



# THE VANITY WEBSITE: THE ONLY INCREMENTAL REVENUE DRIVER FOR BRANDED HOTELS IN 2018



BY MAX STARKOV

## BACKGROUND

The ongoing consolidation in the hospitality industry has created a handful of mega hotel chains with dozens of brands and thousands of managed and franchised properties. Among them, Marriott has 6,500 properties, Wyndham has 7,800 properties, Hilton - 5,300 and IHG has over 5,000 properties. This consolidation and oversaturation of the major metro markets with branded properties, coupled with abundant new room supply, have created fierce competition for any branded hotel:

### **Competition due to hotel room oversupply**

Oversupply of new hotel rooms has become the standard since the end of the recession. In 2017 alone, the top 10 metropolitan markets welcomed over 33,000 new hotel rooms. New York City added over 8,600 hotel rooms, Miami added nearly 6,000 hotel rooms, and Houston added 3,400 hotel rooms. The situation is similar in many metro areas and leisure destinations around the world.

### **Competition within the mega hotel chain properties in a destination**

Competing with other properties from the same hotel chain has become the norm nationwide. For example, Marriott has 136 branded properties in New York City, 119 in Los Angeles, and 90 properties in Miami. If you are a Marriott-branded hotel in these cities, the other Marriott-branded properties are your competitors on brand.com, as well as for corporate transient and group business, and loyalty member attention.

### **Competition with other mega hotel chain properties**

If you are a branded hotel in any metro area or leisure destination, you are in competition not only with the other properties from your chain, but with branded properties from all other chains. In other words, a Marriott-branded property in New York City competes not only with the other 136 Marriott properties, but with 69 IHG properties, 45 Hilton properties, and dozens of Wyndham and Choice Hotels properties.

### **Competition with independent properties**

Independents have become increasingly sophisticated in attracting travel demand with their unique designs, services, and experiences. All branded hotels in any given destination compete with independents, especially for leisure travelers, unmanaged business travelers, SMERF groups, family and luxury travel guests, and foreign tourists.

### **Competition with Airbnb**

Independents have become increasingly sophisticated in attracting travel demand with their unique designs, services, and experiences. All branded hotels in any given destination compete with independents, especially for leisure travelers, unmanaged business travelers, SMERF groups, family and luxury travel guests, and foreign tourists.

## STRENGTHS AND WEAKNESSES OF THE MAJOR HOTEL CHAINS

The major hotel chains are very good at targeting global and national business travelers, attracting Fortune 500 meeting planners, and building vast loyalty program memberships. However, as the major hotel chains have become bigger, they have also become more removed from the local environment and the concrete occupancy needs of their managed and franchised hotels. This has left tremendous incremental revenue opportunities on the table from key market segments and in slow seasons, including:



- **Leisure, family, weekend, senior travelers**
- **Foreign visitors**
- **Small and mid-size corporate groups**
- **SMERFs and special occasions**
- **Driving bookings during slow seasons with property-specific campaigns**

## HOW CAN A BRANDED HOTEL CAPTURE INCREMENTAL REVENUES ABOVE AND BEYOND

What should branded hotels do in this environment of increased competition from all sides, with rising commissions (franchise and OTA) and labor costs far outpacing room revenue growth?

The only viable option to achieve incremental revenues in 2018 is for the branded hotel to engage and invest in solutions to achieve a bigger presence in this overcrowded marketplace, above and beyond what the hotel chain brings to the table. This can be achieved by a two-pronged approach:

**1. Launching a vanity property website** with a mobile-first design, smart website technology and CMS, and deep relevant content (textual, visual, and promotional) that focuses on incremental market segments like leisure, weekend, and family travel; unmanaged business travelers; small and midsize corporate groups; SMERF social events and weddings; and foreign tourists.

**2. Launching property-specific digital marketing** to market the vanity website and target the above incremental market segments, which typically fall outside the focus of the hotel chain and brand.com, as well as relevant domestic and foreign feeder markets and demographics. These property-specific marketing initiatives include: search engine optimization (SEO), paid search marketing (SEM), online media and retargeting, smart data marketing, dynamic rate marketing, social media marketing, and multi-channel campaigns.

## WHAT IS THE VANITY WEBSITE'S MAIN OBJECTIVE?

For the branded hotel, the vanity website's main objective is to provide incremental revenues above and beyond what the hotel chain and brand.com can provide. It does this by:

- **Reacting quickly to local market conditions and ad hoc occupancy needs via landing pages and promotions.**
- **Capturing drive-in business via local content, activities, calendar of events, special offers, and promotions.**
- **Creating deep and relevant content, including at least 30-50 pages of search engine optimized content that can successfully compete against the SEO-savvy OTAs.**
- **Focusing on long-tail keyword terms, plus taking full advantage of technical SEO such as Schema.org markup and Google AMPs.**

## WHEN DOES A BRANDED HOTEL NEED A VANITY WEBSITE?

Here are several instances in which any branded hotel should strongly consider a vanity website:

- **The property belongs to a hotel chain with many properties in the area.**
- **The property's destination has seen a steady growth of new hotel rooms entering the market.**
- **The property is losing business to the many independents in the destination or to branded hotels from other hotel chains with similar core offerings.**
- **The property is newly opened and there are well-entrenched hotels from the same brand in the area.**
- **The property is a full-service hotel and caters to a wide range of customer segments and offers a variety of services and amenities that may not be represented well on the brand website.**
- **The property caters to unique audiences and market segments that are atypical to the property's hotel chain.**
- **The property offers a variety of amenities and services that are atypical of the hotel chain.**
- **The property is located in a leisure/vacation destination with plenty of activities and attractions that require specialized leisure content sections and descriptions, area visuals (videos and image galleries) and promotional landing pages that cannot be accommodated or described within the framework of the brand website.**
- **The property is closely associated with a local entity (e.g., a military base, university, or theme park) that generates a significant share of the business, and this association requires a very unique description of the property that cannot be accommodated or described within the framework of the brand website.**

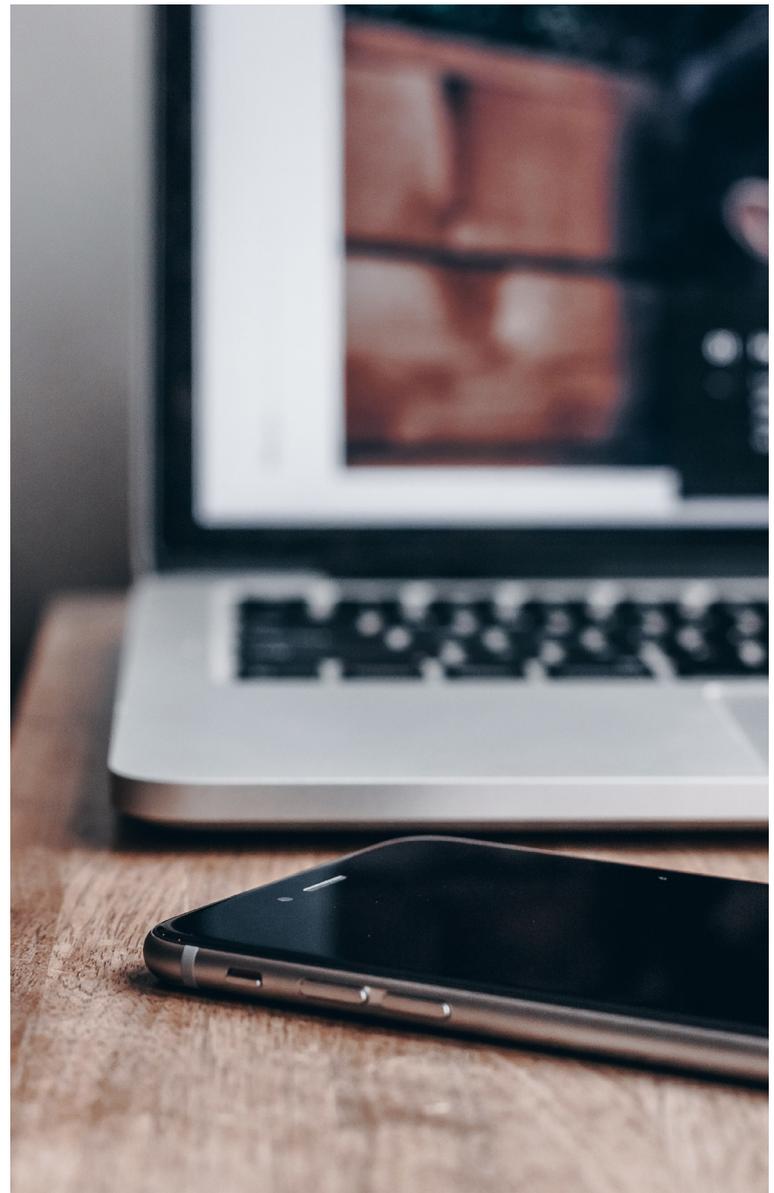
## THE VANITY WEBSITE: THE FOUNDATION FOR INCREMENTAL REVENUE IN 2018

The vanity website provides the branded hotel with the only viable opportunity to generate incremental revenues today, outside bookings via brand.com and the OTAs. It is one of the very few growth revenue channels available to any branded property in today's environment of oversupply and brand hotel saturation in all major markets.

Many branded hotels opt to have a vanity website outside of the limited property pages on brand.com, which enables them to go above and beyond in managing their own digital presence and marketing efforts. Many hotel chains allow and even encourage their branded properties to launch vanity property websites, and almost all hotel chains have specific guidelines regarding these websites.

Executed properly, the vanity website becomes the main digital face of the property and:

- **Acts as the property's "quick reaction force" in cases of ad hoc occupancy needs, group cancelations, and more, all handled via the website's merchandising capabilities.**
- **Provides the richest and most accurate descriptions and visuals of the property's products and services.**
- **Turns the property into the "hero of the destination" by providing content about local tours, activities and attractions, and more.**
- **Allows for lasting customer engagement via smart website technology and functionality.**
- **Serves as the focal point and backbone of the property's multi-channel marketing campaigns via opening slides, promo tiles, limited-time offer modules, sweepstakes and other marketing functionality.**
- **Provides easy-to-manage content and promotional landing pages for the property's social media presence.**
- **Serves as a great presentation tool for the sales and marketing team, as well as a recruiting tool for new employees.**



## WHAT ARE THE MAIN CONSIDERATIONS WHEN LAUNCHING A VANITY WEBSITE?

When a branded property decides to launch a vanity website, hoteliers should keep these important considerations in mind:

### Choose the right technology and marketing partner

Your hotel needs a vanity website that generates significant incremental revenues at very acceptable ROI, therefore you must choose your website vendor carefully.

Choose a technology and marketing partner that:

- Specializes in hospitality, as hotel online distribution and digital marketing are all complex enough to justify such specialization.
- Has built-for-hoteliers website technology with proven revenue-generating modules, functionality, and capabilities.
- Is intimately familiar with your hotel chain's branding and vanity website guidelines.
- Specializes in full-service hotel digital marketing to manage the property marketing campaigns once the new vanity website launches.
- Provides custom website design that can capture the uniqueness of your property and product, and has won major industry design awards.



## WHAT ARE THE MAIN CONSIDERATIONS WHEN LAUNCHING A VANITY WEBSITE?

### Choose the right website technology

The vanity website is the property's digital storefront. Many hoteliers focus mainly on the front end: the visual experience. However, a successful vanity website must incorporate the right balance of excellent design with website technology that is built to drive direct hotel bookings.

Invest in a content management system (CMS) that is specifically developed for the needs of hoteliers, as opposed to a generic, open-source CMS. For a website CMS technology to effectively increase conversions and drive incremental direct bookings, it must provide the tools to create, manage, engage, and optimize—without the help of your IT Dept.

A great website CMS will provide easy and powerful content creation tools, as well as features to easily administer workflows. To truly engage potential guests, the website CMS technology must put the power to personalize and create meaningful digital experiences at your fingertips and allow you to optimize content throughout the path to purchase.

The real cost of choosing the wrong CMS for the hotel website is the inability to generate incremental bookings, resulting in an increased dependency on brand.com and the OTAs. Without the right technology powering the hotel website, hoteliers not only fail to engage, retain, and acquire past and future guests, but seriously jeopardize incremental direct revenue in this time of flattening occupancy rates and increased distribution costs.

ADA and GDPR compliance must also be taken into account when designing and building your vanity website. Work with a website technology partner that understands what goes into making a hotel website ADA and GDPR compliant.

### Mobile First Design and UX

Hoteliers often fail to understand the crucial role that user experience (UX) plays in the overall health of the property website and its bottom line. With over 50% of website visitors now coming from mobile devices, a mobile-first responsive website design is a must.

Invest in a custom vanity website design that will present your property product at its best and create repeat guests. Avoid cheap, templated website designs and outdated or open source “free” CMS technology, which will result in less customer engagement, lower conversions, and loss of revenue to the competition.

Your vanity website vendor should leverage a best-in-class UX strategy to ensure that customers can easily find information and complete a booking. Choose a website design vendor that has proven hospitality experience by winning major industry website design awards, and stays on top of website design and content best practices and trends.

Remember, via the vanity website you are often selling a dream, and the more you can bring the experience to life, the better. Utilize a mobile-first responsive design that ensures an optimal experience across devices and allows travel consumers to easily access the information they need no matter what device they are on.

## WHAT ARE THE MAIN CONSIDERATIONS WHEN LAUNCHING A VANITY WEBSITE?



### Website Merchandising Capabilities

The property's merchandising strategy should be centered on communicating the unique features of the property, and focus less on the rate alone. The website CMS technology should provide hoteliers with the ability to manage their website merchandising strategy on their own, showcase content on the prime real estate of the website, and personalize relevant content based on the user. These merchandising technology capabilities allow the hotel to sell on value, as opposed to sell on rate, and to maximize revenues on the vanity website like never before.

In other words, the CMS should enable the property to sell rooms and generate leads on every page of the website via a complete ecosystem of modules, functionality, and capabilities, including promotional opening slides, marketing messages intermingled with rich imagery, and more. For example, through a special offers module, hoteliers can schedule special offers for future start and end dates to keep the website up-to-date with frequent, relevant, and timely offers.

The merchandising strategy of the property should go above and beyond the efforts of the major brand by utilizing interactive marketing applications such as limited-time offers (LTOs) to kick start a slow season or monetize Cyber Monday, or interactive sweepstakes applications to generate buzz around the property and engage potential customers.

## WHAT ARE THE MAIN CONSIDERATIONS WHEN LAUNCHING A VANITY WEBSITE?



### Reservation Abandonment Tools

In this multi-channel, multi-device world, travel consumers initiate 17 touch-points before making a hotel booking (Google research). Make sure the visit to your property website is the last touch point—the one that converts the travel consumer into your hotel guest.

On the vanity website, consider implementing a specialized technology which triggers messages when a user abandons the website, the booking engine, or the RFP process. These displays can feature a compelling promotion or value-add to entice visitors to re-enter the booking process and complete the booking or the RFP. This technology can increase conversion rates by as much as 50% and generate a significant direct booking lift.

### Real-Time Rates

Less than 1/3 of website visitors initiate a booking, and more than 2/3 of visitors leave the website unexposed to the property BAR, special rates, and promotions. Consider implementing technology to push live rate promos on the homepage or within popular sections on the site to showcase BAR or Weekend Rate, or a special rate to solve occupancy needs.

Featuring live rates increases conversions on the site, places crucial rate/availability information in front of 100% of website visitors, and builds confidence in visitors that the property offers a rate within their budget. It also decreases the chance that they will look elsewhere and book one of your competitors, or via an OTA.

### Avoid Duplicate Content

Do not duplicate content: The property vanity website must feature textual content that is significantly different from the property pages on brand.com. Search engines consider duplicate content (similar content under two different URLs) as SPAM, and both the vanity website and the property pages on brand.com can suffer as a result by being banned by the search engines. In other words, the branded hotel has to develop 20-50 pages of unique (read: new) and relevant content for the property vanity website—either in-house or by hiring an outside PR or copywriter agency, and then perform SEO.

## LAUNCHING THE VANITY WEBSITE IS ONLY THE BEGINNING

Launching a vanity property website is only the first step in developing a property-specific digital marketing presence. Once the site is live, the property should be prepared to market its vanity website—otherwise, this would have been a wasted effort. The combination of the vanity website, developed as per the industry's best practices, and property-specific digital marketing initiatives produce immediate results in the form of higher occupancy in need periods, incremental room bookings and group leads, and ROIs well above 10x.

Your website technology and digital marketing partner should conceptualize and propose a balanced property-specific digital marketing budget, aligned with the marketing strengths and weaknesses of your hotel chain and brand.com in order to target incremental business and market segments, and ultimately generate significant incremental revenues.

### **Case Study: A Luxury Branded Hotel in Miami, Florida:**

**Situation:** Ownership of an upscale branded hotel in Miami felt they need to do more to capture incremental revenue opportunities in a hyper-competitive market. The property partnered with HEBS digital to launch a vanity website and full-service digital marketing.

**Action Plan:** HEBS Digital developed a property-specific incremental digital presence strategy, tailored to this particular property and its feeder markets and comp set, while taking into account the strengths and weaknesses of the hotel chain and brand.com. Deliverables included:

- An award-winning mobile-first vanity website design with 50 pages of unique editorial content, supported by the industry leading smartCMS website technology platform with over 30 revenue-producing modules, including a Smart Personalization Engine, Special Offers Module, Rooms Module, Corporate Group Pages Module, Guest Portal, and more.
- Launched full-service digital marketing, including ongoing SEO with BrightEdge, SEM/paid search, GDN Retargeting, Dynamic Rate Marketing, online media, and social media marketing, including Facebook Dynamic Ads for Travel.

### **Results in the first full year of operation:**

- Vanity website revenues grew by over 50% and reached nearly \$2 million in incremental room revenue
- The vanity website generated hundreds of corporate group RFPs and leads
- ROI exceeded 1900%

## CONCLUSION

For the branded hotel, the main objective of the vanity website is to generate incremental revenues above and beyond what brand.com provides. When the above best practices are taken into consideration and the correct property-specific digital marketing strategy is put into place, the vanity website will reap significant rewards for the branded hotel. Many of HEBS Digital's branded hotel clients have enjoyed significant incremental customer engagement and revenues from their vanity websites, in many cases similar to or exceeding the revenue generated by brand.com.

### MAX STARKOV FOUNDER & DIRECTOR

**Max Starkov** is Founder & Director at HEBS Digital. Recognized as a thought leader in digital marketing strategies in hospitality, Max is a frequent guest speaker at industry events and conferences. His expertise is sought after by a diverse client portfolio of top-tier hotel brands, luxury and boutique hotel chains, hotel management companies, resort and casino companies, franchisees and independents, as well as major Wall Street investment banks and financial institutions. Under Max's leadership, HEBS Digital has pioneered many of the best practices in hotel digital marketing and direct online channel distribution, and has won many prestigious awards for its groundbreaking website design, technology, and digital marketing campaigns. Max received the HSMAI "Top 25 Most Extraordinary Minds in Sales and Marketing" honor for 2008. He has an MS in Economics of International Tourism and an MBA with Beta Gamma Sigma honors from Fordham University in New York.





## **ABOUT US**

Founded in 2001, the firm is headquartered in New York City and has global offices in Las Vegas, Tallinn, Munich, and Asia-Pacific. Through its Smart Guest Acquisition Suite, including the smartCMS®, Smart Personalization Engine, Smart Data Marketing, and full-service digital consulting and marketing solutions, HEBS Digital helps hoteliers drastically boost direct bookings, lower distribution costs, and increase the lifetime value of guests. Its diverse client portfolio consists of top-tier luxury and boutique hotel chains, independent hotels, resorts and casinos, franchised properties and hotel management companies, convention centers, spas, restaurants, DMO and tourist offices.

Part of NextGuest Technologies, HEBS Digital and Serenata CRM, the most comprehensive Hotel CRM Suite today, are the creators of the hospitality industry's first Fully-Integrated Guest Engagement & Acquisition Platform.