management side of the business, to the operational side. From the smell of the soap and crispness of the sheets in the hotels, to the digital experience for our guests.*

HYB: Keeping brand integrity is quite easy when one is small, the possibilities of it going wrong are quite limited, but how does a group that is scaling keep brand integrity? With rooms going old, decoration styles changing, needs updating, the costs become huge.

Chadha: *This is definitely a challenge, but also my role within the organization. Having an amazing team both in-house and external alleviates a lot of the possible problems. A brand is also a living thing, so has to be adaptable without losing its consistency. This is what we work on every day at citizenM. In addition, as our designs are quite timeless and contemporary, there is not much updating to do in the traditional sense. The lifespan of our rooms and commons spaces exceeds that of a traditional hotel.*

HYB: One of your recent buildings (Geneva) is very different from the existing buildings. How do you keep that “on brand”? How do you avoid diluting the brand into an “everything hotel” like so many others have become?

Chadha: *Over the past years citizenM has looked at conversions of existing buildings, especially in Europe where the city centers are usually historic and preserved this is a challenge. However,*



we have specific standards that we do not compromise on when refurbishing existing buildings. We have an amazing team of design managers and architects who ensure we do not dilute the brand and keep the experience exciting for our guests.

HYB: What does maintaining brand integrity mean in the online world? Isn't digital marketing about A/B testing and being efficient? Brand seems like such an "old world" concept. Can you give some examples?

Chadha: *Maintaining brand integrity in the online world is not so different than in the physical world to be honest. We do have a complete digital brand manual which outlines what can and cannot be done per digital touchpoint across the entire customer journey. Again, consistency is key here, but also being open to adapt. Examples being our new B2B website has taken on a different look and feel from the mother website, however it is still truly representative of the brand. We have introduced a new color pallet for digital and are in the middle of a new photo shoot for digital assets both static and dynamic.*

HYB: With Facebook and other social media channels becoming the largest channel for exposure controlling brand integrity is harder because there is more user generated content but also because the platforms control so much of the user experience. How do you keep brand integrity there?

Chadha: *The difference is being a brand on social vs a social brand. In the case of the former, a brand might see the current landscape as test to their image, but we don't necessarily see social media and the resulting UGC as making it more difficult to maintain brand integrity, rather an opportunity for a stronger identity. Being a social brand depends on the authenticity behind these peer to peer share of experiences, so UGC is one of our greatest assets. It holds us accountable in staying true to the citizenM brand and product offering, and we maintain our integrity by constantly engaging with the material and by using it across our own channels and campaigns. Sure there are negative comments, interactions, and posts that require we respond and react, but this further attributes to us being honest, confident, and authentic in our approach. If we as a brand tell a consistent and strong story, we empower a similar share of content*

HYB: As distribution happens mostly through third parties such as OTAs, the danger for hotels is that they're seen just as a room amongst many others. Brands try to avoid being commoditized that way, how does citizenM do it?

Chadha: *citizenM takes a different approach as we do not see ourselves as a commodity but rather a strong brand with a unique experience. We embrace OTA's as they introduce us to new customers who otherwise we would never find. We believe that they will love the citizenM experience and repeat. Which channel they book through is secondary.*

HYB: There's a joke going around that the best way to recognize the difference between brand A and brand B is the color of the curtains. What should hotels and hotel chains do to improve their branding and brand integrity?

Chadha: *I believe that building a brand takes a lifetime. Within this life the fundamentals of a brand must be consistent. Once brands begin to deviate from these fundamentals is where things tend to go wrong. Focus on your customer and the experience you wish to give them. Today's customers want experience and efficiency, brands are emotionally connected to them. Do not confuse your customer and take them along in your journey of growing the brand.*

HYB: Do you have a brand style guide that is circulated internally? What does it consist of?

Chadha: *Yes, we have a full brand book consisting of everything we do. Hotel design brand standards, signage, identity, art, sonic identity, olfactive identity, logo usage, typography, color usage, etc.... This list is endless*

HYB: What does it mean to maintain brand integrity? Of course, it means ensuring that the right colors and logo and fonts are used, but what are the invisible parts of it?

Chadha: *The analogy I always like to use is a brand is like a human being. It is in fact a living thing. The basic elements that make up a brand are similar to humans. Heritage, DNA, Values, Identity, Philosophy, Personality, Tone of voice. Once these basic elements of a brand are in place they can be expanded on via multiple communication channels. A brand is flexible to be adapted which makes it come to life. It must however stay recognizable and consistent.*

HYB: How does brand integrity affect the success or relative failure of a hotel? both with their online and offline presence?

Chadha: *I believe brand integrity definitely affects the success or failure of a hotel. However, the experience and human side of the hotel is what truly makes or breaks you. A hotel could be in the best location, have amazing brand awareness, is designed by a world class architect, however this is all irrelevant should the service be poor and non-genuine.*

HYB: Can you give some examples of some of the invisible parts that make citizenM different? Not the self-check-in or room design, but some of the things most people don't notice. Including some on-line elements.

Chadha: *The invisible part of citizenM that makes us different is our company culture, the values we all embody and the greater cause and brand promise of affordable luxury for the people. At the end of the day, this is our greatest asset and what drives us to be ahead of the competition.*

■

Robin Chadha has worked for a number of fashion and lifestyle companies, including Tommy Hilfiger Jeans and Mexx. The launch of a unique and creative food & drink experience called RAIN in 2004, allowed him to successfully expand into the hospitality industry. Prior to selling RAIN in 2008, Robin became Marketing Director at citizenM hotels where he safeguards the brand's integrity throughout all disciplines, initiates innovation, and fosters partnerships.

Hotel brand building in a digital age

by **David Turnbull** 

Looking back to some examples from his pre-digital career, David Turnbull notes that the successful hotel brands of today are those that have gone back to grass roots – ones that differentiate themselves by delivering customer-focused campaigns and branded experiences that give their target audience a compelling reason to become and then remain, brand advocates. Here are his ideas for accomplishing this with our new digital toolkits.

At the start of my hotel career, I had the fortune to work for iconic brands such as The Savoy Group and The Raffles Hotel Singapore, as well as the first generation of contemporary hoteliers including Ken McCulloch at Malmaison, Christina Ong at Como Hotels and Claus Sendlinger at Design Hotels™ (all these years later and I am still conditioned to write the ™ after the name!)

Except for Raffles and Malmaison (where I honed my F&B skills) I worked within their commercial divisions, typically in Revenue Management and Distribution. Although my role was highly performance & transactional, I could never take too much credit for the “demand optimization” work I was doing, knowing that the seeds of how this demand had been generated, were planted around the brands that these founders had spent years cultivating.

Sowing the seeds

So what was it about those companies that, pre-digital, enabled them to always claim far more than their fair share of the market? That put them first of mind for so many people on their wish list of places to stay?

It’s because their founders focused on building authentic and understandable brands that were much more than a logo or name. That, it was about “designing” how people should feel when they heard the brands name. Recognizing, that by awakening specific emotions and senses, they could sell so much more than a bed in a room for a night. Understanding that via a strong brand, they could retail to very specific customer segments, the ability to buy things you usually couldn’t get access to: rest, space, time, recognition, convenience.

At Malmaison, Ken tapped into the psychology of a London based business traveler, staying in Glasgow or Edinburgh for one night and needed 3 things delivered very well. A great meal (in aspirational settings), a great sleep, delivered at a great price.

Arguably the first “design hotel” to open in the UK back in 1994, it was the guest experience design, as much as the interiors, that transformed Malmaison very quickly into a recognizable hotel



brand. Through an informal “casting” approach, Ken recruited his initial brand advocates to not stay but to come and work for him. As a team comprised mainly of young foodies and service freaks, we adored the brand and without too much formal training, were given real freedom to deliver our vision of the Malmaison brand promise.

The hordes of loyal, brand advocates back in London started talking about this transformative experience they’d had on a Tuesday night in Glasgow (as a Glaswegian and proud Global Scot, not a sentence you get to write too often!).

Not only did this free word of mouth PR generate high demand, it quickly connected Ken with future investors who wanted to bring this branded experience to other UK cities.

For Christina at Como (then The Metropolitan Hotel in London), it was about building product and service levels around highly specific customer segments - The 5 M’s as we called them (Movies, Models, Music, Media & Money). Christina’s point was that these unique high end customers, who booked (typically via full service travel agents) very specific itineraries, needed on-arrival to be greeted, roomed and serviced throughout their stay in a fitting way.

By having this very clear picture of who their target customer was, their needs and how we wanted them to feel when in-house (recognized and at ease), Como became very adept at delivering time after time, on-brand experiences.

Christina also made a very bold statement during pre-opening, stating that she would rather we were 50% full with the “right customer” than 100% with “anyone”. Moving far beyond the individual property’s asset value, Christina understood the potential of the future brand she was creating and telling her management team to only focus on short-term profits was akin to a “politics style” approach to running a hotel and the opposite to what is needed to effectively build a brand. It’s a marathon, not a sprint.

There is no such thing as demand for a hotel stay

For all these brands, not only did they know who their customer was, they equally knew who their customer wasn’t. Being a “crowd pleaser” (think every hotel who chases corporate, leisure, groups, MICE, wedding etc.) is the easiest way to kill your growing hotel brand. As you dilute not only your target customer base (who you serve best) but also their potential to form a group of brand advocates who go out and shout about you.

As one of the people who has heavily influenced my thinking on Hotel Commercial Management, Bill Carroll, quoted in his seminal 2011 paper on Demand Management “There is no such thing as demand for a hotel stay or a restaurant meal. The demand is for a travel experience”.

These hoteliers reinvented the rule book in terms of how to deliver authentic travel experiences. Anyone, via advertising (be that a click, a banner or an advertorial) can create awareness of a hotel’s brand promise. Delivering, through great product and great service “to the right customer”, amazing and easily identifiable brand experiences, is where you “in spades” deliver on that promise.

When you do that, you transform your “acquired” customer from being exactly that “a customer” into being a brand advocate, someone who literally raves about your brand.

Brand building in a digital age

So knowing how your hotel’s brand has been defined, what it stands for (its promise) and how your customers perceive your brand is essential information as part of a wider integrated approach to implementing an integrated marketing campaign with both on and offline touch points.

Looking back to my pre-digital examples, it’s my opinion that the successful hotel brands of today are those that have gone back to grass roots. Who differentiate themselves by delivering customer focused campaigns and branded experiences that

give their target audience a compelling reason to become and then remain, brand advocates.

Below are some of my take away thoughts on the advantages of brand building into the digital age:

1. Use branded experiences to create and maintain a competitive advantage – Westin’s heavenly beds is a great example of how Starwood took a brand promise (to sleep well) and converted that into a branded experience. We all sleep in hotels, some of us get to sleep in heavenly beds – and talk about it!
2. Empower your customers to easily understand your brand. When planning their travel, hotel customers are bombarded by thousands of similar “hotel products” in terms of products and services. A well-defined brand (Think citizenM’s “Affordable Luxury” tagline) is essential for distinguishing your product or service from the rest.
3. Empower your customers to easily represent your brand. Developing smart content that enables future brand advocates to relive their experiences, places them in pole position to share these via social media. So much of today’s digital hotel content still focuses on short-term customer acquisition (speed dating) rather than brand building (taking it slow) – be a lover not a fighter!
4. Brand advocates need “Reasons to Rave”. Digital teams should work closer with their operational counterparts, to better understand what products & services the hotel does well. Training local teams to then concentrate on delivering these focused experiences which the customer is digitally educated to anticipate and then receive (through intelligent content that is seeded throughout the dreaming and planning phase) will create a high delivery on key brand promises and create multiple “Reasons to Rave”
5. Be aware that branding is not just about your service or product – it’s about achieving a consistent experience on every touchpoint that your customer (future or present) engages with, from social, customer service, sales, on property and everything in between.

With this last point, I have often asked the students I have had great fortune to teach over recent years, to create for me a presentation of how Apple would build a hotel brand. Setting aside their go-to list of systems, processes and KPI’s, it’s fascinating to see the customer-centric approach they take to start building a brand with consistent digital and analogue touchpoints around that – food for thought for all of us!

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***David Turnbull** David is an established hospitality, travel and technology leader, supporting a variety of media and technology companies in a partner, advisory & board capacity following his exit from SnapShot in Summer 2018.*

Having been involved with revenue management, distribution and hotel analytics for more than 20 years, David has worked to develop from grassroots some of the most forward thinking hotels and hotel companies such as designhotels, citizenM and 25hours to name a few.

Next-gen hotel websites: The secret to converting digitally savvy travelers

by **Steffan Berelowitz** 

The Amazons and Netflices of the world have spoiled travelers, says Travel Tripper's Steffan Berelowitz. Thanks to the well-designed and highly efficient websites of the tech giants, finding and buying products and services is practically effortless. Our challenge is that travelers now have the same expectations of convenience and personalization when it comes to booking a hotel.

It is easy to assume that the riches of the digital revolution are exclusively enjoyed by major consumer brands and Silicon Valley unicorns. E-commerce giants such as Amazon and Netflix have taught consumers that finding and buying their favorite products and services can be effortless and instant. Modern-day travelers expect the same level of convenience and personalization when they browse and book hotels.

The major OTAs have taken note and followed suit. The likes of Booking.com and Expedia have built their websites around similar e-commerce principles to make browsing and booking fast and frictionless. While some hoteliers may think that these tactics can only be used by the biggest players with the deepest pockets, this is not true. Hotels can replicate key e-commerce tactics to ensure that their websites cater to digitally savvy travelers and compete with the best of them.

Arguably the biggest gap between a hotel booking experience and that of an OTA is the hotel website itself. Unfortunately, most independent hotels still rely on what can best be described as brochureware websites. As the name suggests, may as well be printed on paper—they look pretty, but they're almost entirely disconnected from the transactional information available within a CRS. These brochureware sites don't have any awareness of the price of the hotel, don't remember the stay dates you're interested in, don't know who you are and whether you're returning for the 10th time or booking for the first time.

Building a next-generation hotel website

A number of key components are required to build a truly competitive hotel website. Crucially, there has to be a seamless and real-time integration between the website and booking

engine. The most advanced hotel websites can dynamically pull information out of the CRS so live rates show up right on the hotel website. This means that travelers can see the latest rates and personalized information on the homepage and while they browse the site, so they're continually engaged in a purchase mindset.

Personalization

Contextually-aware websites are also a big part of the puzzle. Instead of a one-size-fits-all experience, a hotel website should deliver personalized messaging and pricing based on factors such as a user's browsing history, device, and geographic location. For instance, a returning visitor should be welcomed back by name and receive a loyalty offer, or perhaps a mobile-specific deal if they're browsing on a smartphone. This should all happen without the need to login. Remember, Amazon recognizes you instantly without a login, you only have to enter a password when you finally check out.

The next major leap in mobile bookings

According to recent data from Phocuswright, 26% of hotel-direct room revenue is booked on mobile devices, and that figure is expected to hit 40% by 2022. To win over the hesitant majority, you need to make sure the mobile version of your website is easy to navigate, quick to load (3 seconds or less), responsive, and can get someone through a checkout in no more than 3 steps.

Within the next year, we'll start to see hotels adopt the next major leap in mobile bookings as they offer mobile payment for hotel reservations. Imagine reserving a hotel on mobile much faster and more easily than any other channel, just authenticate with Apple Pay or Google Pay and you're done.



Raise your conversion rates with an OTA playbook

OTAs have become masters of deploying conversion-driving tactics. The great news is that most of these tactics can be replicated by hotels. A classic OTA tactic is to display “rooms remaining” availability and the recent number of bookings a hotel has received. This creates a perception of scarcity and highlights popularity, ensuring that rooms are snapped up quickly.

Regarding pricing, adding rate-checking tool is another conversion-driving feature hotels can use on their websites. Many hotels offer these solutions, however, the most advanced of these solutions can match rates on the fly. If an OTA rate

comes out lower than your hotel, these tools automatically match that rate. As a result, customers are given the confidence to book and don't need to leave your hotel website to compare (and potentially book) elsewhere.

Finally, there's obvious value in hiring digital marketing experts who are strategic, data-driven, and in sync with your CRS and web teams. An integrated team of different specialists can bring together a holistic picture of consumer activities and campaign performance, helping to drive more business through your direct booking channel.

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About Travel Tripper

Travel Tripper is a hotel tech provider and strategic digital partner helping hotels worldwide to optimize their direct booking channel and maximize overall revenue. Known in the industry for its constant innovation and exceptional expertise, Travel Tripper provides a comprehensive suite of solutions that empowers hotels from search to stay, including CRS and booking engine, website design and development, and e-commerce and digital marketing management.

www.traveltripper.com



About Pegasus

Pegasus is a leading global technology provider empowering independent hotels, hotel groups and large chains to grow their reservations businesses in a digital world. The company provides a comprehensive offering of cloud-based Software-as-a-Service (SaaS) solutions and services designed to help hoteliers connect with their guests, increase profitability and maximize productivity. Pegasus combines its highly scalable and reliable reservations platform with representation and demand services, uniquely enabling hoteliers to sell to guests worldwide across all touch points.

www.pegasus.io

Get off the social media merry-go-round with social commerce

by *Hilary Catherine Murphy*  & *Alessandro Inversini* 

Most social media campaigns designed to engage with customers are unsuccessful, write Alessandro Inversini and Hilary Catherine Murphy, both of the Ecole hôtelière de Lausanne, failing to generate brand awareness and, in most of the cases, any financial return on the investment. How can hotels avoid this? Try “social commerce” instead, the authors suggest.

In a recent interview Seth Godin, author of several marketing bestsellers, declared: “We have to get brands off the social media merry-go-round, which is spinning faster and faster, but it never gets anywhere [...] we must concentrate on a long and sustainable path, returning to authenticity, which necessarily passes through experiences”.

In effect, customers’ engagement through social media has been, in the recent years, one of the mantras of digital marketers. Trying to establish a relationship with the consumers base has always been a critical issue for developing customers’ acquisition. Several businesses in the travel field tried this: in 2009 MySwitzerland launched a series of campaigns where two fictional characters “Sebi” and “Paul” were available to chat with customers; this was just the start of a journey in the social media arena for the National Tourism Board (followed by a series of regional ones) developing social media engagement campaigns.

In hospitality it is worth mentioning the “Reverse Review” campaign done by Art Series Hotel Group where guests were reviewed by hotel staff and not vice versa; comments were posted online and past and future guests commented, interacting with the brand. Both these campaigns were very successful and built brand awareness stimulating engagement and exogenous electronic word of mouth. However, these are some of the most famous and effective leading examples in the field: most of the campaigns designed to engage with customers do not really end up in being successful. They do not generate brand awareness and, in most of the cases, they do not bring financial return for the business investing on social

media. In this sense, we do completely agree with Seth Godin’s claim above. Marketers are the ones who should be blamed for poor social media results. Nowadays, fourteen years after social media first gained popularity, we could ask more of these platforms, using them in a more strategic way.

In fact, the concept of Social Commerce could be of help to better understand the evolution of digitally mediated social communication. Social Commerce can be understood as a subset of e-commerce; it is essentially about enhancing the online shopping experience with social media and facilitate social interaction and experience sharing. This allows collaborative value creation and drives purchasing decision intercepting and supporting consumers’ decisions. Social Commerce essentially comes in two different ways:

- 1 social networking sites that incorporate commercial features to allow transactions, or
- 2 traditional e-commerce websites that add social tools to facilitate social interactions. In both cases, the user generated content empowers the “social component” of the website that reinforce the intention of the consumers.

Hospitality is a field where social media do play a key role. Already in 2014 in an article that appeared in the International Journal of Contemporary Hospitality Management written by Alessandro Inversini and Lorenzo Masiero, the rising importance of social media for selling rooms online was predicted: the research highlighted the need for the hospitality industry to

maintain an effective presence on social media and Online Travel Agents in order to move towards the creation of a new form of social booking technologies to increase both visibility and reservations. This prediction was partially realized few years later by one of the main players working with user generated content in the travel industry. In fact, with 702M travel reviews, 490M average monthly visitors, tripadvisor.com is the world biggest travel community; the website was born as a pure reviews website. Today, travel companies can partner up with TripAdvisor through a series of marketing services, among which cost-per-click advertising, sponsored placements and above all instant booking. Customers are effectively trusting reviews of previous guests/travelers to support their decision making trusting the website which generate a total revenue of approximately 1.56 billion US dollars in 2017. What the industry learnt (and is constantly learning) from tripadvisor.com is the importance of online reviews and experience sharing.

It has been noted in several researches that consumers have a higher reliance on the advice and recommendations from online friends on social media platforms; this represents a radical shift in consumers' consumption behavior: from individual-based to collaborative sharing with social shopping. In fact, consumers perceive a risk decrease in the online purchase thanks to the emotional and informational support of the community: emotional support symbolizes the affective experience of emotional concerns, for instance, caring, understanding and empathy for others within social groups, while informational support refers to the cognitive feelings which might be useful and helpful for solving informative challenges. These types of information and support do develop a sort of trust both towards the brand and/or towards the community contributing in the reduction of online buyers' perceived risks.

It is at this point that real experiences and emotional and informational empathy can play a crucial role to foster

conversion in social commerce. Given for granted the experience of big travel players such as tripadvisor.com and booking.com (but also in retail amazon.com) which are facilitating eWord of Mouth (in the form of online reviews) to support sales of products and service, there are three main practices developed by companies in the field which can be of interest for hoteliers and travel professionals. These are:

- **Social media “buy” buttons:** One of the most apparent features are the “buy now” button which you can find on the main social networks including Facebook, Twitter, Instagram, and Pinterest.
- **Shoppable posts and stories:** Shoppable posts and stories tag products within posts or “stories.” This type of social shopping is relatively new, but both Instagram and Snapchat are already utilizing these tools.
- **Plug-ins and apps:** While some social sites are developing their own tools, third parties have also launched their own plug-ins and apps to facilitate social shopping in the meantime (e.g. Soldsie application).

In this scenario, hoteliers should try to develop an authentic storytelling on different channels (i.e. respecting channels' characteristics) stimulating exogenous eWord of Mouth and attaching call to actions as the ones above; additionally they should monitor and eventually try to stimulate social media activities from guests (endogenous eWord of Mouth), where real and authentic experiences do come up in different social media (again respecting channels' characteristics) with the aim of generating conversions. As Seth Godin said, it is time to get off the social media merry-go-round thus entrusting social media with a form of commerce that intercepts authenticity, and connects to the lifestyle of customers.

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***Dr. Hilary Catherine Murphy** is a professor and researcher at Ecole hôtelière de Lausanne, Switzerland (University of Applied Sciences-University of Western Switzerland) and an Honorary Research fellow in the Marketing Faculty at Strathclyde University, Glasgow. Currently, her main role is serving as Associate Dean for Faculty and Research, ad interim. She has published many technical articles in academic journals and is a frequent presenter at key industry and academic conferences worldwide. Her most recent academic projects focus on the impact of social media on hotel consumer buyer behavior.*



Nobody told you there'd be days like these

by **Matthias Huettebraeuer** 

The brand experience starts long before a guest sets foot in a hotel and likewise, it outlasts the checkout by a long time, too. As brand strategist Matthias Huettebraeuer explains, the reward for the extra effort of working on this experience is, if done right, a short cut called the “loyalty loop”.

Half of every dollar spent on marketing, a famous quote that may or may not have come from the late Henry Ford went, is wasted – you just don't know which half. So, unless you were lucky enough to have commissioned Don Draper to do your advertising, thus staying always on the right side of the fifty-percent divide, you just had to keep shooting and hope for the best. Consequently, the visual metaphor for that process has for the longest time been a funnel: you make the opening big enough and something will come out.

With the rise of the Internet, where all is tracked and nothing ever forgotten, the cocky creatives could be left to their midday drinking and the numbers people took over. With online marketing, campaigns could now be tracked, analyzed, optimized and ranked based on what they delivered. Gut feeling was replaced by what economists love best: formulas and equations. The superiority of the approach was soon underlined by its new name: performance marketing.

So, finally, hotel directors need not worry about marketing anymore and can go back to greeting guests by name as they float into their lobbies in ever bigger numbers. Problem solved. Or is it?

The praise of online marketing takes the valuation as a given, without mentioning its vulnerabilities: commoditization of the product, often, and over-representation of short term clicks over long-term preference building, always. The higher the percentage of inventory you sell by ads and banners, retargeting

and search engine marketing, the lower you have scored on loyalty and the “pull” of your brand. Hence, we might as well call it “underperformance marketing”.

These days, after twenty minutes into any conversation with a marketing professional (including this one here) he or she will tell you about the consumer decision journey. This model, first introduced by McKinsey & Company, replaces the image of a funnel with a non-linear journey, a repeating circle where the booking is not the end of a sales process but one of many steps in a brand-customer relationship. It emphasizes the fact that the brand experience starts way before a guest sets foot in a hotel and outlasts the checkout by a long time. The reward for all this extra effort is – if done right - a short cut called the “loyalty loop”, the preferred or even habitual usage of your brand by your most valuable guests.

So how do we do it right?

First, avoid the digitization trap. The term “online marketing” is almost a tautology in our time: when you look at the touchpoints of your customer journey the predominant majority is online. Yet, contrary to the famous McLuhan quote, the medium is not the message. Online, or digital, is just an attribute of the channel, and while it is important to understand and follow the codes and idiosyncrasies of the different media, you still need a purpose. You need a clear understanding of who you are, what you want to communicate and why your audience



should care. You need to determine which interfaces should be digital and which interactions must remain human.

Second, be consumer driven. Now that's an easy one, you say. Everyone seems to engage in design thinking, talk about customer experience and collect data as if their life depends on it (some argue that it does). Putting yourselves in the consumer's shoes is all well and good if you keep two things in mind: what drives you in your motivations and desires might not be the same as what drives your guests and, an even more common mistake, what you need them to want to validate your product or idea, might not be what they really do want.

"Dataism", on the other hand, the rising philosophy of the day, may help us overcome subjectivist bias and "illuminate patterns previously unnoticed" as David Brooks wrote, but like every philosophy or religion it should be adhered to with care. Keeping track of your guest's actions and interactions with your brand may indeed point you to certain usage patterns. Looking only at your own customer data (unless you have the size of a Starwood or Marriott group) will hardly help you in finding, winning and retaining the right people or in coming up with entirely different ways to approach things.

Being consumer driven should mean to constantly look out for and be open to changes in how people live, work and play, in their belief and value systems. When it comes to putting your brand in the sweet spot of your audience, curiosity will save the cat.

Third, stay away from formulas. Economists have always been trying to reduce human behavior and motivations to one equation. Think of the price-demand curve or, for example of $mb=mc$, linking marginal benefit to marginal cost. Being based on the Homo economicus, a rational fellow who strives to maximize benefits to fulfil his elementary needs, those models start to fail in saturated markets.

Sociologists have long backed different ideas about what triggers consumer decisions, like the theory of "signaling". As Erving Goffmans explains in "The Presentation of Self in Everyday Life", our entire internal and external identities are constructed from the things we choose to be seen liking, buying and using – a theory clearly better fitted to explain why a plain white Prada T-Shirt costs ten times more than the equivalent Zara piece.

So, essentially, in Western markets those things economists have a hard time quantifying are the ones that make or break a brand: the culture the brand embeds itself in or rises from, the stories it tells about itself and its followers and the ethical codes it implies or invokes.

Looking at Dutch hotel chain citizenM, neither the cubicle-like bedrooms nor the Vitra clad lobbies would suffice to explain the stellar occupancy figures with rates way beyond other budget hotels. What does explain it: culture, stories and ethics. Being native to the arts, design and fashion scenes of this world the

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brand was embedded in the right crowd from the get go, stories like “death to the trouser press”, “the towel swan” or “citizens of the bowery” went viral both online and within the local communities and “affordable luxury for the people” is an ethical statement that no one within their audience would not applaud.

And last and foremost, be original. Storytelling means telling your own unique story (remember: stay away from formulas). Let your marketing and product reflect your position, remember that all over the place has no coordinates and that, quoting Martin Luther King, if you stand for nothing, you will fall for everything.

When Munich-based pop up hotel The Lovelace opened its doors for an 18-month “hotel happening” they followed a radical, love-us-or-leave-us approach, executed a creative-community-based and social media-only marketing strategy, and engaged in a mainstream-defying programming effort. At the end of the ride, they ended No. 365 (of 401) hotels in Munich on TripAdvisor, but had received accolades in the international press, leveled the competition in event business, and averaged on rate and occupancy numbers only a handful of five-star properties had beaten.

So, whatever your marketing strategy will be, whatever your customer journey will consist of, remember that the drama, the stories, are not inherent in the forms they are presented in, which may or may not be lastingly influential. All brands must rise or fall by braving perils and finding opportunities specific to themselves and to their own times, the canon be damned.

And it turns out that just when digital technology gives us better means to use economics for marketing, we are challenged to look much more into the humanities to succeed within the digital audiences.

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***Matthias Huettebraeuer** is an independent brand strategist and hotel development consultant. After holding Managing Director positions at the digital agency network Pixelpark and advertising network Scholz&Friends, he was Director of Marketing and Product Development at Design Hotels before starting in his current role. He has been working for both hotel groups and individual properties and for international brands like Allianz, Austrian Airlines, BMW, BP, Lufthansa, O2/Telefonica, TUI and many more. He is based in Munich, Germany.*



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Digital marketing & revenue management: Powerful partners in profitability

by **Tammy Farley** 

A hotel's revenue optimization team and its digital marketing team may not always see eye to eye, writes Tammy Farley, President & Co-Founder of The Rainmaker Group. But they each play an indispensable – though complementary – role in successfully marketing the hotel. Here's her analysis.

Within a hotel, the revenue optimization and digital marketing (DM) teams can be dissonant divisions that don't always connect. However, they should. Conflicts arise because they each control different aspects of the marketing funnel. With DM trying to generate demand and grow occupancy by creating awareness, and revenue management (RM) trying to stimulate or restrict demand by orchestrating price and availability.

The equalizer that brings both groups together is the shared goal of driving overall profitability. Integrating these two independent business functions will allow you to capitalize on the hotel industry's 10th consecutive year of growth, optimizing your property's potential in terms of occupancy and rate, and making the most of your DM spend.

Data helps DM target the right guest...

With today's advanced technologies, hotels have access to deeper insights into guest preferences, behavior and booking patterns than ever before. To harness the power of this data, you need to be committed to collecting and analyzing information at every guest touchpoint. After all, the more you know, the more you'll be able to tailor your DM strategy to drive more bookings at a lower cost of acquisition. RM and DM should work synergistically, sharing data and joint metrics to review past results, trends, and opportunities within the hotel.

At times when there is less demand, revenue managers can leverage historical data to focus in on which guest segments of business will generate the most profit. Marketing can then leverage this information to create well-timed, data-driven campaigns that target other guests with similar attributes. Furthermore, by capturing data based on all available revenue streams, including rooms, food and beverage, wellness, gaming, and retail, then marginalizing it by profit versus revenue, it is possible to calculate the total guest value. Now you can market

to and price by group or category of guest, assign a rate group, even go right down to individuals if you have high-value guests you want to offer a unique package to.

When hotels understand the value of each guest and segment, combined with knowing what types of content and promotions compel them to book direct, they can develop the most effective DM and RM strategies with the most significant impact to the bottom line.

...at the right time and rate

Because marketing generates demand, and RM optimizes the business mix, an accurate forecast of future demand is a crucial component for developing both RM and DM strategies. RM synthesizes relevant historical and real-time information, looking at your market, booking data and pace across multiple metrics and segments. Predictive analytics reveal trends in demand, allowing the revenue strategy team to identify which segments perform the best during different periods, and which guests generate the highest revenue.

The ability to view how significant events, whether citywide, property-wide or even within a customer segment, can also benefit the marketing team. In addition to major holidays, events like national conferences and music festivals, as well as less apparent occurrences, such as a road repaving or nearby construction projects that may impact demand, offer a more accurate demand picture that helps marketing know when to run event-specific promotions for greatest impact.

In most cases a sizeable citywide event will likely generate higher demand, meaning that a property might be able to charge more for a room. Marketing can boost revenues further by crafting promotions that weave in lucrative upsells and customized add-



ons. For instance, today's business travelers seek memorable local experiences while on business trips. Marketing can create offerings revolving around recreational activities or immersive cultural opportunities. Moreover, by forecasting periods of low demand in advance, your marketing team has enough time to prepare campaigns that encourage direct bookings — identifying the precise USPs that will capture a specific audience's attention and generate higher conversion rates.

...in the right channel

Today's modern travelers use a variety of channels and media to search for and book their trips. So, having the right blend of DM content distributed throughout your shoppers' journeys is essential for driving occupancy and revenue over the long term. In addition to OTAs, GDSs, wholesalers and travel agencies, hotels are utilizing an ever-expanding variety of DM channels that include email marketing, Facebook, YouTube, and of course, social media.

A strong forecast will show which channels deliver the most profitable guests, as well as which are most cost-effective for your property. With this knowledge in hand, marketing can work with revenue optimization to leverage your most profitable channels, focusing your DM efforts to grow profit by segment.

By leveraging data from all sources, you can analyze where guests book and spend their money, and effectively personalize promotions, delivering relevant messages with food-and-beverage or spa offerings that speak to the unique needs of each guest.

From campaign design to personalization and multichannel promotions, in today's competitive environment it's crucial to have an accurate demand forecast that feeds your DM strategy.

More importantly, a harmonious relationship between revenue managers and digital marketers centered around common key performance indicators and goals can ensure more accurate paths to ROI by targeting the right guest, with the right offer, at the right time, through the right channel, and at the right rate.

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About The Rainmaker Group

Rainmaker is the hotel revenue and profit optimization cloud. The company partners with hotels, resorts and casinos to help them outperform their revenue and profit objectives. Rainmaker's cloud-based solutions for transient and group pricing optimization, forecasting, and revenue-centric business intelligence are designed to help hoteliers streamline operations, enhance revenue optimization processes, improve lead performance, and drive guest bookings. Recognized as one of the top privately-held companies in the United States, Rainmaker has been named to Inc. 5000's 'Fastest Growing Privately Held Companies' for the last seven years and to the Atlanta Business Chronicle's list of '100 Fastest Growing Companies in Atlanta.' Rainmaker serves hospitality customers throughout the world from its corporate headquarters in Alpharetta, Ga., and from offices in Las Vegas, Singapore and Dubai.

www.LetItRain.com

The datafication of hospitality: Three reasons to start looking into data science

by *Meng-Mei Chen*  & *Alessandro Inversini* 

Generating a proper understanding of data with the aim of orienting the future of the business is paramount for gaining competitive advantage and superior customer value, write Alessandro Inversini and Meng-Mei Chen of the Ecole hôtelière de Lausanne. Here they explore three areas where a deep and conscious understanding of data could deliver value to a hospitality firm.

Technology is everywhere. Most of us, if not all of us, use technology artifacts in every single action performed on a daily base. Until a few years ago, digital tools were confined to specific places (most of them were actually sitting in the office), while nowadays we carry around always-connected mini-computers all day long. Sometimes we also wear digital objects, such as smartwatches, or we agree to have a micro-chip implanted under our skin. We live in the real world, always connected with a digital world (or a representation of it), participating in digital discussions whose other participants may be in different locations and time zones; digital payments are getting easier and easier thanks to these tools. We can even control our house electronics with a smartphone application, or simply tell Alexa what we want delivered for our wife's birthday. Let's face it: the ubiquity of digital technology is effectively enabling a series of services that are empowering consumers. Beside that the promise of multichannel, multitool and interactive knowledge exchange and acquisition is now realized and digital tools are enabling direct real-life implementation of this. And that's good news.

However, what most of us often forget is that every single action we take with our digital tools leaves a tiny digital trace – a sort of breadcrumb of our behavior, our preferences, or our ideas. The aggregation of these tiny pieces of unstructured information generated by different devices we own or services we use is called Big data. Data have always been there, but in a very different size: today we have new arrays of data such as: Activity Data, Conversation Data, Photo and Video Image Data, Sensor Data and The Internet of Things Data.

This datafication is often described with the 4Vs:

I **VOLUME** - refers to the vast amounts of data generated every second. If we take all the data generated in the world between the beginning of time and 2000, the same amount of data will soon be generated every minute.

- II **VELOCITY** - refers to the speed at which new data is generated and the speed at which data moves around.
- III **VARIETY** - refers to the different types of unstructured data we can now use: 80% of the world's data is unstructured (text, images, video, voice, etc.) and
- IV **VERACITY** - refers to the messiness or trustworthiness of the data.

There is, however a fifth, and most relevant, 'V' to consider – and that is value. This has emerged as the most important characteristic of Big Data. Companies should use the knowledge and the prescriptive analytics generated by Big Data to do something effectively valuable with them to serve the interests of the customers and the stakeholders; to ultimately create differential value. This falls under the concept of Data Science or in other words, the effective aggregation, analysis and use of different form of (un)structured data to generate new knowledge thus enabling added value for customers.

Most international corporations are using Big Data and data science extensively to orient complex business decision enabling not only descriptive analytics (i.e. how does the business looks like) but also prescriptive ones (which actions will impact on performances); hospitality is no difference with most of the international hotel chain taking data really seriously to do things such as further developing digital marketing capability, generating a better understanding of the customer journey or enabling chatbots on their website before, during and after guests' stay.

However, data science could be really powerful for small chains and independent hotels as well; an awful lot amount of data is generated within the property (for example: transaction and guests' preferences) and outside the property (for example: user reviews, comparison behavior etc.). Often some of the proprietary data (i.e. the ones within the property) are exploited for revenue management purposes and the ones generated outside the property are monitored, for example, with the purpose of



reputation management. But unfortunately, this is not enough. Nowadays, generating a proper understanding of data with the aim of orienting the future of the business is paramount for gaining competitive advantage and superior customer value. Let us explore three areas where a deep and conscious understanding of data could bring hospitality firms value:

- I **You and the world:** Hoteliers are perfectly aware that their business is a competitive one. It is paramount to understand competitors, their offers and strategies. This has been done forever in the industry, but data is providing an additional layer where the main keyword is 'differential guest value'. What is the current offer of your firm? How this is positioned with respect to competitors? How ultimately you can differentiate your service from the ones of the direct competitors. Data (internal and external) allow hoteliers for the first time ever to base their choices on real insights rather than on rumors and/or feelings. Not only this: insights on how brands deal with touchpoints during the customer journey (own media, earned media and paid media) can also help in fine tuning the way in which hoteliers propose their products and brands on the market. Ultimately in the way the brand is presented and fine-tuned towards guests' preferences.
- II **Marketing but also Operations:** Starting from the concepts outlined above, marketing is in fact the most evident way in which hoteliers can use data; however, a proper use

of data within the customer journey towards exclusive experience co-creation, could have deep implication on operations as well. Hoteliers could, in fact, harness the power of technology by proposing personalized services to their guests based on prescriptive analytics. If guests' preferences and behaviors are tracked and/or recorded, they can be cascaded to the resident manager, then to the room division and so on, to realize the promise of tailor made and personalized experiences.

- III **Smart hotels for smart guests:** the above-mentioned points would enable a transformation of the firm which, thanks to data becomes more flexible and adaptable to guests, trying to satisfy guests' needs and wants by providing a superior and tailor-made experience. In a context like this the organization learns from the customers and the operations department builds up incremental knowledge about customers to deal with (i) competitive environment, (ii) differential guest value, and (iii) customer journey. Modern technology will allow hoteliers to track quest preferences, store all this data, create personas and generate (together with the other information already present within the business) new insights and prescriptive recommendation for future actions. This is the basis for the smart hotel, where data (together with technological infrastructure) is used for the day to day personalized delivery of guests' value by staff.

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The keys to successfully positioning your hotel brand

by **RJ Friedlander** 

ReviewPro's RJ Friedlander asks one of the key questions in marketing: In a time when it seems like every other week another hotel brand launches, consolidates, or diversifies, how do you differentiate and maintain your brand image? He advocates paying close attention to a number of critical elements.

Travelers are loyal to branded hotels because they promise a consistent guest experience across the portfolio regardless of the city or country they are located in. Consistency is also important for independent hotels in terms of delivering on expectations. Consistency builds trust (or lack of) with travelers and is reflected in online reviews and post-stay feedback, which have a direct impact on bookings and revenue.

The significance of brand

A 2018 study Cornell University found that brand was a more reliable indicator of online reputation than either chain scale (segment) or star classification. This makes it an imperative that hotels pay attention to brand image. "Over time, brands that consistently deliver on expectations across their portfolio will carve out an increasingly higher market share," said Chris K. Anderson, Professor and Director of the Center for Hospitality Research at Cornell University's School of Hotel Administration.

Guest experience must align with expectation

Hotels and hotel brands wishing to build and maintain a strong reputation must not only pay attention to how they market their brand, but also ensure they set expectations correctly, and

deliver on those promises once the guest arrives.

The renowned Hans Brinker Hostels in Amsterdam and Lisbon consistently delivers on guest expectations by managing them with a playful marketing campaign aimed at highlighting the properties' limited amenities rather than exaggerating them, as so many other hotels do. According to the website, "At the Hans Brinker Hostel you get what you pay for. And because you don't pay much you won't get any of the following things: a swimming pool, room service, honeymoon-suites, a gym, tiny bottles of shampoo, a spa-bath or bellboys in silly hats." By being completely transparent, the hostels ensure that guest expectations are in line with the experience.

Harnessing brand advocates

At the very opposite end of the scale, the Library Hotel Collection is a brand that became legendary for placing its four boutique properties in the top-four positions of New York hotels on TripAdvisor. The brand places high importance on the happiness of guests so staff are given freedom to do everything within their power to ensure that guests have a truly exceptional experience.

Library Hotel Collection believes that its best marketers are happy guests and leverages this by encouraging brand advocacy in the form of 'earned' or user-generated content. This includes earning 5-star online reviews by providing memorable guest experiences as well as curating a network of relationships with qualified social media travel influencers and bloggers to help spread the word when the company has news and special offers.





Online reviews

Even if a hotel doesn't want to delve into influencer marketing, the strategy of harnessing happy guests can still apply. It is no news that the majority of people look at online reviews when shopping for their next holiday, and happy guests are a major resource to be leveraged for positive feedback. One of the many ways to encourage guests to leave reviews is to employ a review collection program as part of guest satisfaction surveys. Research from TripAdvisor in 2018 found that a collection program not only increases the freshness and volume of reviews, it actually drives more positive reviews. Guests prompted to leave a review via the program gave an average rating of 4 to 6% higher than those who left a review on their own accord.

Negative feedback is also closely scrutinized by prospective guests, and especially management responses. People understand that things may go wrong from time to time; it's the manner in which the situation is managed that is important. This is why management responses play such an important part in communicating brand standards.

Guest feedback is key

Powerful brands are driven by great guest experiences. By paying close attention to negative feedback in online reviews and surveys, hotels can make the operational and service improvements needed to continually strengthen the product. By identifying the positive messages in guest feedback, hotels can hone in on what keeps guests happy and what sets the property apart from competitors. These strengths can also be

woven into marketing and sales campaigns and used to pitch to new clients, as testimonials, and as negotiation tools when bidding for groups, corporate contracts and events.

By aligning brand messaging with guest expectations and guest experience, you can create and maintain a strong brand presence, whether you operate an independent budget property, a small hotel group or a large franchise. Monitoring and acting on guest feedback will ensure that you continually improve any shortcomings and leverage your strengths. The resulting loyalty and trust in your brand that you earn from guests are key to continued bookings, revenue and profitability..

About ReviewPro

ReviewPro is the world leader of Guest Intelligence solutions, with more than 55,000 hotels in 150 countries. ReviewPro's Global Review Index™ (GRI), the industry-standard online reputation score, is based on review data collected from 175+ OTAs and review sites in 45+ languages. The company's cloud-based Guest Experience Improvement Suite™ includes Online Reputation Management, Guest Satisfaction Surveys, Auto Case Management, and an innovative Guest Messaging Hub. The tools and processes that ReviewPro provides enable clients to prioritize operational and service improvements to deliver better guest experiences and increase guest satisfaction, online rankings, and revenue..

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What happens when performance marketing caps?

by **Martin Soler** 

Analyzing the digital marketing activities of hotels, Martin Soler of Soler & Associates concludes that 98% goes toward performance-type marketing that is designed to capture clicks and convert those clicks into on-the-books revenue. This may be efficient, he says, but the problem is that it leaves most of the brand building to OTAs and word of mouth.

Not so long ago, when working with a high-end boutique hotel optimizing the marketing to great levels, we realized we had reached a cap. We just couldn't extract more revenue per click, and yet the hotel wasn't full.

It was a problem. I had assumed that, like most hotels with a certain amount of money invested in optimizing the funnel, one would yield enough to make a healthy return on marketing spend, and the hotel would be happy on its way to increased profitability.

The problem became apparent when the hotel just wasn't running at optimum occupancy. Yet there was a huge amount of traffic to the hotel's website. To give you an idea, they were getting about 650 visits to the website per room per month. For a 100-room hotel that would be the equivalent of 65,000 visitors per month – for a single property. And most of it was organic. As a comparison, many very successful hotels with much higher occupancy rates and similar pricing have traffic at around 90-100 visitors per room per month.

This hotel wasn't in a tier 1 location, but it was a luxury boutique property with great service and innovative design. A fantastic hotel, but to get there from just about anywhere in the world meant at least two flights and many, many hours.

We had optimized everything: we ensured the brand was protected from other companies advertising on their name; we improved the website design; we added some conversion pop-ups (with care); and we worked on the funnel. While there was a great increase in revenue – it capped. There were many reasons

for that. It turned out that over the years, the hotel had been written about in the *New York Times*, *Conde Nast Traveller* and on countless blogs and websites around the world. Hence, there was great interest in the hotel – but it was curiosity, not booking intent. It had become an aspirational destination that many couldn't afford but loved to check out.

But figuring that out didn't solve our problems. It merely explained why the idea of optimizing the existing traffic would not become a solution to bringing the hotel to optimum capacity.

We had to go back and review the strategy. Our conclusion from many more hours of analysis than I will bore you with here, was that there was just not enough demand: the exact opposite of what we thought when we started. More precisely, there was not enough *qualified* demand.

This became clear when we started looking at the organic search traffic for branded keywords. While it was higher than many other individual hotels, it was slowly declining every year. We realized that demand isn't absolute, it's relative.

There is one metric that can't be tampered with – and which is readily available to everyone – and that is Organic Search traffic for Branded keywords. It is also the best metric to measure demand and meaningful brand awareness.

Today, when one talks about digital marketing for hotels, 98% of that goes towards performance-type marketing designed to capture clicks and convert those clicks into on-the-books



With a background in marketing, **Martin Soler** turned to the hotel industry. Having become a GM for boutique hotels, he on to become a founding staff and later VP Marketing of one of the leading hotel marketing agencies in Europe. He then joined the team of SnapShot as the CMO and helped define how hotel technology companies market themselves in the 21st century. Since then, Martin co-founded Soler & Associates to help hotel groups and hotel technology companies build and implement marketing strategies, a balancing act between creativity and efficiency.

revenue. Which is great and incredibly efficient; it is even quite frequent for hotels to report a 17x return on ad spend for this type of marketing. However, what it ignores is that this leaves most of the brand building to OTAs and word of mouth. While the latter is the healthiest form of marketing, the prior is not.

Building a brand isn't every hotel's problem. Many hotels are designed to be utilities, and they excel through performance marketing and optimized distribution strategies. They capture a certain type of demand and do it incredibly well.

But for all those other hotels promoting themselves as lifestyle hotels, performance marketing will cap, and brand awareness is their largest equity.

There is a suggested ratio for brand and performance marketing: 60/40 in favor of brand marketing. It probably doesn't work as the ratio for every hotel, but it serves as a benchmark.

Digital marketing is not just about performance any more. With increasing visual advertising channels growing and the increasing amount of time users are spending on those channels, digital advertising is about branding as much as performance – with the difference that digital can be more precisely targeted and tracked. But that tracking is exactly where digital has earned the reputation of being all about performance.

When we started shifting advertising budget towards brand building through low-intent channels such as Instagram and Facebook for that boutique hotel, we began seeing a slow but

steady growth in organic brand search. We knew this would be a long process, but it was happening.

It is said that brand advertising such as TV affects buying behavior in 24 months. While that may be so, it is also an easy explanation by marketing people to get off the hook of needing to show results. And marketing people don't have a great reputation when it comes to being accountable for their creative ideas.

Be that as it may, the fact is that creating a brand that remains relevant and top-of-mind isn't going to happen by hyper-optimizing clicks to revenue. It is a long, slow and expensive process of making a great product, delivering great service and advertising it on the right channels. In the end, when people are faced with dozens of hotels in a location – or better, faced with dozens of options of where to go – they remember that brand as a place to go, and trust it.

Some say there is less loyalty to brands. I think that's wrong. In the sea of choice, most people either resort to the best brand (perceived quality) or the cheapest price.

Profit and sustainable businesses happen with the best brands.



What do MMA and forecasting have in common?

by **Fabian Bartnick** 

Mixed martial arts is a sport that's all about full-contact combat, and takes place in a modified boxing ring (or a cage, for goodness' sake). Forecasting is a planning tool that's all about coping with future uncertainty – and takes place at your desk. Have these two things really got something in common?? Yes, says LodgIQ's Fabian Bartnick. Here is his analysis.

Over the last few years two disciplines have gone from underdog to front row mainstream. Yes, you guessed it: Forecasting and MMA. But what have those two unrelated disciplines in common and how can you possibly compare one with the other?

- **MMA:** Mixed martial arts (MMA) is a full-contact combat sport that allows striking and grappling, both standing and, on the ground, using techniques from various combat sports and martial arts.
- **Forecasting:** A planning tool that helps management in its attempts to cope with the uncertainty of the future, relying mainly on data from the past and present and analysis of trends.

At first sight both have really nothing in common however after close examination we find four areas that are crucial in both: Strategy, Preparation, Agility and Team. Both disciplines cannot work without any of the four or you could argue that if one of the four is missing then your chances of success reduce.

Now, we know the old myth that the most important statistic in forecasting is accuracy. I would disagree: For me, the most crucial part is being agile. Who cares about being within 5% accuracy when you had the chance to make 30% more revenue? Let's dig a bit deeper:





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Strategy and planning

Regardless of the horizon, the one thing that every Forecast and MMA bout needs is Strategy. The careful planning of how I am going to beat my opponent, my comp set, my budget, or even last year. We spend time looking at different data sets and take in information from the past, from the present and predict an outcome based on the strategy we apply. It is defining our overall end goal.

In MMA that could be going for a knock-out, going for a submission or going for counter-strike tactics or even going the full distance wearing the opponent out. We look at what key skills (various martial arts) we have and what key skills the opponent has; where are the weaknesses and how can we come out on top. This can include things like reach, weight, height or even speed – all indicators that need to be benchmarked and analyzed for a favorable outcome. Yes correct, analyzed. You don't want to go into the fight with a gut feel of what might happen.

In Forecasting it is not that dissimilar. We start by looking at our strength (product, location, segments) and determine how we can use those to optimize revenues / outpace the competition or even beat last years numbers. Based on what we know about the competition and last year / budget, we know what we need to do in order to succeed. A common outcome of strategies is

individual tactics that are being used for the desired outcome – punches, kicks, take downs, submission, etc.

Once the strategy has been set and all variables benchmarked, we start going into the prep phase. The big day is set – let's roll.

Training and preparation

The preparation stage is a crucial stage and can heavily weight the outcome in your favor.

In MMA it means training, training, training. Making sure that the skills are fine-tuned, the body pushed to its maximum capabilities (and then some), possibly new skills added, tactics trained and above all: it requires discipline. But that's not all: you need to take in much more other factors: sleep, hydration, diet, equipment you use for training, duration of it, sparring. ... the list goes on and on. It is a time where you take yourself from A to B by optimizing every part of the strategy and finetuning the engine (your body) to its optimum.

In forecasting we use data. Well, that's not all. We use much more than that. For preparation we need to speak about our tool box that helps us complete the forecast: Human, systems and technology solutions along with reporting that have been studied and analyzed.

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Booking trends and pricing metrics by segment, channel, and DBA that have been set to memory. Years of experience that have developed intuition to give it that extra kick at the end. We are looking at everything and anything that can help us optimize our business and take it from A (where it is right now) to B (optimized forecast).

The big night... Agility is the name of the game

Probably by far the most important stage. The gold standard of "forecasting accuracy" is long gone. The new name of the game is being agile, making decisions based on pivoting or perseverance.

In MMA it is straightforward (assuming you had max Preparation): If your strategy is not working, you change it on the spot otherwise you are out. If your strategy was to stand up (and keep standing up) for the fight so you can keep your distance and use your length advantage, but your opponent takes you down every time you get up, you must ask yourself: is it working? Should I change my strategy and tactics, or do I believe so much in my own doing that it becomes irrelevant of what the other person does. It is a constant battle between pivoting and perseverance. In most cases you adapt your strategy when your strategy is wrong, or your tactics are not working – all so you get the favorable outcome.

In forecasting we follow similar battles – do we hold rate, drop rate? Run a promo? That deal of the day that seems to help me bridge the gap? The comp set dropping their rates when they shouldn't, market forces. We constantly must adjust our thinking, our tactics, our approach and answer the simple question: Pivot (change our strategy and tactics) or persevere (keep at it regardless of the cost)? Not: should I do 5% accuracy, or shouldn't I?

Don't get me wrong – in the ideal world your forecasting will be in the correct zone, however when required I personally take additional profits home instead of congratulating on a vanity measure well hit.

Team

In order to optimize you need to be able to understand and use all info and heads available. It is not a one person show, even though it seems like it when it comes to the actual execution at time.

In MMA, while being alone in the bout, the team has been there and is still there all the way. Screaming from the sidelines, offering suggestions, pushing you forward. During preparation and strategy, they helped put a plan together, execute against it and offer insights from different angles (different techniques, different trainings, strategies, diet, etc.). The team is equally, if not more important in winning the fight than the individual.

In forecasting we follow the same rules. If we are in the game of low demand, we need marketing, partners and others to help us bridge the gap between what we planned and what we achieve. We might forecast a certain segment to behave a certain way yet when it doesn't, we bring in other departments to help us see through it and act / react / proact to the signs that are given. It is not a one person show, it is won by the team – we all win when hitting budget, we all lose when not.

Conclusion

Like MMA, forecasting is an art form that morphs in real-time. There are triggers and clues to help guide you. Regardless of how well you prepare or how strong your team is: if you do not recognize change immediately you will lose. Business must be agile and aligned to change strategies on a dime, to act before forced to react, to "Netflix" it instead of waiting for the next program to start.

The good news: it is all possible already today. So why wait? Get your gloves and get out there. And before we forget: To pivot doesn't mean to lose or give up, it means to act with the ability to change it in the moment.

■

Fabian Bartnick is the Vice President of Asia Pacific & International Business at LodgIQ overlooking all aspects and operations within the region as well as the commercial part of LodgIQ. Fabian's career covers all sides within hospitality including property, regional and corporate level roles as well as consulting and technology vendor roles across 4 continents and 25 countries. Fabian has helped build and apply price optimization, visual analytics and total revenue management tools across the globe and successfully turned around revenue performance in many companies by providing strategic consulting services as well developing powerful revenue analytics solutions that empower the business to maximize its revenue potential. Fabian has been on the Board of Directors for HSMAl South East Asia and currently sits on the HSMAl Advisory Board.





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Engaging guests with authentic experiences

by **Bob Gilbert** 

The state of the art in hospitality digital marketing involves engaging guests more proactively — sometimes before they even think about connecting with you. That’s a major takeaway from two of the big winners in HSMIA’s 2018 Adrian Awards competition, which recently honored creativity and innovation in hospitality advertising, digital marketing, and public relations. Robert Gilbert, President of HSMIA, walks us through these award-winning performances.

The Best of Show for digital marketing went to AccorHotels for its “Seeker” campaign, while the winner of the first-ever Facebook Mobile Video Award was Sheraton’s “Halo” campaign. Both campaigns use cutting-edge technology to match guests with experiences that speak to who they are.

SEEKER: What the heart wants

When Accor merged the loyalty programs for three of its brands — Fairmont, Swissôtel, and Raffles — into the Le Club AccorHotels (LCAH) global loyalty program, the Paris-headquartered company faced the challenge of raising awareness of LCAH in the North American market. But Accor wanted to do that in a way that was truly memorable, distinguishing LCAH from other loyalty programs and make potential guests stop, watch, and click.

Accor’s solution was Seeker, an interactive sensory experience that uses biometrics to help people figure out where they’re interested in traveling — and why. The idea is that while people are often driven to choose travel destinations through a mostly rational process, that doesn’t necessarily reflect where they truly want to go. Through Seeker, Accor wants to get to know guests better than they know themselves — and show them where their “hearts” want to go next.

Seeker takes two forms. In its popup, in-person version, the platform immerses potential guests in an all-encompassing, custom-designed environment with back-projected LED walls. While guests experience a vibrant montage of travel destinations, activities, sights, and sounds from around the world, Seeker measures their EEG and other brain activity, heart rate, and galvanic skin response. There’s also an online version of Seeker — a stand-alone microsite that extrapolates data points from mouse movement, speed-to-decision, and facial recognition tracked via webcam.

At the end of the process, participants receive a digital folio, complete with a data-art “psychograph” of destinations that resonated with them on a primal level — accompanied by relevant Accor property recommendations. This is a unique output, tailored for each individual user, showing them desires they might not even know they have.

Integrated across multiple platforms — including dynamic video, OOH billboards, programmatic digital banners, POS digital displays, targeted emails, social and influencer content, paid search, multiple landing pages, and hotel collateral such as key cards, and elevator posters — Seeker has been a big success for Accor and LCAH. The campaign has generated more than 100 million media impressions, 7% revenue growth, 5% enrollment growth, and 99.9% retention of existing member base.



HALO: Story time

These days, digital marketing often means leveraging mobile. As Colleen Coulter, Facebook's travel industry manager, said before presenting the Facebook Mobile Video Award at the 2018 Adrian Awards Dinner Reception and Gala: "The rise of mobile has caused an historic shift in how we communicate. Since mobile was introduced, it has challenged the very basics of how we share and connect with one another. Before, communication was essentially spoken, written, typed, and printed.

"We've now rapidly shifted from desktop keyboards to mobile screens," Coulter said. "Since any content can now be shared and consumed on the go, we've seen a democratization of storytelling, ideas, and new ways of thinking. We're moving from a culture of written words to one of expressed ideas. It's a huge paradigm shift that's happening all over the world. This is allowing you to reach people anywhere and everywhere with your story."

That realization is what powered the Facebook Mobile Video Award winner — Sheraton's Halo campaign. Sheraton wanted to shift the perception of its brand, making it more relevant and modern, and drive global awareness. To do that, the company's in-house marketing agency partnered with Shutterstock Custom to develop digital/social-first video and editorial content that highlights "halo" properties and destinations around the world — at least one on each continent.

Each video tells a quick story: an inventive mixologist at the Sheraton Grand Los Angeles shares his approach to making cocktails memorable; kilted doormen at the Sheraton Grand Hotel & Spa, Edinburgh demonstrate the art of meeting and greeting guests; a pastry chef at the Sheraton Grand London Park Lane explains how he keeps afternoon tea interesting; and more. Halo delivered for Sheraton, including nine-point lift in favorability and a three-point lift in consideration above industry benchmarks.

Both of these Adrian Award-winning campaigns — Accor's Seeker and Sheraton's Halo — demonstrate that today's guests don't just want to be engaged, they want to be surprised. They want to know what they don't know. And creative, innovative digital marketing is allowing hospitality brands to help them discover that. Thanks to new technology, new applications, and new ideas, hotels are showing their guests the world.



..... **Robert A. Gilbert**, CHME, CHBA, is president and CEO of Hospitality Sales & Marketing Association International (HSMAI).

Four outside-the-box ways to improve brand awareness in 2019

by **Clay Bassford** 

When it comes to creating brand awareness in 2019, hotels have a problem, says Clay Bassford, of Bespoke Sound. That's because possibly the largest marketing challenge of the decade is media-oversaturation. There are only so many photos we can scroll past on our Instagram feed or ads to skip on YouTube before we, as consumers and potential customers, have had enough.

Today, in order to stand out, a hotel needs to go beyond the average. The amazing thing is that there are more tools, resources, and strategies with which to communicate and enhance your brand message to your guests than ever before. In 2019, now-commonplace efforts like influencer marketing aren't enough. It's time to get creative and find better ways to make a memorable, positive impression not only on guests but on potential guests and the communities they're a part of. Only then can your hotel stand out from the crowd.

This is not just a superfluous nice-to-have. A solid brand-awareness strategy is an engaging introduction to your guest experience, to what you want to communicate with your future guests. Developing your hotel as a lifestyle brand goes beyond just having a great hotel product, it's about bringing the brand into the lives of the guests. Traditionally, a hotel's lifestyle value is during the stay, possibly also on social media as guests share their experience. But today, we can easily extend the hotel's lifestyle value through pre and post stay, enabling guests and potential future guests to incorporate what they love about your hotel into their daily lives. The power that that kind of brand awareness has, developed via *experience*, is hard to overstate. Done right, these long-tail branding efforts give your hotel stronger brand recognition and affinity that is an order of magnitude larger than the next hotel.

So what kind of creative brand awareness efforts are we talking about? A strong way forward is to take advantage of digital channels already used by your guests every day. People listen to music all the time, use images in their social posts and in their work. You can use digital channels like Spotify or Apple music, online shops, media databases, and more to grow your brand presence beyond the walls of your hotel. Picture thousands of people listening to your hotel's playlist as they work, buying hotel branded products on Amazon for their home, using your branded cityscape pictures of your city in their powerpoints. All these channels are free, and yet could help build a brand for your hotel in ways that are rarely done today.



BESPOKE SOUND



Sharing photos and video of your hotel for external use

The traditional way of thinking regarding external use of branded images or video of your hotel, staff, neighborhood, or city is that it should always be explicitly approved and often paid for. There's still a time when this protectiveness of media assets makes sense, but today there's also a time when making your hotel's media assets available for public use can have massive unexplored benefits.

To help understand the concept let's look at the tech behemoth, Apple, maybe an unexpected example here, but a relevant one. The brand allows for use of its product images in media and as such has become the default smartphone or laptop in countless TV shows and movies. Can you even picture any company (other than Microsoft or Google) that shows a laptop which isn't an Apple device?. It subconsciously sets the bar for everyone of what a good computer is.

You can use the same technique to create stronger brand awareness for your hotel. Share a nice photo from your rooftop lounge overlooking the city on a site like Unsplash. Not only will a good photo organically start cropping up on blog posts and web pages, but it'll rank on Google, planting the seeds for brand awareness for a massively larger audience.

How to do it:

By sharing your preexisting (or creating new) high-quality photos and videos of your hotel, for example, a couple enjoying romantic cocktails at your intimate bar, or some colleagues meeting in the stylish lobby, references to your hotel will start to appear out there in the world via the image credits. Allowing people to use some of the great assets you already have will filter its way into corporate PowerPoints, websites, brochures, and more.

It's as simple as sharing your great photos. And the best part is that it's a no-cost idea that you can do immediately. An excellent site to start with is Unsplash, linked above. It's free to use and the quality of content is high so you start out already among a good crowd. Just make sure you provide images that follow all the good rules of photography: tell a story, frame it properly, make good use of light, and avoid watermarking, it's a cheap shortcut and your hotel's style should come through without it. Remember, we're playing the long-tail.

Examples:

This is a pretty new concept for most hotels but hey, if you don't do it, a guest might just do it for you!

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Brand playlists

When a guest stays at a hotel, they experience it via all five senses. Often one of the last senses to be considered by hoteliers, unfortunately, is sound. In fact, sound is one of our most immediately emotional senses, and it can have a massive influence on our experience of a place. You can read more about the value of having the right music in your hotel here, but for now we'll focus on a brand awareness development activity with brand playlists.

Brand playlists are publicly available playlists shared via your hotel's social channels. They're an extension of the music you play for your guests, of your brand's message, and of your hotel's overall lifestyle. Nothing sets context quite like music, and now you don't have to wait for your guests to physically arrive in your lobby to set the scene for them. Brand playlists work pre-stay, but they also work post-stay— guests love to reminisce about their stay or feel looped in to the hotel's community via the music you share with them later.

How to do it:

Ask an expert. Many hoteliers make the understandable mistake of thinking that the music *they* like is what *their guests* like. Instead, have a specific profile of your ideal guest in mind, and ask a knowledgeable staff member, friend, or music expert (like us at Bespoke Sound) to help you craft a playlist. Start by picking a theme: something like “Laid Back Sunday Brunch” or “Our Current Local Favs” that help you frame the playlist. Try to keep it between 1.5-3 hours and keep it refreshed from time to time to keep your listeners coming back. Remember to design a branded image for the cover image of the playlist. Finally, make sure to share and promote the playlist on your channels.

Every hotel shares what they *look* like, but how many share what they *sound* like? Branding playlists are a surefire way to stand out from the crowd and extend your reach.

Example:

CitizenM does a great job when it comes to brand playlists. Not only do they showcase each city in which they have a property, but they also make themed playlists and playlists made by resident DJs.

Hostel La Torre in Ibiza goes so far as to release compilations of their favorite songs in album form, to much praise from music fans around the world, solidifying their reputation among the cultural cognoscenti.

Hosting cultural events

Somewhat related to brand playlists is the concept of hosting cultural events. These can be anything from concerts or parties to wine tastings, cooking classes, yoga, art battles, city or local excursions— the sky's the limit.

There are several benefits to hosting cultural events. First, they function as an easy upsell for your current guests. Second, they offer guests a richer experience and a chance to get insider access to the local culture. These activities, whether they be food, art, music, fitness or otherwise related, present your hotel to guests as a dynamic cultural institution rather than a static place to sleep.

The hotels that do this well are the ones that are arguably getting most ahead in terms of establishing themselves as lifestyle brands.

How to do it:

This one is relatively straightforward. Think about what events your clientele would like. Is your restaurant well-known? See if your chef would be interested in hosting a tapas-making class, or a special tasting menu. Or have your head bartender host a rooftop cocktail class. Or why stay in-house? Partner with a local restaurant or bar to do the same. Music events are a popular choice, whether it be a weekly DJ night or special one-off events. No matter what the event, make sure you have the right match between event size and your workload capacity to make it successful. Working with events coordinators can be a major help here. Also be sure to promote the event in advance and outside of your hotel's social channels. It's a great opportunity to bring the local community into the mix, too.

Example:

Papaya Playa Project in Tulum does an excellent job with their music events programming. Not all hotels need to set aside the budget PPP surely does for music events, but take some inspiration from their approach!

Santiago Hotel in Portugal has cooking as part of its DNA and as such offers many different workshops, tastings, and classes.

About Bespoke Sound

Bespoke Sound is an audio curation & design service for hotels. Bespoke Sound creates 1-of-a-kind custom playlists, site-specific compositions, and more, designed to perfectly match the hotel's aesthetic, guest preferences, and brand vibe, enriching the guest experience and emboldening the hotel as a vibrant cultural locus.

 www.bespokesound.co

Make your amenities more widely available

Last, we have a slight more open-ended brand awareness effort. This is also one that has been done by some 4 & 5 star hotels for years, but should also be considered by other hotels. That is, making your amenities available for purchase, outside of or in addition to a stay.

This allows for a quick upsell to guests and potential additional revenue. But it's more than that. It's another channel through which to establish a stronger connection with guests and fans. It's also about getting your name and brand out there in the world for more people to see it.

Many hotels have online shops, or, at the very least, they have physical shops in the hotel. But few sell products or merchandise on third party stores, whether it be online or bricks-and-mortar, and here lies even more potential to expand your brand awareness. No matter which route you take, it can be a strong method for sharing your hotel experience with your guests in new parts of their lives.

How to do it:

Of course, this could be as simple as having your beauty products – soaps, shampoos, creams, etc. – available for purchase during a guest's stay, but why not sell unique robes or funky bottle openers? For many places, the more quirky you can get while staying solidly on-brand, the better. These are a great start in building brand affinity.

But you can take this a level further, too. Why not make these items available for purchase online? That way guests or even tangential fans can buy your products. There are many tools online that enable you to set up a webshop – Shopify, Squarespace, there's a lot out there.

This could go as far as even making your beauty products available for purchase on Amazon or other online retailers. This may not be for everyone, but it shows just how far you can go with the concept. The same concept can work with bricks-and-mortar shops. Partnering with a local design store, for instance can create real synergies that guests pick up on.

The important thing here is to create new and additional ways for your guests, potential guests, and fans to access and develop a positive relationship with your brand.

Examples:

The iconic Hotel Costes has been very successful with their online shop, offering an array of branded and affiliated products, like beauty products, fragrances, and luggages.

The Hotel St George in Helsinki partnered with Monocle magazine to offer guests Finnish design and premium brands in a physical store, designed to encourage guests to slow down and take some time offline.

Conclusion

Whether you're already on the path of marketing your hotel as a lifestyle brand, have just started, or are waiting for the right way to jump in, you can use the above steps to inspire you along your journey.

When we think about it, when it comes to brand awareness and the four examples above, it's all about giving your guests and potential future guests as many authentic and effective ways to emotionally connect with your brand as possible. In other words, our ultimate goal here is to help develop your hotel brand as a lifestyle brand rather than just a place to sleep. To reach your audience in new ways that resonate with them, in ways that make them feel they have to be a part of it.

Marketers have been doing this for years now: Taking advantage of new channels to get in front of their audiences in new, relevant ways. We should absolutely be doing the same as hoteliers. And with more and more opportunities now available via new technology, there's never been a better time. So get creative! There's no excuse not to.

■

Why hotels should fear the rise of Booking.basic

by **Charlie Osmond** 

Rate leakage is a serious problem for hoteliers. Triptease Co-Founder & Chief Tease Charlie Osmond raises the alarm about a new approach by Booking.com.

What is Booking.basic?

Booking.basic is an accommodation tier that periodically appears above a hotel's regular rates on a Booking.com listing when the rate provided to Booking.com is not the cheapest available online. It offers a non-refundable rate via a third party that is cheaper than other rates available on the page. The third-party supplier appears to only be revealed to the guest after they have paid to book the room.

Booking.com appeared to first test the feature on listings for hotels in Asia, but hotels in Europe are now also seeing the feature on their own Booking.com pages.

Booking.basic is not a unique phenomenon. Many OTAs sell rates they have sourced from a third party without a direct relationship with the accommodation provider. Amoma is often quoted as taking part in this practice. There is also evidence for Expedia offering "multisource channel rates" and including third party prices alongside those provided by their partner hotels.

The third-party rates used by these programs to undercut the direct price are often rates originally intended for wholesale distribution.

Does the spread of Booking.basic herald a fundamental shift in how hotels work with Booking.com? And should it be a wake-up call to those hotels still not taking control of their downstream distribution?

One thing is for certain, its impact could be huge. Across Triptease's client base of thousands of hotels, we currently observe Booking.com undercutting the direct price 11.7% of the time. When Booking.com undercuts the direct price, session conversion rate decreases by 14.3% (data gathered from 19 million sessions, Oct-Dec 2018). If Booking.basic continues to grow, hoteliers could have a serious parity - and therefore conversion - problem on their hands.

Thibault Catala, Managing Director of Catala Consulting, told Triptease of how he first came across the Basic rate at one of his hotels:

"We first came across Booking.basic on the 19th December 2018 here in London. It was actually an overnight surprise, as we hadn't received any kind of official communication about it from Booking.com. When we asked for more information, they explained how it worked and told us that there was no way to opt out. The only way to avoid it appearing to potential guests would be to improve our PQS (Price Quality Score) and maintain rate parity online."

What can hotels do to stop rate leakage?

If hoteliers are serious about providing the best experience they can for their guests,

preserving their brand integrity and protecting their important direct revenue stream, the issue of rate leakage simply has to be addressed.

Major OTAs will continue to find ways to offer their users the best possible price. If a price is available online that is better than the hotel website, OTAs will want to offer it. It is up to the hotel to truly enforce a Best Rate Guarantee.

But of course, all this is easier said than done. With little visibility over their downstream distribution, many hoteliers struggle to know where to start when it comes to plugging the leak.

TRIPTEASE



Thibault Catala shares two approaches to managing leaking rates:

1. Three strikes and out

- Regularly audit your online rates. You can manually do this on metasearch engines like Trivago, or use other online platforms specifically designed to do this, or even use the free tools directly on your OTA extranet.
- When you find a rate parity issue, make a test booking on the platform you discover it on. Then you can check where the rate originated. For us, nine out of ten times it will have come from a wholesaler partner.
- Send the reservation information to the partner concerned, asking them to investigate and rectify the situation with their onward distributor.
- Have a 'three strikes' rule. After the third time this happens, disconnect the wholesaler.

2. Dynamic rates solve most of the issues that contribute to this problem. Unfortunately, not all wholesalers are technically ready to offer these - but they will need to adapt quickly as more and more hotels demand them.

The role of the price quality score

The price quality score, or PQS, is the ranking by which Booking.com assesses a hotel's ability to provide in-parity rates. It looks like the PQS may be one more thing that hoteliers need to keep close watch on in order to manage their brand online.

In an email received by a hotelier and shared with Triptease, a Booking.com agent explains that:

"When partners have a PQS below 70, it is an indicator for Booking.com that we do not have the most compelling prices for customers on Booking.com. In that case we use programs like Booking.Basic to bring the best value to our customers."

The agent also explains the 'Early Payment Benefit' that will be displayed on listings for hotels with a 'low' PQS:

"By showing an 'Early Payment Benefit', Booking Sponsored Discount creates a more compelling rate for our customer if we see we might not receive the most competitive rate. This indication is measured by a PQS below 70 [...] When partners do not have a PQS at or above 70, we will display this benefit during the booking process."

It looks like the PQS may be one more thing that hoteliers need to keep close watch on in order to manage their brand online. Thomas Müller, Founder & CEO of Rainmaker, argues that "simply managing Booking.com has already become a full-time job, not to mention their high cost of distribution and essentially owning your customer."

"Not in the spirit of a good partnership"

It is a sore point for some hotels that the site frequently cited by Booking.com when

punishing hotels for bad parity is one of their own brands: Agoda. Across Triptease's client base, Agoda are the second most frequent undercutter of direct prices (after Ctrip). In the last quarter of 2018, Agoda undercut our client hotels' prices 27.5% of the time, compared to Expedia at 13.1% and Booking.com at 11.6%. This one-two punch of undercutting followed by penalization might not be a ringing endorsement of Booking.com's professed commitment to a 'supportive, innovative and transparent partnership' with its hotels.

Agoda has traditionally employed a merchant model. "Booking.com always claimed to be on the hotel's side. With more top-level management from Agoda involved, their tone towards hotels has changed for the worse," Yusuf suggests.

↓

Agoda's co-founder and ex-CEO - now special advisor to Glenn Fogel - Rob Rosenstein has said that "every single price we get beat on, every user experience that customers want that we don't offer, embarrasses us."

Thibault Catala again: "I believe Booking.com has completely changed its attitude towards hoteliers. For years now, we've been discussing the importance of being in rate parity across all our channels. As soon as one rate was slightly lower on a different platform, our OTA market manager would immediately get in touch asking us to investigate and rectify the issue."

"Now, with Booking.basic, Booking.com aren't asking us any more; they're deciding themselves which rate to sell in order for them to remain competitive, not us."

It is reasonable to suggest that Agoda's model and general approach is spreading upwards to Booking.com's wider operation. Those hotels who struggled to maintain parity with Agoda in 2018 may well find themselves with a much larger problem on their hands as we head further into 2019.

With any development like this, it is natural as a hotelier to instinctively react with frustration towards Booking.com. After all, a distribution partner to whom most hotels dedicate no small amount of their budget is actively working to undercut a hotel's most profitable rate - the hotel direct price. But if we were to take Booking.com's point of view, this evolution is necessary. They have enough scale to know that merchant rates are widely available on other, smaller OTAs, and that these OTAs are likely to come out on top in a head-to-head with Booking.com when they have the best price.

One UAE-based hotelier (who wished to remain anonymous) put it like this:

"There's no doubt that Booking.com's tone [toward hotels] is not in the spirit of a good partnership. However, the problem they are trying to solve is not rate parity but rather rate leakage. Hotels have to re-take control over their inventory, their distribution and ultimately the end-to-end customer experience."

"Hotels should start with a proper analysis of their net rates. We don't see hotels analyzing their net rates by segment or channel, or taking into account commissions and overhead costs. In a hotel's P&L, the cost of sale per channel is not clearly visible."

About Triptease

Triptease is a SaaS startup building industry-leading software for the hotel industry. The company was co-founded in 2015 by Charlie Osmond, Alasdair Snow and Alexandra Zubko and has offices in London, New York and Singapore. Triptease's most recent funding was lead by British Growth Fund alongside Notion Capital and Episode 1.

*The Triptease Platform is built to help hotels take back control of their distribution and increase their direct revenue. The platform identifies a hotel's most valuable guests then works across the entire customer journey - from acquisition to conversion - to make sure they book directly at the hotel. **Triptease:***

Attract. Convert. Compete.

 www.triptease.com

Secondly, hotels should move their wholesale business to dynamic rates as much as possible to avoid feeding the online market more static rates. Third, hoteliers must be very strict in their contracts with intermediaries."

Our view

Booking.com's decision to deliberately advertise third-party-sourced rates has the potential to have an enormous impact on rate parity for hotels around the world. It seems clear that wholesale distribution no longer works on a 'set it and forget it' model. Gone are the days where a hotel could apportion 10% of their inventory to wholesale at the start of the year and rely on that segment for guaranteed occupancy at an agreed rate. Instead, rates are leaking from either onward distribution partners or wholesalers themselves, resulting in uncertain occupancy and parity-breaking rates ending up in the hands of OTAs.

Wholesale distribution is a segment that clearly needs to be managed closely on an ongoing basis. In words of Greg Duff, Firm Chair and Principal of Garvey Schubert Barer: "In an ideal agreement with an OTA, a hotel will be able to say in their contract, "whatever rate I give you, the OTA, you will charge the same rate or more. Not many hotels have this." He adds that many wholesalers seem more willing to shut off misbehaving onward partners than OTAs. This is a fact hoteliers should be taking advantage of.

Of course, this is also an issue of time and resource. Many hoteliers cannot afford in their current organizational set up to dedicate somebody to manual rate auditing, or chasing up wholesalers when rogue rates are discovered. But things are changing. Triptease is currently testing a solution for hoteliers to track and investigate wholesale rate disparities. More awareness of the issue means more hoteliers are tightening up their wholesale contracts.

Tackling this issue is likely to dominate 2019 for many hotels - and for good reason. Heads have been buried in the sand for too long when it comes to the danger of rogue rates. To avoid a rate parity nightmare, hoteliers must regain control of their downstream distribution.

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Building and maintaining your hotel brand

by **Michael Pardo** 

All hotels should have a brand story and central idea in place, writes Michael Pardo of IcePortal. An essential part of this is a portfolio of high-resolution imagery that can convey to the consumer precisely what your brand wants to showcase.

There is a well-known adage that states, “A picture is worth a thousand words”, but what if that picture is low resolution and fuzzy? What if that picture is outdated? To a traveling consumer, those thousand words might just start with “*Don’t book me!*”

The images a hotel projects might be the most important asset a company possesses. Marketing with high-resolution imagery will convey to the consumer precisely what each hotel brand wants to showcase. If the hotel is positioned as a luxury brand, the images displayed on the OTAs should consistently communicate their value proposition. At times, hotel brands that manually manage distribution may have different images on different OTAs, providing a mixed signal to the consumer. When consumers are confused, they may not act. What hotels should be striving for is content parity among all distribution channels, OTAs, GDS, search and social sites.

Visuals convey whether or not your brand is luxury, economy, mid-level, boutique, newly renovated, under a new flag, etc. Hotels that use consistent property, room, activity and

supplemental photos, videos and image 360s, across all channels, provide the end-user comfort in knowing that they are booking the right hotel for their needs. No confusion = action = increased bookings.

One step a hotelier can take to manage visual parity is the use of a Content Management System (CMS) that can deliver visuals in the right size and specs to the distribution channels. A CMS should provide hoteliers with the ability to manage all their visual on one central location, to provide multi-lingual support, industry recognized categorization, quality scoring, room code mapping and meta-data tagging to add context to each image. The distribution should preferably have direct API connections to the major OTAs worldwide that the hotel would like to connect with, as well as all the GDS partners. This textual content connected to your visuals is instrumental in allowing the OTAs to provide the best results for travel shoppers, hence increasing their bookings. If you have the correct textual data with your visuals, those bookings may well be yours instead of the competitors.

Another functionality of well thought-out Content Management Systems is the ability for your company to manage the workflow. Most hotel chain workflows require information on who uploaded the image, who approved the image, where the image was sent and when will it arrive and be visible on the OTAs or GDS. Knowing where and when your images will show on the distribution channels is called “Image Tracking” and can assist hotels in keeping visual parity.





About ICE Portal

ICE Portal is a technology and marketing company that helps travel suppliers manage, curate and deliver their visuals to 1000s of online travel and travel-related websites - including major OTAs, GDSs, Wholesalers, Search Engines & Local Directories, and Social Networks.

www.ICEPortal.com

Boosting your rankings through content scoring

One of the most powerful aspects of a CMS is the ability to receive a quality or content score on your branded visuals. The higher the visual content score, the higher a hotel will appear in searches across the online distribution channels (all things being equal). There are numerous ways hotels and resorts can utilize content scoring to jump ahead of their competitors:

- **Room type listings** – OTAs request that every room has a room type designation. High-end CMS programs should provide the ability to associate room categorized images with corresponding room codes and map those room codes to the corresponding codes on the OTAs. Once tagged with the room types, the content score will dramatically increase.
- **Quantity** – Most OTAs request a minimum of 25 photos per property. If you have fewer than 25 images, most major OTAs will “ding” your content score.
- **Size** – With faster connections and increased competition the majority of OTAs are now requesting 4k photos (that is images at 3840 pixels or greater). Images under 4k will get less than the perfect score of 100 and could drop down to as low a score as 20 for 768 pixels or less.
- **Categorization** – Online channels require that each photo have the Open Travel Alliance categorization (exterior, lobby, guest room, pool, etc.) Without these categories one’s content score will drop.

Hotels should look for a photo management and distribution system that is cloud-based and can be easily accessed anywhere in the world at any time of the day. Cloud based systems that are on Amazon’s Cloud, for example, provide 160 CDN access nodes worldwide. These numerous nodes provide both security and speed to large hotel chains that may have hoteliers accessing the CMS in many countries around the globe.

Additionally, hotels should not forget to extend their brand throughout their social media world. Consumers who engage with your brand through Instagram, Pinterest and Facebook should see the same beautiful images you’ve curated in your content management system. With the proliferation of online content, your guests are exposed to countless high-end designs, making their expectations higher than ever.

All hotels should have a brand story and central idea in place. Hotel advertising agencies or internal creative directors are needed to craft the brand vision and bring everything to life. All elements of your visual identity should be evaluated. From business cards, to menus, to the towel designs, a hotel brand that stays with their creative theme, shows that they care and that they invest in their business. This subconsciously communicates to the guest “we care about you”. With the proliferation of collecting consumer data and knowing more about them, consumers unfortunately don’t care how much you know until they know how much you care. Once they know you care, the bookings are not far behind.



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Is Airbnb Hotelier's Friend or Foe?

VIEWPOINT

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After the recent acquisition of HotelTonight, if there were any doubt as to Airbnb's true intentions of entering the OTA space and start aggressively competing with online travel agency giants such as Booking Holdings and Expedia, they need to be laid to rest immediately.

The industry has conflicting views of the role Airbnb plays and will play in hotel distribution. Some hoteliers believe that Airbnb is not an ordinary OTA since it “hijacks” travel demand and diverts traditional hotel guest to private accommodations. Airbnb has already “hijacked” 10%-15% of the travel demand in many major metropolitan areas and leisure destinations such as New York City, Paris, and London. This affects negatively overall occupancy and hotel room pricing and hoteliers are unable to raise ADRs in periods of traditional peak demand. According to Morgan Stanley Research, 50% of survey respondents in the US, UK, France, and Germany reported that they booked an Airbnb in place of a traditional hotel. In other words, Airbnb is diverting traditional hotel guests to private accommodations.

Other hoteliers welcome the entry of Airbnb in the hotel distribution mix, since they believe Airbnb adds another option to the existing duopoly of Booking Holdings and Expedia.

What is your take on the subject?

This viewpoint was created by

Max Starkov

Adjunct Professor NYU Tisch Center for Hospitality, Founder & Director at HEBS Digital



In this inaugural HospitalityNet World Panel, industry Experts in hospitality share their views on pertinent topics and developments in Digital Marketing. Submitted expert views are merged into news articles published on HospitalityNet.

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From the time they announced they were pursuing boutique hotel inventory in March 2018, Airbnb's intentions became obvious. Just as Expedia and Booking.com have to diversify into short term rental, Airbnb has to add hotels. Growth rates are critical if they want to IPO and their penetration in vacation rental cannot maintain the meteoric rise with head-on competition from the OTAs. Pushback from tax and safety regulations in major markets has been another persistent headwind... [read more](#)

Cindy Estis Green | *Co-founder and CEO, Kalibri Labs, LLC*



“

Looking at competition from the standpoint of how it is hurting profits is never a great way to look at it. That rates can't be raised is a good thing for guests. The question of the acquisition and Airbnb's intention is: what can it bring to the customer. More choice is a good thing. Hotels also need to understand what is appealing to guests in apartments and try to emulate that. If it is just price then we know where this is going. Airbnb blending the categories might be good. It will commoditize beds. But Booking is already doing that

Martin Soler | *Partner at Soler & Associates*



“

Make no mistake, Airbnb is not a hotelier's friend. A potential distribution partner, perhaps, but if the company's dealings to date with local governments and the hotel industry are any indication, relationships between hotels and Airbnb will be as contentious and codependent as relationships between hotels and OTAs.... [read more](#)

Daniel E. Craig | *Founder, Reknown*



“

Despite its powerful outward appearance, Airbnb needs the hotel industry much more than hotels need Airbnb. Access to suitable supply is the key success factor for any Platform business. This is particularly true in travel, as demand for a particular moment in time cannot easily be deferred to a later date and needs to be serviced immediately or else it is lost... [read more](#)

Peter O'Connor | *Director of the MBA in Hospitality Management at ESSEC Business School*



“

Airbnb is an intermediary focused on private accommodations first, hotel accommodations second, which is the exact opposite to the major OTAs. Via Airbnb, the hotel industry loses over \$1 billion a year to private accommodations. It is a matter of simple supply and demand: by adding 10%-15% to the supply side, Airbnb takes 10%-15% from the travel demand side, which directly affects hotel ADRs, Occupancy and RevPARs.... [read more](#)

Max Starkov | *Adjunct Professor NYU Tisch Center for Hospitality, Founder & Director at HEBS Digital*



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Adam Smith (1723-1790) is known as the Father of Economics. In his book entitled The Wealth of Nations (1776) he defined the Law of Supply and Demand. In short form: Prices fall when demand exceeds supply. Now let's take Airbnb adding some (at time of writing) six million rooms into global inventory. Ask yourself, has tourism and business demand for rooms increased by this much in the past decade, noting full well that traditional room stock has also increased? The answer clearly is no. ... [read more](#)

Larry Mogelonsky | *Owner of Hotel Mogel Consulting Limited and the founder of LMA Communications Inc.*



“

AirBnB is clearly a phenomenon that is disrupting the hospitality industry as we know it. I am not sure if this can be classified as a "friend or foe" but to me it is clear that the dramatic rise of this type of lodging should pose some real questions to hoteliers. Flat renting has been there forever and several players were there also before AirBnB. So: why AirBnB is having more traction into the market and what are the things hoteliers could learn by the rapid growth of it?... [read more](#)

Alessandro Inversini | *Associate Professor in Marketing at Ecole hoteliere de Lausanne*



The future of CRM, AI and machine learning for hotel marketing

by Casey Munck 

Technology has dramatically shifted the way hotels engage with customers, says Cendyn's Casey Munck. Continuous optimization based on unified data is the key to success in the future.

Today's customer relationship management tools help hotels aggregate guest preferences, keep track of interactions across multiple touch points, and craft messaging that resonates at the individual level.

But with so many touchpoints across systems and channels, how can a hotel move in real-time to utilize the data inside their CRM at the moment and context it's needed with a guest?

The answer lies with artificial intelligence and machine learning, which are breaking new ground at the core of CRM technology. Bots (such as customer chatbots and messaging platforms), combined with AI-driven automations, leverage a hotel's CRM of centralized intelligence to send the right message, at the right time in the right place.

The "limitless capacity" of artificial intelligence

The Cambridge Dictionary defines AI as "technology that allows something to be done in a way that is similar to the way humans do it" with "some of the qualities of the human mind."

This definition is a good start, but it equivocates a bit when limiting AI to doing things in a similar way to humans. The more accurate depiction would be that AI is like a team of humans with the limitless capacity to do many things at once in real-time, at a speed far faster than most humans. AI gets more done with fewer resources, all with greater accuracy and better reliability than humans.

This distinction matters, because AI has productivity-boosting potential to improve business outcomes in the hospitality industry. Just over the horizon is a future of 1:1 marketing where each message is automatically personalized based on disclosed preferences and past interactions.

As cloud computing and APIs unlock real-time data synchronization between platforms, AI-driven CRM can continuously update and optimize a hotel's marketing communications to deliver more of the right messages, at the right time through the right channel.

To do this effectively, next-generation CRM revolves around centralized guest profiles that unite personal preferences and past interactions. This rich profile becomes the single source of truth about a guest's relationship with the hotel, which helps a hotel achieve relevant, contextual personalization at each touchpoint.

Here's how the smarter, faster, and more contextually relevant future of CRM plays out for hotels.

Better conversion and segmentation through pattern recognition

The greatest benefit of AI is pattern recognition. It enables organizations to capture customer data, such as brand interactions and buying behavior, to serve customers better. It sees things that even the most astute human won't. For example,



About Cendyn

Cendyn is a cloud-based software and services provider that develops integrated technology platforms for driving sales and marketing performance in the travel and hospitality industry. The Cendyn Hospitality Cloud offers the most complete set of innovative software and services in the industry, covering hotel marketing, guest engagement, group sales, and event management. With offices in Boca Raton, Atlanta, Boston, Sydney, Toronto, Tokyo, Whistler, London, Munich and Singapore, Cendyn proudly serves more than 30,000 clients in 143 countries with enterprise spend levels in excess of \$1 billion.

www.cendyn.com

it can be hard to deduce which segments are most likely to respond to specific messaging.

Yet, with AI, it's possible to identify similarities in how different guests interact with messaging, which can then be used to constantly optimize the messaging/segment match. New segments can also be created in real-time, as the system tests different messaging to find the best between message, segment, and channel.

AI-powered CRM also uses pattern recognition to optimize segmentation and marketing messaging in real-time, resulting in a better experience that also happens to increase conversion. For example, automated up-selling will deliver the most relevant offers to a specific user via the best channel at the ideal time. The resulting engagement will then be analyzed and applied to future communications with that specific user -- as well as any relevant segments.

This continuous optimization will all be done in real-time with no manual intervention, creating an automated conversion optimization engine driven by user preferences and actual interactions.

Centralize data into a single source of truth

Marketing and customer engagement remain high-touch endeavors. Often, useful customer information is scattered

across tools, vendors, and databases. This reduces accuracy and makes marketing less impactful.

To be most effective, CRM data must be accurate and up-to-date. For example, a guest's request for a foam pillow may be duly noted in a guest messaging platform without ever making it to the guest's profile. AI-enhanced chatbots could both fulfill the request while also updating the guest profile accordingly. AI makes it possible to have robust guest profiles that are always improving -- without the tedium of manual entry.

Data isolation means that marketing must rely on outdated or incomplete guest profiles that lack relevancy and context. Next-gen CRM eliminates these frustrations by harnessing the power of AI to continuously update customer profiles with the most relevant information. For example, there's a trove of information to be gleaned from emerging ways that guests interact with hotels, such as voice and chatbots. With 75% of respondents comfortable using chatbots, there are many interactions that traditional CRM fails to capture. Without a centralized approach to pull these pieces of information together, CRMs can never truly deliver on the value of a centralized global guest profile.

Improved lead scoring

The most effective hotel marketing and sales managers use sophisticated lead scoring to carefully prioritize their work.

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Whether it's deciding which RFPs to tackle first, or evaluating the performance of guest segments, smart lead scoring maximizes productivity and sales effectiveness.

With AI, lead scoring is more accurate and can more accurately trace sales back to the originating marketing campaigns and sales strategies. AI-integrated CRM can also be a sales coach, analyzing customer accounts, profile information, and property sales targets to guide strategy and process. It can even identify roadblocks early and help tailor messages for more engaging follow-ups. Sales intelligence improves conversions and creates a better sales experience for customers.

Armed with this data-rich CRM, marketers can identify similar customer profiles to predict ideal segments. As teams strain to get more done with less, AI-enhanced CRM helps them assign real values to their Marketing Qualified Leads (MQLs) and Sales Qualified Leads (SQL). With improved resource allocation, hotels can earn more business and maintain long-term relationships with the highest value customers.

Distinctive, optimized marketing campaigns

Successful marketing is relevant and contextual. With an AI-powered CRM, it's feasible to deliver relevant messages personalized to each guest and according to the context of each channel. This "right message, right time, right channel" approach improves outcomes for marketers who will spend more efficiently to reach specific segments.

Relevancy and context also matter immensely to optimizing hotel marketing across all phases of the guest journey. Relevant offers, delivered at the right time in the ideal channel, perform far better than mass marketing messaging without any context.

While this all sounds nice, it's nearly impossible to accomplish manually. There are simply not enough hours in the day to create micro-segments, brainstorm messages, create graphics, and then monitor the resulting experiments. AI liberates hotel marketers to be bolder, experiment more often, and amplify what works best.

Pricing that's precise -- and profitable

Data's prevalence has transformed the way hotels price rooms, upgrades, and packages. Revenue management has become a core competency and data analysis skills are just as important as operational chops.

The downside to all this data is a growing sense of dread that there's never enough time to analyze everything. Rather than walking the property, serving guests, or inspiring staff, many managers feel like they're stuck crunching numbers or blindly creating offers and incentives without basis in data.

AI rectifies this imbalance and tips the scales back towards having more time for true hospitality. Offers, incentives, packages, and group sales proposals can be based on CRM data to inform a more precise, profitable pricing strategy.

Defining the future of CRM today

Continuous optimization based on unified data is the future. Data silos undermine your business with manual data look-ups, guesswork and delays. Hotels must centralize information from multiple systems into a single source of truth for data-driven guest engagement, end-to-end efficiency, and informed decision-making.

When you're able to drive direct and repeat bookings with the right message automatically delivered at the right time, you improve marketing ROI and overall profitability. We're only just beginning to unlock the power of AI-enhanced CRM -- the potential is limitless, so take the time to consider how next-gen CRM should factor into your technology plans today.

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Think like a guest

by **Frank Reeves** 

With AI technology becoming broadly available across multiple platforms, many digital marketing approaches are, or soon will be, out of date, writes Avvio's Frank Reeves. He prescribes five key perspectives when analyzing your digital channels.

Having worked in the hospitality industry for over fifteen years, I have witnessed first hand the fast-paced evolution of the changing trends in the digital marketing landscape in a relatively short space of time.

It goes without saying that, in this digital age, being a hotelier can be tough. Not only are you trying to run a successful business, but you're expected to be modern-day clairvoyant, anticipating the wants and needs of every guest – not just in your hotel but online even before they arrive for their stay.

Providing a second-to-none guest experience is no easy feat, but I think it can be achieved if hoteliers commit to really getting to know their guests from the very first interaction they have with the hotel, even the initial online search.

Hotels and accommodation providers must consider how their hotel brand is being consumed by an increasingly discerning audience and how their followers are engaging online. The key is a multi-faceted, guest-centric digital approach.

Digital omnipresence is crucial for driving direct bookings; businesses in the hotel industry must get in front of prospective guests at multiple touch points in their browsing journey.

According to Expedia's 2018 report, 78 per cent of travellers said informative content from destinations or travel brands influences their decision-making process.

But with constantly evolving features and functions across an abundance of channels, maintaining a consistent and engaging digital presence to encourage potential guests to book directly can seem like an ominous task, particularly when the online travel agents command such a dominant presence.



AVVIO

BE MORE DIRECT

My best advice would be to consider five key points when analyzing your digital channels:

1. Regularly review your audience demographics and ensure you are targeting potential guests through the best channels for your brand
2. Know how well your PPC campaigns are performing and use the insight to refine your campaign tactics
3. Include Metasearch in your digital campaign strategy to provide guests with real-time availability and pricing, alongside guest reviews
4. Don't forget guests who are at the early stages of their booking journey – they are looking for help and happy to be influenced as long as they feel their needs are met
5. Nurture relationships with the guests who have previously stayed at your hotel and recognize their loyalty.

To expand on my first point, Forbes tells us that 84 per cent of Millennials don't trust traditional advertising, which means hotels need to capitalize on the relevant digital channels that can help build brand trust and act as a voicing platform. Influencers and third-party endorsement are growing in importance for this group.

More generally, hotels and accommodation providers should ensure they have fully optimized websites that provide visitors with a seamless and personalized user journey from the start, during their stay and beyond.

Personalization using artificial intelligence (AI) needs to be built into the DNA of your website and the guest booking journey, to ensure that all site visitors are catered for at all stages of their journey.

Such revolutionary machine-learning technology reduces unnecessary admin, allowing hoteliers to focus on driving business. It also delivers contextually relevant messaging in real time while continuously learning from large volumes of data.

Beyond AI, hotels must ensure they're embracing other digital engagement tools such as video content, content marketing platforms and chatbots.

But before this, hotel-owners must carefully consider what they're choosing to communicate on their website and be wary of getting stuck in the hotel brochure paradigm with a few pictures and calls-to-action leading to a third-party booking engine.

With AI technology becoming broadly available across multiple platforms, this approach is out of date. Improving your website

and the technology behind it will help to improve guests' interaction with hotels. Simply put, web pages need to provide enough information and visual stimuli to trigger a click for 'book now'.

Don't forget, visuals are the most important influential factor in a guest's purchase decision – according to Taylor and Francis Online, it takes about 0.05 seconds for users to form an opinion about a website.

When it comes to hoteliers actively targeting a global audience, they must also show they understand the different geographic markets in their digital communications. Language barriers, cultural differences and contrasting online browsing behaviours can pose new challenges which should also be addressed in digital strategies.

Finally, all things considered, hoteliers must have their analyst thinking caps on and ensure they're gathering and learning from the data on their guests. The amount of data readily available to marketers (or anyone with access to Google Analytics) means we now have a magnified and incredibly detailed view into our guests' online behavior.

Instead of simply pushing the 'book now' or 'book direct' message, hoteliers need to track, discover and monitor a visitor's intent and adjust their messaging accordingly. For example, a potential guest looking for a golfing weekend is unlikely to be interested in the wedding facilities at a hotel. So, putting in place content which can be directed to the right website visitor at the right time and for the right occasion is the future of hotel and hospitality marketing.

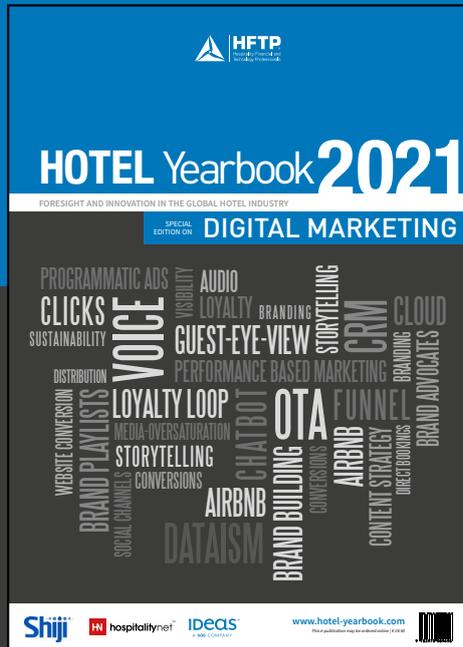
It is now widely understood that digital strategy has a significant impact on brand awareness and interest. In order to drive direct bookings and improve engagement, guest satisfaction and loyalty, hoteliers need to be able to put themselves in the shoes of each of their customers; from marketers and analysts to Millennials and designers, and devise their digital strategies accordingly.

About Avvio

Avvio is the premium AI booking platform for hotels and accommodation providers. Founded in 2002, Avvio is committed to innovation and has grown year-on-year by developing cutting-edge technologies. The global business enables accommodation providers to drive outstanding growth in direct bookings through creating incredible personal customer experiences, while reducing their dependence on online travel agency channels.

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• *This edition will be available in April 2020*



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• *This edition will be available in March 2020*