



The 2012 Do's & Don'ts of Hotel Distribution

| By Max Starkov & Lauren DeGeorge

In 2012, hoteliers face more challenges than ever. From resolving to concentrate on "SoLoMo" (social, local, mobile marketing), to navigating ["new" distribution channels](#), to implementing a [Google+ strategy](#), to improving local search rankings via [citations](#), it is near-impossible for a hotelier to distinguish viable strategies from trendy or temporary opportunities without a dedicated digital marketing partner.

With so many new “don’ts,” it is easy to confuse or let slide the “do’s” of hotel distribution. In 2011, 26% of total bookings for the top hotel brands came from the Internet, with 18% from Brand.com and 8% from OTAs (PhoCusWright, STR, HSMIAI Foundation). For non-branded hotels, the situation is more troubling, with 42 percent of bookings from the Internet – 32 percent from OTAs and just 10 percent from hotel websites. In light of these recent findings, hoteliers must focus on their own websites; increase direct online revenues via SEO, SEM, email marketing, packaging, etc.; and utilize the OTAs in the most strategic ways.

Below are HeBS Digital’s 2012 Do’s and Don’ts of Hotel Distribution. We welcome feedback from our colleagues in the industry. What are your property’s do’s and don’ts?”

2012 Do’s of Hotel Distribution:

1. Focus on the Direct Online Channel: Your Hotel’s Website

First and foremost, your website must be “in good health” in order to follow and comply with best practices in hotel distribution. Make sure your current website adheres to industry’s best practices for design, site architecture and SEO. Most importantly, make sure it is compatible with the recent Google [Panda](#) and [Freshness](#) algorithm updates.

Be sure that all site content is engaging, unique and branded. Create dedicated pages as well as specials and packages that appeal to key customer segments such as business travelers, extended stay guests, weekend travelers (“girlfriend getaways,” couples celebrating anniversaries), etc.

Once your website is in tip-top shape, use search engine optimization (SEO), search engine marketing (SEM), email marketing and other digital marketing efforts to drive traffic to the hotel’s website and encourage direct reservations.

Bring SoLoMo (social, local and mobile) initiatives to the forefront of your hotel’s targeted digital marketing strategy. The convergence of these three content and marketing platforms allows the hotel to deliver more personalized, relevant content to existing guests and customers in real-time like never before.

Though most hoteliers understand the importance of being ever-present across local listings and maps as well as social media such as Facebook and Twitter, the power of mobile marketing must not be underestimated. Five percent of all hotel bookings are made via mobile devices, and 51% of business travelers use mobile devices to get travel information (Google), more than double the rate of two years ago. Mobile is a must, and it starts with a mobile website, mobile and tablet SEM campaigns and SMS/MMS information capture strategy.

In the end, perhaps the most convincing reason to focus on the direct online channel is Google’s “Zero Moment of Truth (ZMOT)” phenomenon: After visiting countless websites and sources, consumers tend to migrate back to their computers to book reservations. By focusing on content and [design quality](#), and powerful brand and marketing messages, you will ensure consumers migrate back to your hotel’s website. Once in place, the next and ongoing steps are “test, test, test” to determine effectiveness and return on investment (ROI), and benchmark and analyze to make smarter use of analytics technology to increase returns.

2. **Maintain Rate Parity**

A principle once considered elementary now merits a reminder: All hotels must maintain their best available rates and last-room availability on their own websites!

According to RateGain, from December 2011-February 2012:

- 60-87% of 3-star hotels were cheaper on OTA sites
- 75-93% of 4-star hotels were cheaper on OTA sites
- 69-86% of 5-star hotels were cheaper on OTA sites

A thorough rate parity strategy, including a Best Rate Guarantee and complementary claim form, will encourage consumers to book direct for logical reasons:

- All changes to reservations must be made through the hotel
- All special requests (such as ADA rooms) go through the hotel
- The hotel provides superior customer service, not the OTA or other outside booking channel
- The hotel guarantees the reservation

Hoteliers, remind your friends (not your competitors): All publically available rates, including 24-hour sales with OTAs and flash sales, must be available on the hotel website and within its online booking engine. The mobile channel is not exempt either, and must be treated as an official rate parity gatekeeper.

3. **Market to International Visitors**

Analyze foreign tourist arrivals in your hotel's destination, the property's guest data and its website data to determine the top international feeder and demand markets for the hotel. Then, implement five- to ten-page optimized foreign language translations for the markets with the most potential and existing demand for the hotel's destination and product. (Be sure to translate your booking engine, too!)

These translated pages will serve as the home base for all marketing to international customers. First, implement foreign language SEM campaigns on Google and Yahoo/Bing that land on your translated site. Then, implement listings on worldwide travel directories and increase your hotel's visibility across other hubs for international travelers.

Finally, consider complementing the hotel's direct efforts using OTAs with high market shares in foreign countries (e.g. Booking.com, Expedia).

4. **Use the OTA Channel Correctly**

Though no stone should be left unturned when it comes to supporting the hotel's direct online channel, HeBS Digital recommends the opposite approach in relation to your OTA strategy: Focus on the "big players," e.g. Expedia, Priceline, Booking.com, Travelocity and Orbitz. Smaller OTAs do not provide additional reach; rather, they require more work.

From day one, include in all contracts that neither the OTAs nor their affiliates may bid on branded keywords in SEM campaigns, i.e. the hotel's official name-related keywords.

Use strict rate parity when using OTAs, and monitor their attempts to sell "lower" rates for your property by reducing their commission/markup, or using math gimmicks when calculating the overall taxes and fees.

Use OTAs for need periods: weekends, group cancellations, low season, etc., and not as a replacement for or alternative to the direct online channel. Additionally, any sale or promotion via an OTA should be used only as a last resource and should equally be promoted via the hotel website and support marketing (SEM, email, mobile, social).

Benchmark your property's OTA contribution against industry results. For example, most hotel chains mandate that OTA contribution to franchisees be lower than seven to eight percent. And always remember that the more you focus on your hotel's website, the less you will depend on the 800-pound gorillas.

5. Tailor Strategies to Competitors' Strengths & Weaknesses

In any business, everyone who does what you do is a rival. Hotels are no different, and therefore must consider multiple and varied groups of competitors. Your hotel should not only have a product-related competitive set (other boutique, business or full-service hotels in the area) to which you compare your own property, but also geographic (downtown, Union Square, Quincy Market), digital (who's doing what you do – or more – online) and aspirational competitive sets. As Michelle Davis of HVMG recently said in HotelNewsNow, "My number one competitor might be Hotel X for a certain weekday and during the weekend my number one competitor might be Hotel C. It's the same thing and the same thought process. Who I compete with online might not be the same person I compete with at the front desk."

2012 Don'ts of Hotel Distribution:

1. Don't Participate in Flash Sales/Social Buying Sites

While flash sales may address the hotel's immediate needs – occupancy – they do considerably more damage than good in the long run.

With heavily discounted rates out in the open, [flash sales have inherently flawed business models](#), causing your hotel to rebuke the principles of rate parity (one of the do's of hotel distribution!), to breach existing agreements with corporate accounts and OTAs, to diminish its brand integrity and to create the perception that rooms are always on sale!

The most powerful reason to forget flash sales and social buying sites is "The Law of Unintended Channel Share Loss": Any booking via the most discounted channel (i.e. flash sale sites like Groupon or Living Social or BloomSpot or OTAs) is one fewer booking for the same hotel via its own website, call center or GDS. These sites also lead to the cannibalization of the hotel's existing loyal consumer base as 65% of daily deal buyers are already frequent (38%) or infrequent (27%) customers of that business (ForeSee, 6/11).

During urgent need periods, consider the following options:

- Launch a limited-time offer and promote it via:
 - o The hotel website with a promotional slide on the Home page or a highly visible tile
 - o Dedicated SEM campaigns on Google and Yahoo/Bing
 - o An email newsletter to the hotel's opt-in list
 - o The hotel's Facebook, Twitter, Google+ pages
 - o Online or email sponsorships to main feeder markets
 - o Blog posts on the hotel's blog
- Launch a 24-hour sale on an OTA while simultaneously promoting it on the hotel's website as described above
- Do an opaque OTA promotion on Priceline or HotWire.

2. **Don't Do Last-Minute Discounts via OTAs or Mobile Discounters**

Both hotels and airlines manage perishable inventory, so rather than launching a last-minute Groupon or sale with HotelTonight, why not take a cue from the airline industry? The closer to the date of departure or check-in at the hotel, the higher the rate – not the other way around.

Mobile is by nature a last-minute distribution channel. Most hotel mobile bookings are for the same or following night; therefore, these bookings will occur in any case without discounting. Use mobile SEM and SMS marketing for last-minute reservations, but market your true best available rates and avoid the temptation to discount.

For additional same-day bookings and last-minute sales, opaque sites such as Priceline and HotWire are preferable to flash sale sites as they maintain brand integrity until the booking is completed.

3. **Don't Use Social Media as a Distribution Channel**

Social media is not a distribution channel, and it was not designed as a sales platform to sell rooms. Use social media instead for customer engagement, customer service, customer relationship management (CRM), branding, awareness, etc.

Social media is best managed at the property level and needs to be monitored 24/7/365. Establish onsite champions who will speak with a consistent brand voice, provide exemplary customer service and serve as models of the hotel's product.

Use a [full-service digital marketing agency](#) for training, auditing, recommendations and technical design and build-out for custom tabs, backgrounds, widgets, sweepstakes, etc.

Post, tweet, respond and repeat!

4. **Don't Manage Promotions via the OTAs in Isolation**

When 24- or 48-hour sales on OTAs are “necessary” to increase occupancy immediately, do not neglect the hotel’s own website. Though Expedia will not allow you to promote the same offer on Priceline, its “rate police” will not stop you from opening the same rate or package on your own site.

Sales on OTAs should be cross-promoted on your website and within the following direct marketing campaigns:

- Dedicated SEM campaigns on Google and Yahoo/Bing
- An email newsletter to the hotel’s opt-in list
- The hotel’s Facebook, Twitter, Google+ pages
- Online or email sponsorships to main feeder markets
- Blog posts on the hotel’s blog

When looking to immediately increase profits, forgetting the most profitable channel is the hotelier’s biggest downfall. To be informed is to be empowered!

5. Don’t Pin High Hopes on the New “Anti-OTA” Players

Don’t put all your hotel’s eggs into fancy new baskets. [New hotel meta-search sites](#) such as RoomKey.com, MyBestHotelRate.com and GlobalHotelExchange.com will have a very difficult time gaining traction with travel consumers in this highly competitive online travel marketplace; therefore, they won’t become the “big players” that deserve your revenue manager’s time. Though perceived as industry-friendly, these new sites provide no unique value proposition to the travel consumer. Additionally, it is prohibitively expensive to establish a new travel consumer brand. The last two major travel brands to be established were Orbitz (2003) and Kayak.com (2004).

Conclusion

While the do’s of hotel distribution are largely self-explanatory, the don’ts have more critical implications. Not all that glitters is gold, and “new” doesn’t always mean improved, particularly in the case of the latest anti-OTA players.

In this dynamic industry, it is important to stay on top of quickly moving trends, prioritize initiatives that generate direct online bookings and be flexible enough to continuously adjust digital marketing campaigns for optimal, time-sensitive results. As always, count on the basics and stick to proven methods to drive exponential ROIs.

Partner with digital marketing experts who will prioritize driving direct online revenues for your hotel, and who will keep you up-to-date on best practices and proactively bring forth ideas to generate the highest website revenues and ROIs.

Work with a team of savvy digital marketers who will show you new ways to recoup lost opportunities, teach you how to stay on top of changes in the industry, and provide your hotel and team with real value, not just a service.

About the Authors and HeBS Digital

Max Starkov is President & CEO, and Lauren DeGeorge is Manager, Digital Marketing. HeBS Digital (Hospitality eBusiness Strategies), the hospitality industry's leading full-service digital marketing and direct online channel strategy firm, is based in New York City (www.HeBSdigital.com).

HeBS Digital has pioneered many of the best practices in hotel Internet marketing, social and mobile marketing, and direct online channel distribution. The firm has won more than 180 prestigious industry awards for its digital marketing and website design services, including numerous Adrian Awards, Davey Awards, W3 Awards, WebAwards, Magellan Awards, Summit International Awards, Interactive Media Awards, IAC Awards, etc.

A diverse client portfolio of top-tier major hotel brands, luxury and boutique hotel brands, resorts and casinos, hotel management companies, franchisees and independents, and CVBs are benefiting from HeBS Digital's direct online channel strategy and digital marketing expertise. Contact HeBS Digital's consultants at (212) 752-8186 or success@hebsdigital.com.