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Search Engine Marketing in Hospitality

Online distribution has become the main distribution channel in hospitality. Search marketing is an essential component of the hotel direct online distribution strategy and is one of the many aspects of a robust eMarketing strategy | By Max Starkov and Jason Price

Search engine marketing is an essential component of the hotel direct online distribution strategy. According to Forrester research about 80% of overall website visits begin in a search engine or a directory service. Many other surveys also show that up to 85% of Internet users rely on search engines to locate relevant information on the Web (e.g. Google, Yahoo, MSN, etc.). Search marketing is an extremely dynamic field. Search algorithms change, new search techniques and formats introduced, new search services launched, new challenges emerge on a daily basis that keep search marketers busy. The implications of all this in hospitality are enormous and some are highlighted in this article.

Background:

In 2005, online travel sales will account for an estimated 30 percent of total travel sales- up from 25 percent last year and 21 percent in 2003, according to a recent report by Merrill Lynch. By 2007 online travel sales will represent 39 percent of all travel revenue, with growth from direct suppliers outpacing that of online travel intermediaries.

In hospitality, this year over 25% of all revenues will be generated from the Internet (20% in 2004, 15% in 2003) (HeBS, PhoCusWright). Another 25% of hotel bookings will be influenced by the Internet but transacted offline through call center, walk-ins, group bookings, and even via email inquiries. Indeed the explosive growth in online hotel reservations was best illustrated when for the first time in mid-2004 Internet bookings surpassed GDS bookings.

The same Merrill Lynch analysis concluded that search engines are driving much of the increase in online bookings. This report estimates that travel search technology accounted for \$600 million in direct bookings last year. What's more, it predicts that search-related bookings will double each year through 2007.

Search Engines & Search Behavior

Search engines and search marketing have received much global attention. Search engines are as pervasive as the Internet. Google is now a public company with a market cap of \$80 billion; MSN launched a new search engine; AOL announces the creation of its own search engine; and traditional marketing budgets are being rewritten for search marketing and the web.

Top Search Engines Ranked by Search Share, July 2005:

(2005 Nielson/NetRatings)

- Google | 46.2%
- Yahoo! Search | 22.5%
- MSN Search | 12.6%
- AOL Search | 5.4%
- My Way Search | 2.2%
- Ask Jeeves | 1.6%

In recent years research firms have begun studying the influence of search on consumer behavior, and its impact on the travel industry. They have identified online users as only somewhat satisfied with search results and are willing to switch from one search engine to another showing very little loyalty. Here are some more of their findings:

Search Behavior:

- 1 in 2 Internet users will use one or more search engines in a search
- 1 in 3 use a search engine tool bar installed on the web browser
- 17% use search engines for specific reason: Yahoo to search music; Google to search for a song
- Relevance is still the driver; sponsored results have to be relevant
- 3 out of 4 will start at the search engine when going to a website
- 22% are looking for a website they already have in mind

(Keynote Research)

Search engine loyalty is low:

- Searches on one search engine occurs on other search engines
- 58% of searches conducted on Google are then applied to Yahoo or MSN
- Loyalty cannot be taken for granted
- Loyalty is low b/c switching cost is low

(Nielsen NetRating)

Search in Travel is Destination Focused

Unlike other e-commerce categories, Internet users search for travel and hospitality services and offerings within the context of the destination. Therefore the search engine strategy for travel and hotel websites is subject to a different methodology than what the generalist SEO (Search Engine Optimization) companies offer. Marketing a bank, eyeglass store, or dental office does not factor the characteristics or intensity of the destination. Nor do generalists differentiate travel search behaviors from general online consumers.

A destination-focused search engine strategy requires in-depth knowledge of the travel and hospitality industry, extensive destination research, destination target keyword analysis, and destination search behavior. Only a destination-focused search engine strategy can help the travel and hotel website leverage the popularity of the destination to its benefit.

Search in Travel (includes hospitality):

- 73% use search to find travel; 27% went directly to travel site
- Travel is top 4 category in use of search requests and some studies report in the top four types of searches
- Travel searches originating from a search engine tends to lead to travel being purchased two weeks out

(Performics)

With such vast numbers of searches originating from search engines, clearly search engines are an essential component to the hotel's direct online distribution strategy. Ranking high on the engines and consistently staying there along with matching the right budget to compete effectively are all major competitive issues with advertisers online.

Why Search Engine Ranking is Important - "The Golden Triangle"

The order in which the hotel appears on a search engine is of absolute importance. As far back as 2002, the Bear Stearns industry report Web Storm Rising stated, "Our research uncovered that being listed in the top five assures the highest level of bookings, and that after the fifth slot, bookings drop dramatically. Approximately 50% of people on the first page will go to the second page and so on."

Over the last year or so, a new term, "Golden Triangle" has entered the search marketing vernacular. Novel research using beams of light that bounce off the eyeballs of online test users and onto a conditioned computer screen, captured certain patterns of online viewing behavior when on search engines. The highest concentration of visualizations appeared on the top three to four listings in the natural listings and top one to two in the sponsored listings. Basically a triangle began to form as more people tended to look in this top corner of the page now referred to in search marketing as the "Golden Triangle."

Here are some other findings:

- Drop off begins after the 3rd natural listing
- First position in sponsored links drew 28% of visualizations
- Beyond the rank of 8 in the natural listings, there was a 50% drop off
- Bear Stearns 50-50 rule no longer stands; more like 80-20
- People who search below the fold are "more deliberate" seekers (may suggest have something already in mind to find)

So the conclusion drawn from above is that competing on the search engines by appearing as early and as often as possible is of increasing importance. How a website achieves top position is not a simply adjustment of the web page and the money starts to flow in but a concerted effort that requires time, expertise, and resources in website optimization and search marketing.

In hospitality, search marketing is part of your online distribution strategy. We have all become travel agents with our desktop, laptop, PDA, or other electronic devices and the strategy is to reach your specific customer segments when they are searching for you.

Lodging companies that do not have the marketing budget of the major intermediaries must rely even more on search engine referrals. Therefore good positioning of your hotel website on the major search engines is of critical importance and can directly affect your bottom line.

Search Marketing vs. eMarketing Strategy

Search marketing is only one of the many aspects of a robust eMarketing strategy. An effective eMarketing strategy in hospitality utilizes all the market resources and channels available on the Internet. This includes implementing robust search engine marketing, email capture and email marketing, link creation and link popularity strategy, online sponsorships, display advertising, and much more.

eMarketing and its various formats can be used successfully as a direct response vehicle (short-term, results-oriented) or as a branding tool (long-term and meets strategic goals). Due to budget limitations, seasonal demand and the perishable character of hotel inventories, HeBS usually recommends that hoteliers focus their resources on eMarketing formats that are best used as a direct response tool:

- Search Engine Marketing
- Email Marketing
- Link Popularity
- Online Sponsorships

CASE STUDY | A Boutique Hotel in California

Background: In highly competitive northern California market this boutique hotel needed to outsmart its competition and boost ADRs, revenues and occupancy rates. Internet distribution and marketing strategy developed from scratch.

Actions:

- HeBS launched an aggressive Direct Online Distribution and Marketing Strategy for the hotel, including an award-winning designed website, email marketing, search marketing and link popularity strategies.
- Results: Within 12 months the hotel opt-in e-mail list grew from practically zero to over 10,000 recipients. The website ranks in top positions on all major search engines for most popular keyword terms. The hotel website, supported by powerful email, search marketing, link creation and online sponsorship campaigns has indeed become the “first point of contact” with customers and over 50% of hotel bookings come via the hotel website.

Aspects of Search Engine Marketing

Search Engine Marketing begins by making the site represent best practices in website optimization. This includes turning the hotel website into a search engine-friendly website, enhancing the relevancy and richness of the content, developing customer segmentation, incorporating a destination web strategy, performing relevant keyword search analysis, boosting the keyword density of the visible copy, developing page titles, description and meta tags, performing search engine registrations, launching search marketing campaigns in all search formats, and making sure site is constructed in such as that is friendly to the search engines.

Search engine marketing has five unique aspects:

- Natural (Organic) Listings
- Paid Inclusion marketing
- Keyword Search Marketing (Pay-per-click Marketing - PPC)
- Local Search marketing
- Vertical Search marketing

Each has its own business application, pricing model and cost, and method of practice to fully exploit the opportunities in direct marketing and distribution.

Natural Listings

Natural search is the most popular type. Contrary to popular belief natural (organic) listings are not free. Good search engine rankings of your website require extensive, ongoing website optimization efforts that have to be budgeted. But this is definitely the most inexpensive form of search marketing in the long run as optimizing the site is a long term investment in the site.

The search engines serve up natural listings using ever changing algorithmic formulas, whose composition is a closely guarded secret. These algorithms are based on different number of

variables for each search engine, over 100 in the case of Google. Some of the variables are: website navigation and architecture, relevancy of contents, keyword density, link popularity, meta tags, description tags, page titles, Traffic rank, Page Rank, fresh content, activity and traffic on the website, and many more.

Website Optimization vs. Search Engine Optimization

Direct Online Distribution begins and ends with the hotel website. A well functioning, fully optimized website is a real asset that serves as the chief instrument to capture new markets and facilitate transactions, and communicate with a) your customers and b) with the search engines.

Many hotel websites are performing poorly as far as online distribution and search engine strategy are concerned. Why? Many hotel websites have been developed by web designers who know nothing about the hospitality industry, based on input and concepts by hoteliers who are not experts on Internet strategy, online distribution, and eMarketing. And many of them were designed as online brochures without taking into account principles in fundamental search engine marketing and online distribution.

Using a “Quick Fix” Approach to Undo What’s Fundamentally Wrong

Such hotel websites inevitably produce poor results and few bookings. Hoteliers then turn to Search Engine Optimization (SEO) vendors for a quick fix of the hotel website to boost search engine rankings and increase online revenues. In reality, “slapping” meta tags to a stale, user and search engine unfriendly website and submitting it to the search engines can achieve few sustainable results.

Good search engine rankings require systematic, ongoing website optimization. Only a fully optimized website developed according to the best practices in online distribution and marketing can produce robust revenues, top search engine rankings, and position your hotel company ahead of the competition. Website optimization takes a comprehensive look at the website and prepares it for optimal performance (maximum user experience, bookability and conversion rates) and yes, the search engines.

Website Optimization to the rescue

Website Optimization often starts by undoing damaged work of web designers and SEO firms. One must recognize that Website Optimization rather than Search Engine Optimization takes a total review of the website from the way it was built to expansion of navigation, to revamping and building keyword rich body copy.

Website Optimization includes among other things: optimizing the architecture of the site, introducing tiered navigation on the site, optimizing the body copy and drastically increasing the “Keyword Density” of the site, introducing rich content addressing all of the key customer segments, turning your hotel into the “hero” of the destination, creating landing pages for various email marketing and PPC marketing campaigns, enriching the website with relevant and fresh content and act as additional entry points to the site, boosting the Traffic Rank of the

site, launching a comprehensive Link Popularity strategy for the website, and yes, optimizing the page titles, description and meta tags to support the body copy.

Most SEO firms address only a few of those items just mentioned. Even with some travel experience most underestimate the value of those items.

What are the Search Engines looking at? Here are the most important criteria used by the search engines to rank a hotel website:

- The overall search-engine friendliness of the site:
- The search engine bots do not like sites built entirely in FLASH, sites built in frames, Intro/Splash pages with no navigation and copy, lack of site maps, the copy in GIF or JPEG and not in HTML text format, poor body copy, and lack of relevant contents, etc)
- Rich and relevant content on the site
- Body copy with high Keyword Density
- Invisible copy (page titles, description tags, meta tags) that supports the visible (body copy)
- Link Popularity of the site (number of incoming links from highly authoritative websites like hotel directories, portals, etc)
- PageRank (Google)
- Traffic Rank

As a result of their assessment the search engines determine the relevancy of the website to each keyword used to decide the ranking of the site.

Overview of Some of the Important Criteria

Two crucial criteria used by the search engines (Body Copy and Link Popularity) are typically not addressed by a SEO company.

Body Copy: The copy on the hotel website serves two audiences: the Internet users and the search engines. The body copy plays an essential role in promoting the hotel and its product/services to the web customers. The 2004 RUSH Report by HeBS/iPerceptions found that leisure travelers-website users cited the site content/descriptions as one of the top 3 features they disliked most about hotel brand websites.

Equally important is that today's search engines value the descriptive body copy found on the web page. The body copy must contain relevant target keywords and phrases (destination and product related) that permeate throughout the website. Search engines rate body copy as the only truthful source to pull descriptive data on the website for indexing. Search engine executives constantly reiterate that the body copy is the most important factor for getting high rankings.

Search engines value the descriptive body copy (visible copy) found on the website more than the invisible copy (tags). The body copy must contain relevant target keywords and phrases (destination and product related) that permeate throughout the website. The so called "Keyword Density" i.e. number of keywords per 100 words of copy should be enhanced significantly. Search engines rate body copy as the only truthful source to pull descriptive data on the website for indexing. Search engine executives constantly reiterate, the body copy is the most important factor for getting high rankings.

CASE STUDY | Body Copy and Link Popularity of a Hotel Brand Website

Using HeBS' proprietary CyberScore Rating System, we evaluated the website of a prestigious hotel brand (body copy and descriptions) and the site Link Popularity and compared it to the industry average derived from similar evaluations of over 20 brand websites.

- The body copy on the property pages consistently failed to disclose the location of the hotel and to "associate" the property with its respective destination
- Extremely low Keyword Density
- No customer segmentation strategy resulting in the absence of rich content related to the key customer segments (e.g. meeting planners, wedding planners, business travelers, etc)
- No destination web strategy to make the hotel the "hero" of its destination.
- Low link popularity and even lower number of links recognized by Google, which inevitably will hurt the search engine ranking.
- Audit Results: The hotel brand utilizes only 27% of the "best practices" opportunities, way behind the industry average of 48%.

Link Popularity: Link popularity is another important criteria used by the search engines (Google, Yahoo, MSN, etc) when ranking a website. The higher the link popularity, the more authoritative and relevant the incoming links, the better the chances for a top position in the search engine results.

Link popularity refers to the number and quality of incoming links that are pointing to the website. Outside websites that consider your own website important will create a link to your site. In the search engines' view, links to your website are considered important. Each link is considered a "vote of confidence" by a third party website for your site.

Today search engines want links from authoritative sites, or links from websites that share the same focus as your website, i.e. travel-related websites, destination portals, travel guides, CVBs, travel and hotel directories, etc.

Positioning the hotels on such authoritative sites achieves two goals:

- Boosts its Link Popularity which is vital for the search engine rankings
- Leverages the marketing dollars and accumulated traffic of these sites, which ultimately will increase direct sales as more traffic is led toward the brand website.

The goal is for the hotel to position itself at all "points of contact" with potential Internet travel bookers. Utilized expertly, these important online channels can produce immediate results, while keeping the hotel company and properties in full control of the brand, pricing strategy and revenue management techniques. An essential by-product of such a strategy is the incoming link generation by outside websites.

Paid Inclusion Search Listing Services: Paid Inclusion is an alternative method to appearing on the search engines in the natural listings. By registering specified URLs through Paid Inclusion, these pages become cataloged and indexed every more frequently (e.g. every 48 hours with the Yahoo! Search Submit program). Paid Inclusion is ideal for pages rich with keyword density copy or copy that changes frequently. When keywords are searched, the listing appears in the organic listing and the click is a fixed price of 15 to 30 cents, depending upon which service used. Listings in the Paid Inclusion services are the result of less passive and slightly more

aggressive methods of introducing new pages and auditing and enhancing existing in order to further boost appearance in the natural listings.

Why HeBS believes Paid Inclusion is important:

- Indexes and catalogs pages. every 48 hours
- Captures new content if frequently updated
- Offers a more refined list comparing apples to apples (hotel wedding page competes with other hotel wedding pages)
- Less expensive alternative to PPC

Pay Per Click Marketing: PPC listings are not served by the search engines as natural listings as the two search types mentioned above but in a separate category typically under "Sponsored Links." Pay-per-click (PPC) or Pay-for-performance services as they are sometimes known have become extremely popular and are a smart way to position your hotel as "Sponsored Links" or enhanced listings in the search engine results. Over 50% of every online advertising dollar in 2005 will be spent on PPC and paid-inclusion vs. less than 20% on display advertising (e.g. banner ads).

PPC is the most aggressive way to influence your appearance on the search engines. HeBS foresees increasing importance of this search marketing format and considers it as a major short to mid-term distressed inventory disposal tool:

- Direct-to-consumer channel
- Customers visit and book on hotel website
- Preserves Brand Integrity
- Ideal distressed hotel inventory disposal tool
- Captures new customer segments
- Takes advantage of local events and happenings
- Free impressions—great branding effect at no cost

Based on the goals of the marketing campaign, the hotel needs to develop a differentiated marketing approach and PPC strategy. For example PPC can be used successfully for:

- Global PPC and Local PPC Campaigns
- Direct Response PPC Campaigns
- Brand Building PPC Campaigns
- Thematic PPC Campaigns
- Event-based PPC campaigns
- Email capture PPC campaigns

CASE STUDY | Event-related PPC campaign in Miami

Background: A hotel client needed help with occupancy in a highly competitive market and off-season environment.

Actions: HeBS launched a series of local event-focus PPC campaigns to capture market share that would not usually belong to the hotel.

Results from one of the PPC campaigns:

- 501 PPC-triggered visits to the special event landing page on the hotel website at an average cost of \$0.12 per click.
 - Reported revenues from the PPC campaign: \$7,835 (accommodations + F&B)
 - Cost of the PPC campaign: \$60.27.
 - ROI: 103 times return on investment.
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Local Search

Local search has gained strong momentum as more consumers become accustomed to conducting destination oriented searches, especially when the destination is significant as with the travel industry. A survey by The Kelsey Group and BizRate.com found that 74% of respondents conducted local searches online and that an average 27% of US consumers' total online searching is for local listings and content.

All of the major search engines have introduced Local Search functionality (e.g. Yahoo, Google, etc). Local Search marketing can pursue several simultaneous avenues: local search directory listings, online yellow pages enhanced listings, local search PPC campaigns, etc.

Local searches enable businesses to increase sales by precisely targeting customers interested in your neighborhood who are searching on the Internet for local products and services, whether your hotel has a website or not. With an emphasis on local searches the impact on the hospitality industry is obvious. All travel is destination oriented and requires a local address. Savvy hoteliers can definitely take advantage of this marketing format and stay ahead of the competition. HeBS strongly believes that the local search marketing format will increase in importance and that it is ideally suited for the hospitality industry. Local Search provides the following benefits:

- Captures local market share
- Captures the drive-in market
- Addresses more traditional audience accustomed to using the Yellow Pages
- Generates website visits but also local phone calls

A word About the Travel Search Engines (Vertical Search)

The so called Travel Search Engines facilitate comparison shopping by compiling results from various sources and provide a price comparison of the product searched. This allows the shopper to check rates and availability of different providers on one website.

Once a search is requested, the data displays a number of supplier + intermediary sites with rates for same dates of availability. The business model is advertising model combined with a standard commission per sale (Side Step) or advertising model combined with a pay per click model much like the traditional PPC services (e.g. Kayak.com).

In online retail, comparison shopping has been around for at least 8 years, so the experiences in this sector are indicative of what would happen in the travel sector. MySimon.com, Shopping.com and Bizrate.com are examples of comparison shopping search engines that have been around for at least 6-7 years.

In online travel comparison shopping is not a new thing—back in 1999 Trip.com (now part of Cendant) launched its own comparison shopping service, which used scraping technology to aggregate price comparison results. This service vanished less than a year later due to a) inability to generate sufficient consumer traffic and b) many travel sites denied access to their sites as the service did not have permission to scrape these sites and the scraping technology burdened their servers.

To a great extent the online intermediaries like Expedia and Travelocity feel threatened by this business model and are reluctant to participate in this new type of Travel Search Engines. On the other hand seasoned online travelers treat the online intermediaries as travel search engines and use them to comparison shop. A recent survey by PhoCusWright finds that four out of ten online travel shoppers have shopped on online intermediary sites, but ultimately purchased direct from a supplier.

Based on the history of comparison shopping in online retail, current realities in the marketplace (suppliers maintain strict rate parity and best internet rate guarantees), well established online purchasing habits, and other factors, HeBS does not believe that travel search engines can gain widespread recognition and acceptance in the marketplace. We expect only a few of the existing players to remain in the long haul. Comparison shopping has always been a very narrow niche market.

Conclusion:

Online distribution has become the main distribution channel in hospitality. This year over 50% of all hotel sales will be directly influenced by the Internet. Search marketing is an essential component of the hotel direct online distribution strategy. It is part of a comprehensive eMarketing Strategy in hospitality, together with other important aspects such as email marketing, link popularity, online sponsorships. Search marketing and its main aspects: natural listings, paid inclusion, PPC and Local Search should become an integral part of the overall hotel marketing strategy, and an important line item in hotelier's 2006 budget.

Hoteliers should focus all of their efforts and resources on building and expanding their existing Direct Online Distribution and Marketing Strategies. Consider seeking advice from an experienced Internet marketing hospitality consultancy to help navigate the Internet and utilize the Direct Online Channel to its fullest potential. From experts who can teach hoteliers and their staffs best practices and provide crucial professional development, as well as guide hotel company's direct Internet distribution and marketing strategies, including search marketing and online brand building strategies, e-CRM, website optimization and email marketing strategies.