



Hotelier's 2005 Top Ten Internet Strategy Resolutions

Are hoteliers ready for the current dramatic channel shift? | By Max Starkov and Jason Price

Presented for the fifth year in a row, The Top Ten identifies major trends and priorities, and provides action steps to help hoteliers stay ahead of the competition and capture new market share with an effective Internet Distribution and Marketing Strategy. Smart and proactive hoteliers who utilize the Internet to their own advantage will define the industry winners and losers in 2005 and over the long term.

Background:

In 2005 25% of all revenues in hospitality will be generated from the Internet (20% in 2004, 15% in 2003). Another 25% of all hotel bookings will be influenced by the Internet, but done offline (call center, walk-ins, group bookings, etc). By the end of 2006, the Internet will contribute over 27% of all hotel bookings (PhoCusWright, CSFB). In 2004, for the first time Internet hotel bookings surpassed GDS hotel bookings. Are hoteliers ready for this dramatic channel shift? Who owns the customer in this new environment? How can hoteliers retain customer loyalty when the competition is just a click away? The Top Ten New Year's Internet Strategy Resolutions, presented for a fifth year in a row by Hospitality eBusiness Strategies (HeBS) provide some of the answers and action steps.

The 2005 Top Ten:

Whether you are a major hotel chain or hotel management company, independent or branded hotel, you can stay ahead of your competitors and capture new market share with an effective Internet Distribution and Marketing Strategy. How smart and proactive hoteliers utilize the Internet to their own advantage will define the industry winners and losers in 2005 and over the long term.

As part of your 2005 Internet resolutions, here are the **Top Ten Internet Strategy Resolutions** your hotel company should urgently adopt:

1. I will make 2005 the **"Year of Building Interactive Relationships with my Customers"**. I know that today's multi-channel marketing model requires interactive customer relationships to be established and maintained across all channels. In this new online environment I don't want just to provide the guest services, I would like to "own" the customer, and not allow the online intermediaries to own my customers. I will make it my mission this year to build mutually beneficial interactive relationships with my customers in order to increase repeat business, boost revenues, and retain loyalty.
2. I will make **Brand Building on the Web** the focus of the marketing efforts of my hotel company. I know that over 75% of North Americans research travel online. The multi-channel marketing environment my hotel operates in requires a single brand image to be communicated across all channels. I understand that a branding interaction occurs anytime an Internet user lands on my website or sees my listing on a search engine. I also know that this branding interaction can be: positive (brand-building) or negative (brand-eroding) and I will do everything possible to build a positive brand presence and recognition on the Web.
3. I will make **Direct-to Consumer Online Distribution** the centerpiece of my Internet strategy, because I know the Internet is the ultimate "Direct Distribution Medium" and it will provide my hotel company with long-term competitive advantages and lessen my dependence on intermediaries, discounters and traditional channels that are about to become obsolete. I will employ best practices in all Direct Channel strategies such as rate parity across all channels, best Internet rate guarantee, website optimization, search engine marketing, email and pay-per-click marketing, link creation, loyalty and retention programs, and trust building to encourage, entice, and convert lookers into bookers on my own website.

4. I will re-evaluate my exposure in the **Indirect Online Distribution Channel**. I will maintain strict rate parity across all marketing channels. I will preserve rate integrity and avoid brand erosion in today's multi-channel marketing environment. I will stop being taken advantage of by the Web-proficient online intermediaries. I know that online intermediaries need me more than I need them, as bookings for my hotel generate margins of \$50 to \$75 or more for the intermediaries as opposed to margins of \$5-\$10 in the other travel sectors (for car rentals and airline tickets). I will limit my exposure in the Indirect Channel to only a selected number of hotel-friendlier intermediaries and will make it my goal to reach the leaders in the industry who already enjoy a "controlled exposure" of 25% or less in the Indirect Online Channel.

5. I will adopt an ongoing **Website Optimization Strategy** and turn it into a top priority. I know that the hotel website has become the "first point of contact" with the overwhelming majority of hotel customers and I don't want a visit to my hotel website to turn out to be the "last point of contact" with this potential customer. By adopting a Comprehensive Website Optimization Strategy I will aim to enhance my hotel website's user-friendliness, search engine-friendliness and travel booker-friendliness. This strategy will deal with the issues important for turning lookers into bookers (conversion rates), improving my hotel ranking on search engines, and enhancing the trust-building aspects of the site.

6. I will deploy a robust **Internet Marketing Strategy**, and turn marketing of my optimized hotel website into a top priority. I understand that the Web is a key point of entry to establish interactive relationships with my customers and to capture new lucrative markets via eMarketing initiatives like online branding, email marketing, pay-per-click marketing, customer segmentation and link creation strategies, etc. I know the right PPC strategy will help me capture new markets and customer segments, and allow me to associate my hotel with local events and happenings, and market to unique and specialized audiences. I also know that email marketing is a crucial component of my direct distribution channel and can create direct revenue opportunities with past, present, and future customers. I also understand that the Internet is all about "multiple entry points" to my hotel product and I will aim to position my hotel website at all "points of contact" with potential Internet travel bookers via link creation and other Internet exposure enhancing initiatives.

7. I will perform a comprehensive **Search Engine Marketing Strategy** because I know that search engines are an essential component of the direct online distribution strategy. I know that 80% of overall website visits begin in a search engine or a directory service (Forrester). I know that hotel planning is destination sensitive so by having a destination focused search engine strategy, the search engines will be able to catalog and index my hotel site more effectively and drive more business directly to the property website. I will take advantage of all three main aspects of search engine marketing: Organic Listings, Paid Inclusions, and Keyword Search Marketing (PPC)

8. I will carry out a comprehensive **Destination Web Strategy** to leverage the popularity of my destination for my hotel's advantage, by making my hotel or cluster of hotels the "hero" of the destination, and in the same time turning my hotel website into a valuable destination resource for my online customers and increasing value and relevance for the search engines. I will identify patterns of consumer purchasing habits for my particular destination and perform a robust destination Web strategy and destination-focused search engine strategy.

9. I will use competitive intelligence to constantly evaluate how my comp set is utilizing the Internet and the Direct vs. Indirect Online Channels, and establish a benchmark on how I am performing in Internet distribution and marketing. I will subscribe to an

Internet Distribution Monitor Report—the competitive intelligence that will allow me to determine and monitor how I measure up against my competitors on direct vs. indirect channel utilization. This competitive intelligence will help me identify weaknesses and provide recommendations and action steps, and assure that I stay ahead of the competition.

10. To achieve all of the above, I will acquire the knowledge by partnering with leading hospitality experts in Internet distribution and marketing strategies. I understand the Internet has become the most important revenue channel and will no longer rely on biased advice from PR, interactive agencies, web designers or outsourcing this vital core competence to vendors that lack expertise and industry depth. From this day forward I am in control. I will seek advice from an experienced Internet distribution and marketing hospitality consultancy to help me navigate the Internet and utilize the Direct Online Channel to its fullest potential. From experts who can teach me and my staff best practices and provide crucial professional development, as well as guide my hotel company's direct Internet distribution and marketing strategies, online brand building strategies, e-CRM, website optimization and search engine marketing strategies.