



Measuring Results from Marketing Spend in Hospitality: Using Metrics and Analytics for Quantifiable Results

Free vs. Paid Website Analytics

| By Max Starkov and Jason Price

Marketing is all about results. Unlike offline marketing, we can track and analyze ROIs from our online marketing campaign results quickly and accurately over the Internet. There is no medium that allows tracking like the Internet does, yet in hospitality, we didn't adopt these tracking technologies as soon as they were available. Instead we relied on cheap or free analytical tools to provide us with the information that management uses to make decisions. As a result, we are often basing important marketing decisions on inferior information.

We consistently receive numerous questions from hoteliers concerning how to most efficiently track and measure the ROI of online marketing efforts down to the reservation process. What metrics should hoteliers measure and pay attention to? What are the best practices in measuring ROI from the hotel's marketing efforts? Or ROI from the hotel website? What are the best analytical tools out there?

Metrics That Matter

In today's dynamic market where occupancy rates and ADRs depend on how well hoteliers utilize Internet marketing, it is no longer sufficient to measure basic website traffic stats like visitors, page views, or campaign stats like banner click-through rates and PPC clicks. Website and campaign conversions, ROIs, pathing and behavioral metrics have become standard and many hoteliers are adopting sophisticated analytical tools that are required to measure these essential metrics.

Here are some of the metrics that matter as per latest best practices in hospitality:

Conversions on the site from:

- Hotel website activity
- Organic Search
- Paid search marketing campaigns
- Strategic linking
- Email marketing to own opt-in lists
- Email/online sponsorships
- Display ads
- Offline/online conversion campaigns
- Cross-sells and up-sells
- Lifetime conversions

ROI of Internet marketing campaigns:

- What works
- What does not work
- Real-time ROI analysis
- Comparing ROI of different campaigns
- Setting up business rules to focus on highest ROI keyword terms and campaigns
- Post-click activity
- Post-impression activity
- Lifetime ROIs

Pathing Reports and Other Metrics:

- Click-stream analysis of the website
- Behavioral mapping of website users
- Origins of bookers
- Post-click activity
- Cross-sells and up-sells
- Abandonment rates
- Points of "weakness" on the site

And Naturally, the More "Pedestrian" Metrics, such as:

- Unique visitors and visitor sessions
- Page views
- Time Spend/visitor
- Entry/Exit Pages
- Referrers
- Keyword Analysis

How About "Free" Analytical Tools?

Most website hosting vendors provide a basic or free analytics tool (e.g. Webalizer). These tools provide basic metrics with little practical use. For example, they count search bots as website visits and still treat "hits" as a valuable metric. Furthermore, is it really important to you that your site gets 10,000 visitors if a) you don't know who is booking and why, b) where the bookers came from, or c) you don't know how to identify who the 20% of the bookers are that generate 80% of the bookings?

These analytic tools do not help with paid online marketing either. If you spend \$5,000 on a search campaign that brings 5,000 visitors to the website, and you don't know that these visitors only generate \$2,500 of revenue, does it make sense to continue with this campaign? How can management determine the efficacy of its paid search strategy, and make sound decisions on whether to increase or decrease the budget for next year?

Another trend over the past year is the use of Google Analytics on hotel websites. Google Analytics is a "free" service and used in conjunction with an AdWords campaign account. Google Analytics is based on Urchin—at one time a popular yet basic website analytical tool purchased by Google in 2005. Many people assume that Google, with an army of research scientists and deep pockets (well over \$100 billion market capitalization) must be doing something correct. This assumption has won over many to adopt Google Analytics, and being free has also helped.

Our experience with Urchin dates back to 1997. This application was meant for simple websites (e.g. a small single hotel website) and provided reporting features and tracked simple "pedestrian" analytics like visitor sessions, page views, main referrers, etc. The overemphasis on such basic data detracted from the important types of data hotel professionals really need to know.

In our view, the two main problems with Google Analytics are that a) Google did not and does not spend resources to enhance and support the Urchin Technology to at least try to compare with the professional analytical vendors, and b) it is free (on the web and in life in general, free means unreliable, unsupported and inaccurate).

HeBS was chosen to be one of the first companies to test Google Analytics. Our hotel clients have used Google Analytics as an interim solution, one of them being a 120-property strong resort brand. What we discovered over the past year with this basic tool is its limited capabilities and lack of apparent investment to improve on the technology:

- It can track only a single website
- It tracks only Google AdWords campaigns, not always accurately, and not other search marketing or online advertising campaigns (Yahoo, MSN, others)
- There is no customer service or support of any kind
- Tracking breaks down without any logical explanation (no changes on the website to cause some kind of a code corruption)
- Tracking fails or misses data resulting in erratic traffic patterns:
 - does not report as many as even 30%-40% of the visitors to the site
 - does not report results and conversions for even major online campaigns e.g. Top 20 email blast to 2.5 million recipients
- In cases where the property website uses a third-party booking engine (most hotel websites do) Google Analytics has difficulty reporting credible results
- Many third-party booking engine vendors refuse to install the Google Analytics codes due to the above

Overall these “free” analytical tools report only very basic data that does not allow the hotelier to see the bigger picture, to track conversions, ROIs or user behavioral trends.

Paid Analytical Tools and Mastering Internet Marketing

In all industries, measuring and quantifying results from marketing campaigns is of utmost importance. This is even more so in a bottom-line oriented industry, such as hospitality. With over a third of hotel bookings generated online in 2007, and another third influenced by Internet research, it is vital to measure results and focus marketing spend on online advertising formats with the highest conversions and ROIs.

For some time now hoteliers can utilize sophisticated analytical tools to measure efficiency and ROIs from their Internet marketing campaigns. Here is a quick summary of what today’s sophisticated analytical tools excel at:

- Track ROI of Internet marketing campaigns
- Track search marketing campaigns other than Google’s (e.g. Yahoo, MSN, etc)
- Track conversions and ROIs from banner ads
- Track conversions and ROIs from email marketing campaigns to the hotel own opt-in email list
- Track effectiveness of the hotel eCRM program i.e. pre-arrival emails, post-stay emails, comments cards, sweepstakes, etc.
- Track effectiveness of directory listings/strategic linking
- Track origins of bookers (did they come from the NYTimes.com admail or from a referral from MSN?)
- Track post-click activity (what happened after the user clicked on your PPC listing or banner ad or listing on the CVB website and did not book right then—did they book later e.g. 2 days later or 2 weeks later?)
- Employ intelligent agents and business rules to serve only the ad with the highest ROI (e.g. if this PPC listing does not produce any bookings within 24 hours, remove it from my campaign)
- Pathing reports and click-stream analysis of the website (which pages work, which do not, which pages or page elements produce highest ROIs)
- Behavioral mapping of the website user—who goes where and who does what on your site
- Track cross-sells among various hotel sites: e.g. who came from hotel A and booked hotel B or vice versa, ideal for hotel clients with multiple hotels (Google Analytics is a single property application)
- Track Flash websites and highly visual Flash/HTML hybrid sites
- Provides a dashboard to monitor all your Internet campaigns, stats and ROI
- Present in an interactive dashboard all of the Internet campaigns, stats and ROI
- Provide unlimited reporting

World-Class Analytics = Smarter and More Efficient Marketing

No doubt a sophisticated analytical tool can save hoteliers a great deal of marketing dollars, but this tool can also exploit marketing opportunities. This level of intelligence can redirect limited marketing dollars to more profitable centers. It can transform the hotel Internet marketing strategy and take it to the next level.

HeBS utilizes the industry’s leading analytical application tool for its clients, a sophisticated tool that is utilized by many of the major hotel brands (Starwood, Choice Hotels, Mandarin Oriental, etc.) and online intermediaries such as Expedia. Through HeBS our client hoteliers can now enjoy the same state-of-the-art analytical tool as the major hotel brands and online intermediaries at a fraction of the cost (e.g. 10+ times lower).

Conclusion:

Best practices and common business sense require hotel marketers to constantly track and analyze website and campaign conversions, ROIs, pathing and behavioral metrics, and shift marketing funds from less effective marketing campaigns to campaigns with higher ROIs. This complex analytics is impossible to perform with existing "free" analytical tools. Therefore hoteliers have to adopt sophisticated analytical tools that provide the capabilities mentioned in this article. When budgeting for Internet marketing, hoteliers should include a separate line item for website and marketing analytics.

Consider seeking advice from an experienced Internet marketing hospitality consultancy to help you take advantage of the marketing opportunities that result from using a sophisticated web analytical tool. The end results will include the capacity to determine your most important and valuable customer segments and the ability to effectively measure the success of your online marketing campaigns. Most importantly, a sophisticated web analytical tool will drastically increase customer conversions on your hotel website and enable you to track results in real time ROIs from your online marketing campaigns.

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

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