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Hotelier's Web Analytics Action Plan: Turning Knowledge into ROI-Focused, Action-Oriented Results

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Hospitality is an information intensive business. Hotel managers are exposed to numerous reports that touch upon practically every aspect of running a hotel. In addition to reports dealing with hotel operations, today's hotel managers have another category to consider that has become vital to their property's success—how their hotel website is performing. Forty-five percent of all hotel bookings in the U.S. will be generated via the Web in 2010. At least 62% of those will come from the direct online channel, i.e. the hotel branded website (71% for the top 30 hotel chains); therefore the "health" of the hotel website is vital to the survival of any hospitality company today, affecting E-Commerce Managers, Revenue Managers, Directors of Sales & Marketing, General Managers, owners, reservations departments and front desk clerks.

This article is designed as an action plan to guide you through solving tough, yet crucial business questions about your website and Internet marketing campaigns. The questions we explore here only represent a snapshot of the insights one could glean from a quality web analytics tool; however, these are the fundamentals to get you started.

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Background

Analytics, the practice of using quantitative data to base business decisions, is a science. Basing decisions and predicting future behavior using historical data and statistical modeling, as opposed to just "going with your gut," typically describes the practice of analytics. Most industries rely on some form of analytics to help plan and forecast, and the hospitality industry is no exception.

The direct online channel is the only growth channel in hospitality, and it has become the single most important source of revenue for hotels. Every single dollar spent online can—and must— be tracked using a web analytics tool like Omniture. If you cannot measure results such as bookings generated and ROI, don't spend a single precious marketing dollar.

The Internet marketing budget is never final. It is a "work-in-progress" which continuously needs to be reevaluated depending on results and Return-on-Ad-Spend (ROAS). Using state-of-the-art analytics to dissect customer behavior, marketing costs, and revenue returns makes for savvier hotel marketers and budget planners for years to come. An analytics tool also allows for adjustments in Internet marketing strategies as needed—since results may be measured in real time—making it an invaluable, must-have tool in the hotelier's Internet marketing arsenal.

Selecting the Right Web Analytics Tool

The web analytics industry is a competitive marketplace and there is no shortage of vendors, free and paid. The best web analytic tools are from technology companies that focus on the development and refinement of web analytics. Here at HeBS, we utilize Omniture SiteCatalyst and Omniture SearchCenter for all of our clients. Omniture is by far the market leader and is used by many major hotel brands such as Starwood and Marriott, OTAs like Expedia, and many mid-size hotel chains and full service hotels and resorts.

Free analytical tools like Google Analytics simply cannot compare to the highly sophisticated yet easy-to-use web analytic applications from Omniture. A simple example of why Omniture rises above the competition is its integration of tracking across all aspects of the online channel; the ability to incorporate data from the hotel website, search engines, email and text messages, PMS driven eCRM, media buys, phone call tracking, Web 2.0, Social Media and more. An integrated analytical tool provides more accurate analysis of the results of a marketing plan, as each component is tracked, measured, and viewable on a user-friendly dashboard. Tracking the bottom line –ROAS – is the ultimate goal in a world of limited resources.

The following case study illustrates the integration of tracking across various online channels. Note the detailed information not just on revenue and ROAS, but additional measures that must be taken into account when analyzing the results of a campaign.

<u>Case Study: Measuring Results for a Luxury Midwest Spa Resort</u>

Midwest Spa Resort (12 months)	Click-Throughs (Clicks)	Bookings Initiated	Leads Initiated	Leads Completed	Bookings	Room Nights	Revenue	ROAS
Banners	240	10	7	5	3	9	$ 2,700.00	27%
Strategic Linking	84	22	4	1	2	3	$ 891.00	700%
Emailers	797	47	37	17	21	51	$ 16,320.00	4000%
Email Sponsorships	232	11	23	11	7	21	$ 6,970.00	120%
Cost Per Click Advertising	1211	88	35	3	4	11	$ 4,500.00	400%
Paid Search Engine Marketing	19784	4762	1493	198	108	565	$ 76,761.00	657%
Natural Search	NA	28552	8007	1100	899	10535	$ 556,482.00	2500%
Local Search	14795	2775	770	72	72	160	$ 51,270.00	42500%
CRM (confirmations & reminders)	121	7	0	0	13	17	$ 5,440.00	320%
Consumer Deal Releases	47	7	44	27	2	4	$ 1,500.00	275%

Moving Beyond Web Analytics 101

Move beyond basic visits, page views, and other standard measures and customize your reporting and analytics to generate a deeper understanding of user behavior and revenue generation. For example, are you able to determine which paths on your website generate the most revenues, or which of your Internet marketing initiatives stacked up (i.e. a hotel guest first clicked on a PPC ad, then came back to book a room from an email newsletter offer) to result in the most reservations? Commonly referred to as custom conversions, these reports make analytics not only invaluable but enjoyable. Only a sophisticated and proven analytical tool will provide thorough, customized reporting on this level.

Your web analytics tool must provide a broad range of reporting capabilities that you may tailor to meet your specific needs.

What is the future of web analytics? Real-time visual reporting is the next generation of web analytics, allowing analysts to determine the most valuable touch points on a website and to follow, in real-time, the path of users visiting the site, the amount of time spent per page, and the pages through which they exit the website.

From custom conversions to visual reporting, these tools assist hotel Internet marketers in budget planning and validate the investments being made online.

Hotelier's Web Analytics Action Plan

Assuming you have direct access to your own web analytics account, and have already received basic training (HeBS provides clients with training and 24/7 access to their Omniture web analytics), it is now time to get the most out of your web analytics.

Here are ten metrics to measure, followed by an action plan based on results:

1) Where are my visitors located and of these visitors, which ones are booking?

Situation: Most web analytics will tell you where your customers are located based on IP address, but not all will tell you if they are converting from lookers to bookers. In a world of limited resources, you need to make sure you are spending your dollars where your most valuable and loyal website visitors will find you.

Action Plan: After examining revenue production (not just website traffic) by location, direct marketing dollars to reach the people in those specific geographic locations most likely to purchase from you. If the hotel website's primary traffic appears to be coming from drive-in markets, marketing campaigns should reach accordingly. If the hotel attracts Spanish speakers from top destinations in South America, but only one country generates meaningful revenues, then that is where you need to dedicate your marketing funds. This may call for a complete overhaul of your Internet marketing budget – but the hotel's increased ROIs will make the effort well worth it.

2) What is the total number of days prior to making a purchase, also referred to as the hotel's "purchase cycle"?

Situation: The purchase cycle describes how many days it takes a visitor to make a purchase after first visiting the site. Reasons for a delay in purchasing vary. Customers may be simply browsing and shopping rates, or they may find the site too complicated to navigate. We know that when it comes to the hospitality and travel industries, people are searching on average of 22+ travel websites before making a booking (Google).

Action Plan: Put messages on your home page, specials page and reservation pages to motivate buying. Depending on seasonality, try enticing consumers with low availability, extra room nights (i.e. purchase two nights and get the third night free), and advanced purchasing. Figure out ways to motivate faster bookings and minimize the hotel's purchase cycle. Make sure you are reaching your future and current guests via multiple touch-points so they come across your hotel website and marketing messages a few times during their planning process. Lastly, look at your stacking reports (see #5) before you determine that one of your Internet marketing initiatives isn't working for you because you aren't seeing immediate, direct conversions.

3) What are the most popular paths journeyed through the site? What are the most revenue generating paths?

Situation: How well do you know your website? Pathing describes the way a website visitor navigates your hotel website and a pathing report aggregates the pages viewed by all visitors over a specific time frame. It is possible that 80% of your revenues come from 20% of your website pages. Do you know which pages these are and how your website visitors are getting there?

Action Plan: Carefully measure how your guests navigate your hotel website before they make a booking. Don't limit what you measure by only starting from the home page to assess pathing reports. Include interior pages as they will tell you where visitors went next (i.e. specials & packages, private landing pages, campaign landing pages, etc.), or if they just left your website because they did not find what they needed. Try following the path of visitors that come to your website from banners ads or other media to determine the success of those campaigns. Analyzing these reports will also make you think twice before changing the content on a page—or help you realize that a landing page is actually hurting your business.

4) Which and how many web pages contribute to my overall revenues?

Situation: As mentioned in the pathing question above, be careful which page(s) you plan to change. Pages that influence customers to book may be of greater value than you think. When evaluating the importance of pages and the general value of the website content, test which pages convert lookers to bookers.

Action Plan: Examine the traffic of interior pages. See how well they performed in influencing a user to book. Would more photos, a more attention-grabbing headline, or other visual element help? If you have pages in multiple languages, are these pages viewed and do they lead to any bookings? If not, you may want to consider whether the translation was done accurately. Multilingual campaign development should not be a direct translation; results are greatly improved by tailoring the SEO and PPC campaigns to the specific culture and language.

5) Where in the booking process are we losing customers?

Situation: Where and why are customers abandoning the booking process? Web analytics allows you to answer such questions and from different angles that a booking engine report will not be able to tell you. It is not sufficient to just measure abandonment. Review where in the booking process people are abandoning – does a specific room type or room rate lead to a high abandonment rate?

Action Plan: First identify which steps in the process your website visitors are leaving the booking process. Is it before or after clicking on book now, entering dates, selecting a room, or another step in the process? Perhaps you need to reinforce the sales process or provide assurance that the transaction is secured. Consider comparing abandonment rates based on different room types, specials, and time of year. This analysis will help you improve the booking process and convert more lookers to bookers.

6) How do I know which advertising medium(s) contributed to my hotel website revenues?

Situation: Hotel guests who have booked on your website may have been exposed to various forms of marketing initiatives (e.g. email, PPC, banner ads, print, etc.). You want to give credit where credit is due, but results usually give all the credit to only the most recent initiative that lead to a booking.

Action Plan: A campaign tracking report with custom conversions can break out the paths of campaigns (including the multiple keywords that led to a booking when studying the results of paid search) that users took to book. Credit can be given evenly across each channel and/or keyword that influenced a booking, or distributed proportionally based on the marketing spend. Either way you may determine if a specific marketing initiative influenced the hotel guest to learn more about your hotel, to return to the website, to make a booking, or if it made no impact at all.

7) How is the hotel pacing over the upcoming weeks and months?

Situation: A hotel that is pacing well over the next 30 days suggests the rooms nights are selling and the hotel is on schedule to meet budget over the next 30 days. Pacing varies due to seasonality and the economy and tends to replicate year after year.

Action Plan: While any booking engine or PMS report may show this information, it will not show you all the bookings initiated or leads initiated which may suggest interest and help predict room reservations if matched with the booking cycle. If the hotel is not showing strong pacing, then consider increasing the budget for search marketing campaigns and launching email campaigns and/or media promotions offering special rates during the time period that shows slow sales. A small window of lead time may move those unsold rooms—and reports showing which campaigns lead to bookings with a short lead time should spur you to increase spending for those respective campaigns.

8) What are the most popular types of rooms sold on the site?

Situation: Some types of hotel rooms sell better online than others. Why is this the case? It may be due to the type of room, room rate, floor space, amenities that come with the room, general description and presentation, or even availability.

Action Plan: Use website analytics to determine which room types do not sell. Boost the image and selling power of these types of rooms by incorporating upgrades and offering additional nights at special rates. Evaluate the quality of the presentation and imagery of the rooms on your website. Perhaps even the naming of the room, i.e. "Double-Double Luxury Partial Ocean View," is too complicated or not enticing.

9) What is my CPA (cost per acquisition)? Does it vary by channel?

Situation: Acquiring new hotel guests is often costly and it is crucial to determine the total marketing spend vs. revenue for those who booked. This ratio describes the cost to acquire a customer.

Action Plan: The CPA may help determine what the appropriate budget should be for a marketing campaign, particularly when it comes to paid search budgets. For PPC, the CPA may help determine which ad groups or terms are not producing. Pause them and save your marketing dollars.

For banner ads and sponsorships, take the total cost or the cost for that month and divide by the number of bookings generated. Did you achieve the appropriate return on ad spend? Did your customer acquisition go up or down? Assuming your analytical tool integrates all your paid search marketing programs, reports will display the results of specific ad groups and keywords. The CPA may help determine how much of a cost increase per keyword you are willing to accept to acquire additional customers, rather than relying solely on Google recommendations.

10) How did my Bid Rules influence traffic and acquisition from my paid search campaigns?

Situation: Managing your paid search on a micro level (shifting dollars towards where production is anticipated) can be critical during lean times. Knowing which specific keywords generate revenues, and finding more keywords to help increase conversions from paid search campaigns, is extremely handy information. In addition, optimizing the price per click bidding through bid management can lead to incremental gains.

Action Plan: If your web analytics has an automated bid rule functionality (i.e. Omniture's Search Center), than start with simple adjustments to the budget on certain search terms. Those with higher click-throughs may not yield any revenues, resulting in wasted marketing dollars. If this is the case, set

the bid rule to reduce the bid amount each time the keyword is clicked as long as no revenues are generated.

The opposite can be true for terms that do produce. In this case, the bid level may stay constant or increase as the conversion rate moves in the same upwards direction as the click-through rate. Employing a bid rule strategy can save you marketing dollars in the long run by avoiding expenditures on terms that seem popular yet do not generate revenues. HeBS has saved its clients between 30%-40% of their precious advertising dollars by utilizing Omniture SearchCenter and its sophisticated SEM management technology.

A Word about Call Tracking

Phone tracking is now easier than it has ever been. You may assign a unique 1-800 number for calls from each of your Internet marketing campaigns to determine how many more bookings resulted from these campaigns over the phone. This year, with mobile marketing in the spotlight, it is especially important to determine how many of the hotel's bookings made over the phone resulted from the mobile website or mobile marketing initiatives. For example, if your hotel sees a high percentage of phone bookings resulting from mobile initiatives, it may be worth it to invest in a mobile booking engine.

Conclusion

Take a closer look at your web analytics tool and carefully determine whether it provides the actionable reporting that you need to generate robust revenues from your hotel Internet marketing initiatives. Reviewing reports on website visits, page views, and other basic web traffic stats is simply not enough information to generate truly meaningful data that will help improve the performance of your hotel's marketing campaigns.

Become comfortable with using sophisticated web analytics, or turn to experts that specialize in web analytics to assist you. Consider working with a hotel Internet marketing company that will map out the steps to get you the necessary data to address the questions outlined above (you should also have access to your analytics 24/7). Start building confidence in your interpretation and analysis, and gain powerful insights along the way.

About HeBS

Jason Price is Executive Vice President and Mariana Mechoso Safer is VP, Marketing at Hospitality eBusiness Strategies (HeBS). Based in New York City, HeBS is an award-winning, full-service Internet marketing and Direct Online Channel Strategy firm, strictly dedicated to the hospitality and travel verticals. HeBS has pioneered many of the "best practices" in hotel Internet marketing and direct online distribution. The firm specializes in helping hoteliers build their direct Internet marketing and distribution strategies, boost the hotel Internet marketing presence, establish interactive relationships with customers, and significantly increase direct online bookings and ROIs. A diverse client portfolio of over 500 top tier major hotel brands, luxury and boutique hotel companies, hotel management and representation companies, franchisees and independents, resorts and casinos and CVBs has sought and successfully taken advantage of HeBS' firm hospitality Internet marketing expertise. For more information visit HeBS website www.hospitalityebusiness.com. Contact HeBS consultants at (212) 752-8186 or info@hospitalityebusiness.com.