



Hotelier's 2004 Top Ten Internet Strategy Resolutions

The Ten Most Important Things a Hotelier Should Be Considering in 2004 | By Max Starkov and Jason Price

Presented for a fourth 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 2004 and over the long term.

Background:

In 2004 16% of all revenues in hospitality will be generated from the Internet (14% in 2003). By 2006, the Internet will contribute over 24% of all hotel bookings (CSFB). This year 54% of all Internet bookings in hospitality will be direct-to-consumer (i.e. via hotel-owned websites). Some major brands (e.g. Marriott, Hilton) and proactive hotels and resorts already enjoy Direct vs. Indirect online distribution ratios of 75:25. Hoteliers like what they see: direct online distribution cuts costs, attracts affluent customers and lessens the dependency on online discounters and more traditional and expensive channels.

The 2004 Top Ten:

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 Direct Online Distribution Strategy. How smart and proactive hoteliers utilize the Internet to their own advantage will define the industry winners in 2004 and over the long term.

As part of your 2004 Internet resolutions, here are the **Top Ten Resolutions** you should urgently adopt:

- 1. I will make 2004 the "**Year of Direct Online Distribution and Marketing**". I will make direct-to-consumer 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 make it my mission to reach and exceed the national average and have at least 54% of my online revenues generated through my hotel website. I will employ all Direct Channel strategies such as email and pay-per-click marketing, link creation, lowest price guarantee, loyalty and retention programs, and trust building to encourage, entice, and convert lookers into bookers on my own website.
- 2. I will seriously re-evaluate my exposure in the **Indirect Online Distribution Channel** and take decisive 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 found on intermediaries to become, de facto, my hotel's "Internet published rates" which continuously 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 exposure in the Indirect Channel to only a selected number of hotel- friendlier intermediaries and will keep my indirect distribution to below the national average of 46%.
- 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 Direct vs. Indirect Channel balance for my hotel. My goal will be to generate at least 16% of all my hotel revenues from the Internet, while keeping my hotel company in full control of its brand and price integrity. I will aim to position my hotel website at all "points of contact" with potential Internet travel bookers. My goal will be to utilize expertly all important Direct Channel services beyond my website, including 150 plus authoritative online directories and services specializing in customer segments of great interest to my hotel.
- 4. I will evaluate how I am doing on the Internet and determine if my online distribution is skewed toward the indirect online channel. 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 to 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.

- 5. I will perform a **Website Optimization Strategy** that will make my hotel website user-friendly, search engine-friendly and travel booker-friendly. 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 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 its value and relevance for the search engines.
- 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 that search patterns for accommodations are strictly destination-focused. I will identify patterns of consumer purchasing habits for my particular destination and perform a robust destination- focused search engine strategy.
- 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 when necessary serve as an effective "distressed inventory disposal tool" without tarnishing my branding and pricing. 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 it to unique and specialized audiences.
- 9. I will employ a highly targeted, full service **Email Marketing Strategy**, including online and offline customer email capture, and regular email blasts and eNewsletters 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 to my own list or through email sponsorships, targeting leisure travelers, event and meeting planners, and travel agents.
- 10. I will partner with an **experienced eBusiness hospitality consultancy** to help me navigate the Internet and utilize the Direct Online Distribution Channel to its fullest potential at reasonable cost, with quick turnaround, and by utilizing tools that mistakenly are believed to be available only to the major online players. And yes, I know that the Internet can be my best ally or my worst enemy in 2004.