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It's Time for a Mid-Year Course Correction: The Results of the Annual Survey on Digital Marketing Are In

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The results of the industry's 5th Annual Benchmark Survey on Hotel Digital Marketing Budget Planning and Best Practices are in! Now is the perfect time for hoteliers to re-assess their digital marketing practices, compare notes with their peers, and if warranted, perform a 2011 mid-year course correction.

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The results of the industry's 5th Annual Benchmark Survey on Hotel Digital Marketing Budget Planning and Best Practices are in! Now is the perfect time for hoteliers to re-assess their digital marketing practices, compare notes with their peers, and if warranted, perform a 2011 mid-year course correction.

It has been 16 years since the advent of the Internet distribution channel, the most cost-efficient hotel distribution and marketing channel ever. While we have come a long way, the many challenges of the past three years – such as the emergence of the hyper-interactive traveler, social media, and mobile marketing - have made it difficult for many hoteliers to keep up.

In light of these challenges, is more of the hotelier's budget going towards digital marketing efforts? Has focus started to shift away from the fundamentals of hotel Internet marketing such as website design, optimization and paid search marketing? Are hoteliers starting to view social media as a revenue-generating tool? Will we see more hoteliers participating in mobile marketing initiatives this year?

The purpose of the HeBS Digital 5th Annual Benchmark Survey on Hotel Digital Marketing Budget Planning and Best Practices is to answer these questions and to assess hoteliers' Internet marketing priorities and strategies for the year ahead. By analyzing the responses of many different types of hoteliers, the survey results provide the industry with insights on how Internet marketing strategies for the hospitality industry are developing year after year.

This year, HeBS Digital partnered with New York University's Tisch Center for Hospitality Studies to launch and analyze the results of the survey.

Key Findings from the 5th Annual Benchmark Survey

- Hotel Website Revenues: There is still a way to go before survey respondents get to where they should be with their websites. Hoteliers responded that 25.6% of business at their hotel comes from their hotel website, 16% from the property pages/mini-site on the major hotel brand website, and 17.8% from the OTA's.
 - More than 36% of CRS bookings for the top 30 hotel brands currently come from the brand websites (eTRAK), so the industry as a whole has room for improvement.
- 2011 Digital Marketing Budgets Are Higher: Hoteliers increased their website re-design/design (20.2%) and website optimization (13.7%) budgets this year. Even so, over 73.4% of hoteliers reported that the economic environment and overall budget constraints continue to affect Internet marketing budget planning (30.3% and 43.1% respectively). The good news is that for 74.5% of respondents, their 2011 Internet marketing budget was higher than in 2010.
- Shift from Offline to Online: Of the respondents that increased their 2011 budget, 49.1% shifted money from offline marketing budgets. This is most likely because hoteliers believe that Internet marketing (40.5%) produces better results than traditional and offline marketing (9.5%). This is a smart move considering the online channel is still the *only* growth channel in hospitality and the most measurable marketing channel.
- Social Media is an Industry Favorite: Perceptions toward social media have changed over the years, with 43% of hoteliers saying they believe social media is one of the Internet marketing formats that produces the best results and the highest ROIs. This is a dramatic change from the first benchmark survey (2007), when only 16.8% of hoteliers believed social media produced results.

- Hoteliers Realize the Importance of the Mobile Web: More hoteliers are planning for a mobile site this year (37.5% vs. 25.9% last year) and a mobile booking engine (37% this year vs. 22.4% last year). Also of note, only 8.9% of hoteliers are budgeting for a mobile app vs. 24.1% last year.
- Conformity to Best Practices: Hoteliers believe they have hotel Internet marketing under control. Seventy-eight percent responded that they believe their hotel conforms to the latest best practices in terms of Internet marketing, compared to 76% last year. As the industry matures, hoteliers continue to professionally develop in this area.
- What Was the Most Common Objective Hoteliers Did Not Achieve in 2010? Most survey respondents (41.7%) said they did not achieve their mobile marketing objectives last year. With 1.5% – 3% of visitors to hotel websites accessing the hotel site via mobile devices, as well as a 3,000% increase in mobile hotel searches year-over-year (Google), hoteliers cannot afford to lag behind in the mobile space.

Breaking Down the Hotel Digital Marketing Budget

The shift from the offline/traditional channel to the online channel is permanent: 52.3% of overall CRS bookings for the top 30 hotel brands come from the online channel, which is an increase of nearly 10% compared to 2008 when online channel contribution was 47.6%. As a reminder, in 2006 the online channel share was 37.6% (eTRAK Report).

For the industry as a whole, over 45% of all hotel bookings in 2011 (leisure, unmanaged and managed corporate travel) will be via the Internet (direct + indirect online channels) (HeBS Digital research).

GDS Travel Agent bookings are slightly up for corporate travel (.08%) and shrinking for leisure travel, voice reservations are in decline (-2.7%), and the group market will be flat at best this year. The online channel is still the only growth channel in hospitality. HeBS Digital estimates a minimum growth rate of 3%-4%. Are hoteliers budgeting adequately for this demand?

Based on the well-defined shift from offline to online distribution, what portion of hoteliers' budgets are devoted to Internet marketing activities in 2011? Similar to previous years, the majority of respondents devoted between 11-20% (27.9% of respondents) and 21-49% (22.8%) of their budget to digital marketing initiatives this year.

Within the obvious budget constraints, how are hoteliers allocating their budgets? As a whole, hoteliers are making more room in their budget for website re-designs and optimizations, SEM/paid search and SEO, mobile marketing and social media initiatives.

Table A below shows how respondents are breaking down the hotel Internet budget:

Table A

Of your total Internet marketing budget, where did you spend your money?	2006	2007	2008	2009	2010	2011 (projected)
Website re-design/design	18%	22%	19.6%	16%	16.34%	20.2%

Website optimization	9%	11.3%	12.8%	10%	10.1%	13.7%
Strategic links to property website from online directories, portals	6%	9.6%	7.5%	8%	7.7%	14.2%
Paid Search Engine Marketing: Pay-per-click (PPC)	14%	8.6%	17%	16%	17.7%	20.2%
Local search/Online Yellow Pages	3%	3.6%	4.2%	4%	3.4%	4.7%
Meta search (Kayak, etc.)	2%	2.6%	2.6%	3%	2.6%	4.3%
Search Engine Optimization (SEO)	10%	11.5%	8.7%	12%	10.5%	13.4%
Display advertising (banners)	6%	6.6%	7%	5%	7.6%	7.6%
Email marketing	10%	11.5%	8.7%	7%	11%	12.3%
Mobile marketing (mobile search, mobile websites, SMS messaging, etc.)	N/A	N/A	N/A	2%	4.5%	6.9%
Interactive/Web 2.0 /Social Media	1%	3.1%	3%	6%	2.9%	N/A
Social Media*	N/A	N/A	N/A	N/A	7.5%	11.7
Online Video	N/A	N/A	N/A	N/A	4.3%	7.9%
Outside Internet marketing agency	6%	7%	5.1%	7%	10.5%	9.6%

*In 2011 Social media was separated from Interactive/Web 2.0 for the first time. All years prior these initiatives were combined in this question.

The numbers show a renewed focus towards budgeting for website design. This is promising, as the hotel website is the main hub for content delivery and multi-channel customer engagement, and even in 2011 many hotel websites are outdated and don't align with the needs of today's travel consumer.

With the recent Google "Panda" algorithm update, the percentage hoteliers are dedicating to website optimization may be too low. Google Panda, the next evolution in Google search algorithms, is more than ever based on relevancy and quality of web content. Unique and thematic writing is prized over bland content and traditional SEO keyword stuffing, which poses new requirements to the quality of hotel websites. Metrics like bounce rate, length and depth of visit, all indicative of how interesting the content on the site is, as well as page load time are all critical factors in achieving the highest desired keyword rankings. Hoteliers must take this into account and budget for in-depth website optimizations and re-designs for next year.

Where is the ROI?

Of all hotel digital marketing initiatives in the survey, hoteliers believe that website optimization produces the highest ROI. Social media however, introduced as its own category this year - was not far behind at 43%. This shows a dramatic change in the perception over the past few years of how much revenue Facebook, Twitter, etc. really generate. While social media is not a distribution channel, it is increasingly becoming an important customer engagement channel. Whereas in the past hoteliers were skeptical as to whether social media should even play a role in their Internet marketing strategy, today it is one of the fundamentals.

Table B

What Internet marketing formats do you believe produce the best results and the highest returns on investment (ROI)?	2007	2008	2009	2010	2011
Website design/redesign	62.9%	70.19%	56.3%	61.7%	64.9%
Website optimization	71.9%	68.27%	81.6%	70%	71.9%
Strategic links to property website from online directories, portals	52.7%	41.35%	48.3%	48.3%	46.5%
Paid Search Engine Marketing: Pay-per-click (PPC)	40.7%	39.42%	56.3%	38.3%	47.4%
Search optimization – Organic search	68.3%	56.73%	60.9%	58.3%	65.8%
Display advertising (banners)	16.2%	12.5%	28.7%	21.7%	14%
Email marketing	58.7%	60.6%	51.7%	48.3%	59.6%
Email sponsorships	6.6%	26%	37.9%	10%	3.5%
Mobile marketing	N/A	N/A	N/A	15%	14.9%
Web 2.0/Social Media formats (e.g. TripAdvisor, Facebook, Twitter, blogs, etc)	16.8%	26%	37.9%	41.7%	N/A
Social Media**	N/A	N/A	N/A	N/A	43%
Online Video	N/A	N/A	N/A	N/A	17.5%

**In 2011 Social media was separated from Interactive/Web 2.0 for the first time. All years prior these initiatives were combined in this question.

Most respondents (34.5%) expect to achieve 11-15 times ROI from their Internet marketing campaigns in 2011, as they should if they are following best practices.

Mobile Still Growing Exponentially

Mobile marketing was introduced as its own topic last year, and rightly so, has quickly become a very important tool in the hotelier’s digital marketing arsenal. As you may see in Table C, more hoteliers fit a mobile site into their 2011 planning (37.5%) and a mobile booking engine (37.5%) this year.

Over the past two years, the mobile channel has become an important travel planning and transaction channel in the U.S. and worldwide. Hotel guests and travel consumers in general are mobile-ready, and hoteliers and travel suppliers have to respond adequately to this growing demand for mobile travel services.

By 2014, mobile Internet users will surpass the number of desktop Internet users. The most important statistic though is the number of smartphone users. Smartphones are changing how we do business in

hospitality, how we market, how we service customers. There are nearly 75 million smartphone users in the U.S. alone; their number will exceed 100 million by 2014.

Table C

What mobile marketing initiatives are you planning for?	2010	2011
Mobile site	25.9%	37.5%
Mobile booking engine	22.4%	37.5%
SMS Text marketing	27.6%	25%
Mobile banner advertising	19%	12.5%
iPhone app	24.1%	8.9%
I am not planning on mobile marketing initiatives for 2010	32.8%	38.4%

We can see from the results there was a dramatic decline in hoteliers planning for an iPhone app this year. Perhaps this is because hotels do not need a mobile app if they are single-property, independent and franchised hotels and resorts or smaller and mid-size hotel chains and multi-property companies. These hotel companies are better off focusing on building and enhancing their mobile websites and promoting the mobile site via mobile marketing initiatives. [Click here to read the HeBS Digital perspective on the subject.](#)

In 2011, independent or franchised hotels and resorts, as well as small and mid-size hotel chains and multi-property hotel companies, should continue to focus on building and enhancing their mobile websites and launching mobile marketing initiatives, such as mobile SEM, SEO, mobile-social media initiatives, interactive sweepstakes and contests.

Who's Gone Social

Facebook is not necessarily an "e-Commerce engine", yet it should not be ignored. Engaging your current and potential guests via social marketing has become the norm.

In last year's survey, we really started to see a proliferation of hoteliers participating in Interactive/Web 2.0 & social media initiatives. The numbers were steadier this year (see Table C below), however there were significant increases in hoteliers planning for 'share this site' and RSS on the website (33%), the use of reputation monitoring services (23.2%), participation in blog(s) that concern the hotel (39.3%) and advertising on social media sites (50%).

Table D

What type of Web 2.0 & Social Media marketing initiatives are you planning?	2008	2009	2010	2011
A blog on the hotel website	14.5%	14%	37.9%	37.5%
'Share this site' and RSS on the website	N/A	N/A	24.1%	33%
A photo sharing functionality on the hotel website	12.7%	4.7%	32.8%	29.5%
Sweepstakes and contests on the hotel website	9%	3.5%	36.2%	30.4%
Survey and comment card on the hotel website	18.4%	14%	31%	35.7%
Subscribe to a reputation monitoring service	8.4%	2.3%	19%	23.2%
Create profiles for my hotel(s) on the social networks (Facebook, Twitter, Flickr, etc.)	13.3%	14%	50%	56.3%
Create and post videos on YouTube	N/A	N/A	46.6%	37.5%
Actively participate in blogs that concern my hotel	12.7%	5.8%	24.1%	39.3%
Advertise on social media sites (e.g. TripAdvisor, Facebook, etc.)	8.1%	15.1%	39.7%	50%
I am not planning on Web 2.0 and Social Media initiatives for 2010	N/A	15.1%	6.9%	12.5%

Additionally of interest, 31.1% of hoteliers surveyed said they have hired a designated person to handle social media management at their hotel(s) vs. doing this themselves (27.2%) or hiring a company to do this for them (24.3%).

As managing social media profiles and initiatives becomes an even more time-consuming process (as it has every year since the topic was introduced), we expect the percentage of designated social media management personnel to rise.

Planning for Video

Nothing sells a travel experience better than video. Are hoteliers budgeting adequately for this initiative?

Table E

Which online video initiatives are you planning for 2011?	
Creating videos of my hotel	39.1%
Add video to my hotel website	42.7%
Online video advertising	13.6%
MMS Messaging	4.5%
Combine video with social networking	34.5%
I am not planning on online video initiatives for 2011	35.5%

HeBS Digital highly recommends adding videos to the hotel website, which a majority of respondents are planning on (42.7%), followed by posting videos on social networking sites (YouTube and Facebook first), and sending videos out via MMS messaging. These videos do not need to be long – today’s attention spans, along with mobile distribution restrictions, call for shorter 30 to 60-second videos representing different aspects of the hotel product (meeting space, spa, dining, etc.).

Conclusion

This year’s survey results showed that while hoteliers have not fully put poor economic conditions behind them in their planning, they continue to move budget dollars to the direct online channel and to important digital marketing initiatives that reach the hyper-interactive traveler, such as mobile, social media and video.

How can hoteliers succeed this year? There is no doubt that hoteliers need to invest their marketing efforts and budgets in the direct online channel. Especially today, with hotel distribution ideas and channels entering the picture such as flash sale sites. These are not only detrimental to the hotel industry from a pricing and branding perspective; they also do not make any economic sense.

Hoteliers need a robust direct online channel strategy accompanied by adequate marketing funds to be able to take advantage of the steady growth in the Internet channel and the shift from offline to online bookings in hospitality due to declining GDS and voice channels. Hoteliers must carefully employ ROI-centric initiatives including website redesign, website optimization and SEO, SEM, email marketing, online media and sponsorships, mobile marketing and proven social media initiatives.

Furthermore, due to the fact that today’s travel consumers live in a perpetual “digital information cloud,” hoteliers need to employ multi-channel marketing and distribution strategies. Multi-channel marketing has become the foundation for a smart direct online channel strategy. In this environment, the hotel website, SEM campaigns, email marketing, social media presence, mobile, etc. have a symbiotic relationship. Hoteliers should not attribute all revenue to the last click, and should understand that unleashing a marketing promotional campaign simultaneously across all available marketing channels produces far greater returns than each individual marketing format alone.

About the 5th Annual Benchmark Survey

HeBS Digital would like to extend a warm thank you to Professor Dr. Jukka Laitamaki’s NYU hospitality students for helping launch and analyze the results of this survey.

Survey Participation:

Hoteliers worldwide participated in the survey, representing the United States, Africa, Asia-Pacific, Western Europe, South America, New Zealand and Australia. Respondents included mostly General Managers (46.2%), Directors of Sales & Marketing (18.3%), and Corporate Management (17.3%). A small percentage of respondents were comprised of Revenue Managers, E-Commerce Managers, and Front Desk Managers.

Forty-four percent of respondents are from independent hotels, 31% franchised hotels, 24.8% hotel chains/major brands, 10.1% resorts and 2.8% casinos. The majority of respondents were from midscale and luxury properties (39.1% and 32.7% respectively) with the rest from boutique (17.3%) and budget-economy properties (10.9%).

About the Authors:

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HeBS Digital has pioneered many of the "best practices" in hotel Internet marketing, social and mobile marketing, and direct online channel distribution. The firm specializes in helping hoteliers build their direct Internet marketing and distribution strategy, boost the hotel's Internet marketing presence, establish interactive relationships with their customers, and significantly increase direct online bookings and ROIs.

A diverse client portfolio of over 500 top tier major hotel brands, luxury and boutique hotel brands, resorts and casinos, hotel management companies, franchisees and independents, and CVBs has sought and successfully taken advantage of the firm hospitality Internet marketing expertise offered at HeBS. Contact HeBS Digital consultants at (212) 752-8186 or success@hebsdigital.com