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Hotelier's 2003 Top Ten Internet Strategy Resolutions

Your online distribution strategy and especially its direct-to-consumer component will define the winners in these trying times. | By Max Starkov and Jason Price

How can hoteliers deal successfully with today's challenges and emerge as winners from the present travel and economic downturn?

PricewaterhouseCoopers forecasts full-year 2002 U.S. hotel occupancy at 59.5%, one of the lowest rates in the last 75 years. RevPAR for the year is expected to be down 2.3 percent and ADR will decrease for a second year in a row, the first such consecutive decrease since the Great Depression. For 2003 PwC expects only a modest recovery. RevPAR will increase by only 3.5%. ADR is forecast to increase by 2.5% in 2003, while occupancy is expected to recover 0.6 percentage points and reach 60.1 percent.

Whether you are an independent or branded hotel, a major hotel chain or hotel management company, you can stay ahead of your competitors and capture new market share with an effective Online Distribution Strategy. Utilized properly, your online distribution strategy and especially its direct-to-consumer component, can play a major role in softening the effects of the travel and economic slump and will, over longer-term, define the winners in these trying times. But hoteliers should remember that the Internet in 2003 can be your best ally or your worst enemy.

As part of your 2003 Internet resolutions, here are the Top Ten Questions you should urgently consider:

1. 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 with long-term competitive advantages and lessen my dependence on intermediaries, discounters and traditional channels that are about to become obsolete. I will make it my mission to reach and exceed the national average and have at least 52% of my online revenues generated through my hotel website.
2. I will re-evaluate my exposure in the Indirect Online Channels and take measures to decrease my dependence on the online discounters to avoid brand and price erosion with long-term negative repercussions. I no longer want my online discounted rates to become, de facto, my hotel's Internet published rates which will put downward pressure on my offline rates. I will stop being taken advantage of by the Web-proficient online intermediaries. I will limit my distribution through indirect channels to below the national average of 48%.
3. I will institute a comprehensive Total Online Distribution Strategy, which turns the direct-to-consumer distribution model into the main focus of my Internet strategy and optimizes the balance of use between the Direct and Indirect Channels. I will aim to position my hotel at all "points of contact" with potential Internet travel bookers. My goal will be to utilize expertly the important online direct and indirect channels and generate at least 13% of all my hotel revenues from the Internet, while keeping my hotel company in full control of its brand and price integrity.
4. I will evaluate how I am doing on the Internet and determine if my online distribution is skewed toward the indirect (discount) channels. I will subscribe to an Internet Distribution Monitor Report—the needed intelligence that compares my hotel with my competitive set. Such an intelligence report will allow me to determine and monitor how I measure up against my competitors on direct vs. indirect channel utilization, identify hotel pricing and positioning on major indirect channels throughout the Internet, and assure that I maintain control of pricing with positioning without having to necessarily match lower competitive rates that no consumer will find.
5. I will perform Website Optimization to deal with the issues important for turning lookers into bookers (conversion rates) and improve my hotel ranking on search engines. I will make my website more user-friendly (tiered navigation, booking technology, customer support, eCRM features, etc) and prepare it for the search engines (relevant and credible copy, embedded target keywords throughout the site, destination-focused website optimization, domain name strategy, meta tags, description tags, etc).
6. I will carry out a comprehensive Destination Web Strategy to leverage the popularity of my destination for my hotel's benefit. I will identify patterns of consumer purchasing habits for my particular destination and perform destination research to identify relevant target keywords and develop copy with destination-relevant keywords and perform a destination-focused search engine strategy.
7. I will perform a robust Search Engine Strategy because I no longer want to be part of the "Invisible Web". I realize that by improving my website positioning on search engines I can boost direct consumer bookings. I also know that 85% of Internet users rely on search engines to locate information on the Web and in this environment I must rely even more on search engine referrals. I will perform a robust search engine strategy and register my website with 1500 search

- engines globally and subscribe for monthly re-submission services and make sure search engines find my website as a top 30 hotel listed in my market.
8. I will employ a robust Pay-Per-Click (PPC) Marketing Strategy because I understand that PPC marketing is an ideal direct to consumer channel and an effective "distressed inventory disposal tool". I know that PPC has become one of the top advertising vehicles used by US marketers and a smart way to position my hotel website as "Sponsored Links" or enhanced listings on top of the search engine results. I know the right PPC strategy will generate the returns I need without burning through my entire annual marketing budget.
 9. I will employ a highly targeted, full service Email Marketing Strategy, including customer email capture, monthly eNewsletter and virtual "on-demand" hotel brochure to my permission email list. I understand 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 will market to existing customers and reach new customers through a coordinated and ongoing email marketing strategy, targeting leisure travelers, meeting planners, and travel agents.
 10. I will partner with an experienced eBusiness hospitality consultancy to help me navigate the Internet and utilize direct-to-consumer channels to its fullest potential at minimal cost, with quick turnaround, and by utilizing tools that mistakenly are believed to be available only to the major online players.