



Getting Back to the Basics II: Case Studies & Best Practices from the Hotel Internet Marketing Trenches

| by Max Starkov

In June 2008, HeBS presented an article titled Getting Back to the Basics: The Hotelier's Internet Marketing Action Plan for a Difficult Economy. A year later, we would like to revisit the recommendations we made back in 2008, offer an update on our suggested Action Plan, and provide case studies and best practices from the Hotel Internet Marketing Trenches.

Introduction

In today's tough economy, hoteliers are still struggling with the pressure to make every marketing dollar count, and to invest in campaigns that deliver only the highest ROIs. Leisure travel, business travel, meetings and groups travel are all in decline. The only light at the end of the tunnel is provided by the online channel, due to the ongoing shift from offline to online, from GDS to online hotel bookings, and ultimately from indirect online to direct online.

Market researchers provide various projections for the growth of the online travel channel in 2009 and 2010, from a small decline as projected recently by a travel research company, to growth rates as high as 10.5% per eMarketer. These optimistic projections are supported by the leading e-Commerce research company, which declares that overall U.S. online sales will increase by 11% in 2009 and by another 9% in 2010. HeBS believes that online travel, having always been the most dynamic and fast-growing segment of the overall online marketplace, will experience similar growth rates. Whatever the case might be, the online travel channel, and especially the direct online channel, provides hoteliers with the only viable option for any growth during this recession.

In 2009 and 2010, the Direct Online Channel needs to be the hotelier's main focus point. As tempting as it may be to rely on Online Travel Agencies (OTAs) to put—heads in beds, the OTA's are experiencing the same declines in revenue—and are suffering equally from overall decrease in demand—as the rest of the hospitality industry. For example, Expedia reported gross booking declines of 11% in both Q4 2008 and Q1 2009.

We believe the only viable strategy in this economy is the Direct Online Channel strategy, your only chance to offset the overall decline in revenues. Why? Smart hoteliers using the Direct Online Channel can outsmart the competition and increase market share.

Last year, HeBS released the article: [Getting Back to the Basics :The Hotelier's Internet Marketing Guide](#). This year, with the economic environment still on the forefront of every hotelier's mind, we would like to revisit our recommendations and provide case studies and best practices from the Hotel Internet Marketing Trenches.

Case Studies from the 'Trenches'

What can hoteliers do? Are there any proven Internet marketing initiatives or formats that really work right now?

The following are some case studies from HeBS'own experiences – based on the initiatives from the Hotelier's Action Plan for a Difficult Economy we recommended a year ago.

I. Auditing the Internet Marketing Budget / Plan

Recommendation:

Last year, HeBS recommended that hoteliers not eliminate or even decrease their Internet marketing budgets. We did, however, recommend that hoteliers shift funds from their offline marketing budgets. The budget should then be overhauled to become ROI -centric—and any online advertising that has not proven to bring ROIs in the past should be removed.

Case Study:

HeBS has multiple clients who kept the same budget in 2009 that they had in 2008.

One client in particular, a luxury boutique hotel in Burbank California, did not decrease their Internet marketing budget in Q1 2009 but kept the same Internet marketing budget. Last year in Q1 online revenues were at \$145,244 with 255 bookings. This year, Q1 online revenues were at \$157,075, with 358 bookings. By re-evaluating the budget and shifting funds to more ROI- centric initiatives, HeBS and this luxury boutique client were able to increase Internet revenues even while this hotel's competitive set was suffering (and probably lowering their Internet marketing budgets).

Bottom Line:

In this economy, hoteliers should re-evaluate their overall budget, and shift funds from offline to online. We believe hoteliers are heeding this advice; even with hoteliers reporting overall budget restraints, in the results of the 3rd Benchmark Survey on Hotel Internet Marketing, 63% of hoteliers said they planned to increase their Internet marketing budget in 2009.

II. Web 2.0 and Social Media

Recommendation:

Last year HeBS recommended hoteliers not experiment with unproven advertising formats or try —sexyll new media initiatives, such as advertising on social media sites like YouTube, Facebook, MySpace, etc. While Facebook, if used properly, can serve as a branding tool and build a receptive audience for your hotel, its —rapid user growth has not translated into advertising revenuesll (eMarketer). Twitter, on the other hand, has already been used successfully by HeBS and a number of travel companies to generate buzz and promote concrete travel offers. Hotelier's should definitely monitor and respond to reviews about their hotel and take advantage of free opportunities to reach out to customers (such as building profiles on Facebook and MySpace, and using Twitter). But unless it's a website that is actively used in the travel planning process, such as TripAdvisor, then we do not recommend you spend precious marketing dollars advertising your hotel on these websites.

Case Study:

1) TripAdvisor CPC: HeBS purchases advertising for many of its clients on TripAdvisor (banners, CPC text links, etc). Text links have consistently shown positive ROAS for almost all of our clients. By purchasing a text link for your own hotel property, you are establishing a strong presence next to all the other third parties that are bidding for your name as well. As countless studies have shown that consumers prefer to book directly with the supplier, having a link directly to your website from TripAdvisor is a smart way to generate a strong ROAS.

TripsAdvisor CPC has been working very well for a HeBS client in North Seattle. This independent hotel enjoys reviews on TripAdvisor in the 4-5 star range. To take advantage of this, HeBS launched a CPC (cost-per-click) campaign for the hotel on TripAdvisor. Over the past 12 months, ROAS has risen consistently over 9 times.

2) Twitter: Among the many Twitter accounts for its clients, HeBS created a hotel profile on Twitter for a client in Northern California, and launched a strategy to create a list of followers. HeBS also started tweeting about various events going on in and around the hotel, including special hotel offers, dining events, entertainment and more. Within a few weeks after launch, the hotel has attracted 853 followers, 37 tweets, 81 direct messages and 21 retweets. HeBS tracks all visits and conversions via Omniture SiteCatalyst. There is no direct revenue yet that can be attributed to Twitter; however there have been over 90 relevant visits to the site and 7 initiated bookings from our tweets.

3) Sweepstakes: a hotel and casino in Nevada with a variety of rooms, dining, and entertainment options, wanted advice from HeBS on how to create interactive relationships with their website visitors and build their email database.

HeBS conceptualized and built an interactive Web 2.0 application for the website and ran a sweepstakes called the —go Suites in 90 Days giveaway. HeBS created a dedicated mini- site for the sweepstakes which was linked from the hotel's main site. The sweepstakes ran in Q4 2008 and generated over 82,000 visits, over 10,500 sweepstakes signups and referrals to over 900 people. Additionally, HeBS launched a comprehensive campaign to promote the sweepstakes via the hotel website, PPC, banners, email and online sponsorships, etc. The sweepstakes generated a lot of buzz and contributed to a noticeable increase in revenue and website visits.

Bottom Line:

Launching Web 2.0 features and functionality on the hotel website such as sweepstakes, blogs, interactive event/activity calendars, hotel guest scrapbooks, photo sharing contests, customer surveys, and testimonials, etc. creates interactive relationships with site visitors, generates interest and site stickiness, and ultimately increases bookings. This can be done even now, in this economy, without re-designing the whole website.

We have found social media initiatives, such as creating and maintaining hotel —fan pages on Facebook, and —follower pages on Twitter, if done according to best practices, generate buzz around the hotel, provide a receptive audience, and ultimately stimulate hotel website visits and interactions.

III. Website Redesign

Recommendation:

In 2008, HeBS discussed how the hotel website has become the first, the only, and in many cases, the last point of contact with the travel consumer. Enhancing and optimizing the hotel website needs to be the top priority of any savvy hotelier. Our experience shows that any website re-designs, optimizations, and enhancements such as Web 2.0 initiatives on the hotel website pay for themselves within 3-4 months. Your hotel website, especially in this economy must reflect 2009 industry's best practices in being: user-friendly, search engine friendly, travel booker-friendly, and Web 2.0 friendly.

Case Study:

In Q4 of 2008, HeBS redesigned the website of a boutique hotel in San Antonio, Texas. The previous website did not have a consistent or user-friendly navigation, was not optimized for the search engines, looked very outdated, and it did not have rich photos of the destination. It also did not paint a picture of a hip hotel in a vibrant destination, nor was it well optimized for the search engines.

The design of the re-launched website—launched in November of 2008—fits the image the hotel was going for, while using industry's best practices. The new website has a widescreen layout, intuitive navigation, flash animation, photo gallery, email capture, Live Talk functionality, sections for each target market (including meeting & event planners), a reservations widget as part of the global navigation, Web 2.0 features and social media links (including to the hotel's Facebook page), and optimized content for top placement in the search engines. Every page of the website is coded with Omniture SiteCatalyst (the leading website analytical and campaign tracking tool) so that we can track visitor behavior on the site as well as see how all Internet campaigns are converting on the site.

The result? One month after re-launch, online revenues increased significantly, and the website redesign paid for itself within 3 months of launch.

Bottom Line:

In this economy, the hotel website is one of your most important assets for bringing in revenues. You must put your best foot forward with a website that meets 2009 best practices. Redesigning your website will pay for itself within 3-4 months, so why wait if you need it?

IV. Website Optimization

Recommendation:

A year ago, HeBS recommended that hoteliers consider a website optimization if the hotel website is over 12 months old and the hotel is not prepared for a re-design in 2009. By optimizing your current website, you may take advantage of the cheaper organic search visitors to your site. You must optimize both your website's textual and visual content for travel consumers by carefully describing and featuring all aspects of your hotel (also make sure you don't have any outdated information on the website—i.e. expired package or old events), as well as perform a thorough search engine optimization (SEO) of the whole website with unique H1 headers, optimum keyword density of the body copy, unique page titles, description and keyword tags on each page.

Case Study:

HeBS recently optimized the website of a client in the Florida Keys who had just gone through a re-design. It seemed as though the vendor that performed the re-design did not know the search engines existed, and therefore the website copy was not optimized in the body copy or on the back end. This vendor either didn't offer website optimization or didn't have the expertise to do it. For a location such as the Florida Keys, where the competition is very fierce, this was unacceptable.

HeBS optimized over 100 pages of the website for the most relevant keywords, fixed typos, deleted expired packages, and added pages that were necessary to accurately and more thoroughly describe the resort. The optimization was completed approximately two months ago, and already the hotel is benefiting more from organic search. The website comes up on the first page for very relevant keywords such as Resort in Florida Keys' and Florida Keys luxury resort, and traffic to the website is increasing month over month. While it takes several months to fully see the effects of a website optimization, search engine placement results for top key phrases will improve consistently, and traffic to the site will continue to increase month over month.

Bottom Line:

Since 60-80% of traffic to your website comes directly from the search engines, website optimization, including SEO, is the quickest way to boost your website in the search engine results. If it's not time for you to consider a hotel website re-design, but you have not optimized your website in over 12 months, a website optimization + SEO is key so you can take more advantage of free, organic traffic to your site.

V. Paid Search

Recommendation:

Any ROI-centric marketing plan needs to include paid search on the leading search engines Google (65% market share), Yahoo (20%), and MSN (8%). With paid search, you can track post-impression and post-click activity, bookings, revenue, and room nights from every campaign.

It's also the fastest way to increase your presence in all types of search (including meta search, web 2.0 search, local search, etc.). Most importantly, you may adjust marketing spend instantaneously based on ROIs.

Case Study:

In Q1 2009, HeBS optimized the PPC campaigns of a resort-style family hotel near DisneyWorld Orlando by filtering out keywords that were not producing, adding keywords that were bringing people to the website that we were not already purchasing, improving our CTR's by testing different versions of adtext, adding foreign language PPC, and by targeting very niche markets (i.e. travelers with pets). HeBS also updated the campaigns in terms of the latest travel consumer patterns, by shifting funds around so that more dollars would be spent on targeting feeder markets and drive-in markets. In this case, as with all of its clients, HeBS utilized Omniture's SearchCenter, the industry's most sophisticated PPC campaign management and automation tool.

Omniture's SearchCenter provides automated bid strategies and alerts marketers to better evaluate and respond to changing bid conditions. It measures ROAS (return-on-ad-spend) and cost per acquisition across millions of keywords and ad groups from a single interface. It helps marketers target the right audience, measure and achieve tangible ROI, and decrease PPC waste and drive down cost of campaigns, while increasing ROIs.

Since the optimization, ROI on the PPC campaigns has increased markedly, and in Q1 2009 reached 1173%.

Bottom Line:

HeBS always makes paid search (PPC, CPC) an important component of its clients' Internet marketing budgets for one reason – it works. We often see ROIs of 1200% or higher. Continuous optimizations of PPC campaigns, using Omniture SearchCenter, the most intelligent PPC management tool today, always leads to drastically improved ROIs.

VI. Email Marketing

Recommendation:

Last year, HeBS recommended Email Marketing to the hotel's own opt-in list as one of the most cost-effective, highest ROI-generating initiatives available. Technology fees for email capture and storage are nominal, and once a template is designed the costs for sending email out are extremely low. Your opt-in list has chosen to hear from you, they want to hear from you, and they will most likely either book when they get messages from you or file away the information for when they are ready to travel. Case Study:

This past March, HeBS sent out the monthly eNewsletter for a hotel client in Seattle Washington. The monthly eNewsletter sent by HeBS on behalf of its clients always includes the latest hotel offers, events in the area, and email-only promotions. HeBS tracks email performance and conversions with Omniture SiteCatalyst. The open rate for this client's March newsletter, sent to over 8,000 opt-in subscribers, was 30.5%, there were 207 clicks, and revenues reached \$7,164. The monthly technology fee is \$250. The ROAS was in excess of 2100%. No doubt this newsletter will continue to result in bookings well into June 2009.

Bottom Line

Permission-based e-mail makes travel consumers more likely to do business with a hotel company. In fact, —Fifty percent of survey respondents who receive permission-based email from travel companies said they feel more loyal towards the sending companies and their brands (Epsilon Research). HeBS has always believed in the power of Email Marketing and has the numbers and statistics to back it up. In our — 2009 Internet Marketing & Strategy Brief we advised hoteliers to go back to the basics and to spend time and money on proven marketing formats. This included Email Marketing to the hotel's own opt-in list as one of the most ROI generating Internet marketing formats.

VII. Online Display Advertising

Recommendation:

In our Getting Back to the Basics' article, we recommended that you stick with only proven display advertising. As banners don't often provide the click-through rates and ROI as many other Internet marketing initiatives, they may be quite risky. Paying for banner advertising on a website that hasn't worked for you in the past may lead to poor results.

Case Study:

HeBS manages online display advertising for a major hotel brand across several important online mapping services used during the travel planning process. HeBS designed a number of multi-slide GIF and Flash banners featuring the brand's value proposition, which is especially important in these tough economic times. The average ROAS in Q1 2009, including revenue generated from cross-sells, was 16.3 times.

Bottom Line:

Display advertising (banners) and online sponsorships work even in this economy, especially for larger full-service hotels and resorts, and hotel and resort chains. HeBS consistently sees good ROIs from online display advertising and online sponsorships, and recommends budget allocations for these online advertising formats—but only if they have worked in the past.

Conclusion

When HeBS released the article, Getting Back to the Basics : The Hotelier's Internet Marketing Action Plan for a Difficult Economy , back in June 2008, no one knew how long hoteliers would need to brace themselves for an economy where people are traveling less and spending less. Almost one year later, even though we still don't know what the immediate future will bring, we may determine that with a comprehensive ROI-centric Internet marketing strategy, hoteliers may continue to generate

incremental revenues and out-smart their competition. This is proven through evaluating case studies of the actual performance of our recommended Internet marketing initiatives.

Even in this economy, you should not eliminate your hotel Internet marketing budget. The Internet, and especially the direct online channel, is the only growth channel for hoteliers. The best strategy is simple: you must carefully employ ROI-centric initiatives like the ones in these case studies, including website redesign, website optimization and SEO, paid search, email marketing, online display advertising and proven social media initiatives.

One very important lesson learned is that we must not think of these recommendations as simple remedies for succeeding in the current economic environment. Concentrating on proven ROI-centric Internet marketing efforts, focusing on the Direct Online Channel, and carefully tracking every dollar spent should be your methods of propelling your Internet strategy in the future—even after the economy has fully recovered.

Consider seeking advice from a full-service hotel marketing and direct online channel strategy firm to actively help you take advantage of the only growth channel in these challenging economic times. Learn how to implement the latest trends and best practices in your Internet marketing efforts so you can realize substantial ROI and incremental revenue growth.

About the Authors and HeBS:

Max Starkov is Chief eBusiness Strategist and Mariana Mechoso is VP, Marketing at Hospitality eBusiness Strategies (HeBS). HeBS is the industry's leading Internet marketing strategy consulting firm for the hospitality vertical and is based in New York City. Having pioneered many of the "best practices" in hotel Internet marketing and direct online distribution, HeBS specializes in helping hoteliers build their direct Internet marketing and distribution strategy, boost the hotel Internet marketing presence, establish interactive relationships with their customers, and significantly increase direct online bookings and ROIs.

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