

# Making Brand.com a Success

Increase direct bookings with this guide on how to build, grow and optimize your brand's digital presence



## Build

Best practice in designing, pricing and structuring a website to create an exceptional customer experience

## Grow

Discover how to exploit and coordinate social media, content marketing, SEO and CRM to build a brand identity

## Optimize

Understand the consumer and their motivations to win them back from the OTAs and gain their loyalty

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Increase direct bookings with this guide on how to build, grow and optimize your brand's digital presence

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# Welcome

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Welcome to our report into building a brand's digital presence and thank you for choosing EyeforTravel's research.

Every booking that a hotel processes on its own website offers an immediate double digit revenue boost for that guest compared with if they came through an OTA. Nothing else in the industry offers this kind of growth. However, as margins remain tight, companies must also question spending priorities and allocate resources extremely carefully. It is easy for the digital environment to swallow budgets without providing an adequate return. Therefore, creating, managing and furthering an online brand presence effectively and appropriately is of the utmost relevance.

This report aims to look at these issues in the round to consider how to build a strategy regardless of the number of properties owned, or the budget allocated.

In this report we look at:

- Website design and optimization
- Targeting and retaining customers
- Content marketing
- Pricing strategies
- Social media
- Data management and application

Our objective is to furnish you with best practice from inside and outside the industry so that your properties are competitive in the online environment. In this report you will find exclusive case studies and opinions from across the industry alongside the latest research into marketing practices from both EyeforTravel and independent organizations.

We hope that you enjoy this report and that it helps to improve your business performance.

**Alex Hadwick,**  
EyeforTravel Head of Research



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## About EyeforTravel

EyeforTravel is a community where the world's online travel brands – from hotels to airlines, online travel agents, cruise, car hire firms and more – come to meet.

Established in 1997, by Tim Gunstone, we offer a diverse product portfolio including industry analysis, insights, research, webinars, reports and conferences to suit the needs of our clients.

No other online travel intelligence provider has been around for as long as us. We were here at the inception of online travel and we know the industry inside out. What's more, we're a small, friendly team. Forget impersonal hierarchies, we like to get to know our customers and work towards their exact needs.

Interested in learning more about what we can do for you? Get in touch!

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# Acknowledgements

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More than 10 executives and consultants contributed insights, analysis, and feedback to create this report. Please note, the list below does not represent all the industry leaders involved, however, as some sources preferred to remain anonymous.

**Simon Bradley** | Virgin Atlantic

**Jeremie Catez** | Novotel/Accor

**Carl Michel** | Generator Hostels

**Charlie Osmond** | Triptease

**Chaitanya Rane** | Cluster Revenue Manager - upscale hotels APAC

**Darlene Rondeau** | Leonardo

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# Executive Summary

## Key Findings

- **OTA vs brand.com:** 57% of customers use an OTA to research travel and 52% then go on to visit brand.com.
- **Testing:** Website testing is the hotelier's most effective tool for increasing conversion; customer journey analysis is also useful but more difficult to deploy.
- **Customer experience:** Design the purchase funnel and calls to action carefully – reduce the number of pages in the path to purchase and make sure call centers answer calls promptly and mobile sites are optimized. A difficult experience will result in dropped baskets.
- **Personalization:** 92% of executives reported an increase in search engine marketing and 95% saw increases offline when personalization was used.
- **Social media** is second only to friends and family in influencing consumers when they are considering a holiday. The key to maximizing its potential is to create quality content and make sure that everything, both on company accounts and at the property, is as easily shareable as possible.
- **Exploit the multichannel:** Sharing images on social media will not convert alone. Support with native advertising through each channel, followed by retargeted advertising.
- **Pricing:** Customers are happy for brands to communicate with them before and during their stay, with price being their foremost consideration: 80.54% of consumers would find offers relevant to their current location useful and 77.92% of consumers would like an email reminder for a previously looked at holiday if it falls in price.
- Hospitality brands should therefore:
  - ✓ Target customers with upgrade offers in the initial phases and in between their booking and stay.
  - ✓ Gather data on take up of any offers and ancillaries so future offers can be optimized and coordinated with social media.
  - ✓ Make it clear from the start that the brand site always offer the best deal and show evidence of this.

## Chapter One

- Website testing is the hotelier's most effective tool for increasing conversion; customer journey analysis is also useful but more difficult to deploy.
- The average customer visits both OTAs and brand.com leaving opportunities to convert on brand sites, even when consumers are in the discovery phase.
- Price remains the most significant consideration and brands that can make it clear from the start that they always offer the best deal stand to gain.
- Good customer experience, regardless of channel, is vital to conversion but different customer segments' definition of 'good' varies. Understand the customer to deliver a great experience.
- Tracking customers in the multichannel is improving but rather than focus on following individuals, group customers together and look to understand and serve their behaviors as a segment.
- Mobile has become a very influential channel but travel customers look across the whole multichannel environment. A heavy mobile focus is only advised if this channel has a high share of a site's views.
- Customer experience must be maximized across channels. Ease and speed of use is critical so consider making sure a site works impeccably before trying to build a more complex offering.
- Design the purchase funnel carefully, as each additional page the customer has to navigate reduces the numbers that will eventually convert.

## Chapter Two

- Content is vital in travel – photos top the list of sharable content and the more information about a property, the more likely it is to rise to the top in search and consideration.
- Social media is second only to friends and family in influencing consumers when they are considering a holiday. Brand.com must provide highly sharable and consistently updated content to reach new customers.
- Help customers create great content for the brand. Create environments within the property that give them something interesting to post to TripAdvisor. These will maximize the probability of good user generated content.
- Remember the call to action and give customers a reason to convert there and then.
- Do not disappoint with the call to action. Make sure customer emails can click through to quickly answered call centers or properly optimized mobile sites. A difficult experience will result in dropped baskets.
- 80.54% of consumers would find offers relevant to their current location useful and 77.92% of consumers would like an email reminder for a previously looked at holiday if it falls in price.
- Change product not price. Price parity means the cost of rooms must stay the same across brand.com and OTA partners. However, deals can be varied and exclusivity can be applied to a variety of assets to give the consumer the feeling of being valued.
- Understand how your customers are using social media and alter your behavior accordingly. Increasingly, short form (Twitter) is used for customer service and images (Instagram) are used during the dreaming phase. Use freely available social tools to understand how market leaders generate social success.
- Use social data to expand customer reach. Sites such as Facebook are able to create 'lookalike' groups for prospecting new customers. This may be more efficient than buying traditional mailing lists or conventional TV advertising.
- SEO remains important - even if it is not the biggest influencer (22%), it is where most consumers start their travel purchase.
- Competitor benchmarking is not an effective route to direct conversions but understanding how competitors behave and noting their successful strategies helps form new ideas for brand.com.

## Chapter Three

- Encouraging log-ins to brand.com or apps increases hoteliers' data and allows for more personalized communication as well as service provision. This is more experience than OTAs can provide.
- Consider carefully what data are needed and ensure that there is a return on investment. It is cheap and easy to acquire but can be expensive to store, keep current and use properly, particularly if customers are turned off by it.
- Apps are useful for capturing customer information as well as loyalty but still do not have strong take-up in travel and other areas such as web-based services may be more appropriate.
- Legacy data and systems remains a challenge but rather than trying to manage the minutiae, getting to a good enough situation with segments and broad personalization is effective.
- Personalization on any level is a definite conversion lifter. 92% of executives reported an increase in search engine marketing and 95% saw increases offline when personalization was used.
- Personalization is primarily a retention, rather than an acquisition tool.
- Loyalty schemes remain important with discounts (82%), offers (76%) and upgrades (73%) most desired.
- New technologies are interesting to customers and mobile check-in is becoming more used. But weigh up the benefits of being cutting edge with budget. In some cases, OTAs can help by being first adopters.

## Chapter Four

- Hoteliers have it in their power to create bespoke packages and offers that OTAs cannot match.
- Maximize this advantage by gathering data on take up of any offers and ancillaries so future offers can be optimized and coordinated with social media.
- Customers are willing to have hotels interact with them during their trip, primarily via email (55%) and mobile notifications (30%).
- Keep loyalty programs exclusive to brand.com. Entering into a loyalty scheme with OTAs gives customers the incentive to go back to them rather than booking direct.
- Keeping up the sense of FOMO – use tactics that encourage customers to share their experiences in resort with proprietary products such as digital postcards that link back to brand.com.

- Exploit the multichannel. Sharing images on social media will not convert alone. Support with native advertising through the channel followed by retargeted advertising.
- OTAs can support brand.com but differentiation can be difficult in a homogenous catalogue. Stand out through choice of images and original copy, enticing packages and always aim to emphasize the most recognizable parts of the brand assets.
- Metasearch runs the risk of commoditization. Use psychology, testing and studies to understand how consumers react to price to ensure the positioning is just right.

## Chapter Five

- Customers want to use OTAs. Making it difficult for them to use them will only turn them away from brand.com completely. 57% use an OTA to research travel and 52% then go on to visit brand.com.
- OTAs reach customer groups brand.com cannot. Either through language capability or marketing reach, OTAs are able to invest and deliver a customer experience where brand.com would not have the resources to.
- For niche or growing hospitality sectors, OTAs are able to grow the category such as in hostels or boutique/hipster venues.
- OTAs can invest in technology either to take the need for that element away from brand.com entirely (i.e. booking engine apps) or to test the waters before the cost comes down (iBeacons; smart watches).
- Insight from larger companies such as OTAs is vital to smaller hoteliers who would otherwise not be able to afford to access the industry research and expertise larger budgets can.
- Metasearch may risk commoditizing travel but good pricing strategies can enhance brand.com's reputation.

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# Introduction

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As the might of the Online Travel Agent (OTA) grows and the complexity of operating in a multichannel environment increases, hotels are continually questioning how they can best exploit the channel mix to maximize revenues, while minimizing their spend.

The position hotels occupy alongside OTAs is a complex one. There can be no doubt that the latter is a vital tool in the discovery phase of consumer travel research. They are able to eliminate much of the research legwork and provide valuable, detailed information about destinations and travel advice, usually in a multiplicity of languages. They have a global reach that most hotel brands - beyond a handful - can only dream of.

And yet the partnership can be an uneasy one. The simple fact is that hotels would be able to make much larger gains if all their customer traffic came direct through their own digital properties. On the other hand, OTAs are very keen to keep customers buying their accommodation through them:

“OTAs know that hotels are an excellent source of revenue – [achieving] between 16 and 25% [in profit] margin. It’s better than anything else they are selling on their website; that’s why they’re trying to grab this customer,” explains Jeremie Catez, formerly a revenue director for hotel chain, Accor. Similarly, in the other direction, “moving an OTA customer to brand.com is at least 15% growth in revenue. You do not see the industry achieving this sort of growth anywhere else.”

This report explores the potential benefits of brand.com through greater access to the customer, while ensuring that mutually beneficial ties are maintained with the OTAs. Demystifying the importance of some channels, revealing the potential of others, this report will demonstrate how brand.com can access customers efficiently, effectively and repeatedly.

# Making Brand.com a Success

## Summary

- Website testing is the hotelier’s most effective tool for increasing conversion; customer journey analysis is also useful but more difficult to deploy.
- The average customer visits both OTAs and brand.com leaving opportunities to convert on brand sites, even when consumers are in the discovery phase.
- Price remains the most significant consideration and brands that can make it clear from the start that they always offer the best deal stand to gain.
- Good customer experience, regardless of channel, is vital to conversion but different customer segments’ definition of ‘good’ varies. Understand the customer to deliver a great experience.
- Tracking customers in the multichannel is improving but rather than focus on following individuals, group customers together and look to understand and serve their behaviors as a segment.
- Mobile has become a very influential channel but travel customers look across the whole multichannel environment. A heavy mobile focus is only advised if this channel has a high share of a site’s views.
- Customer experience must be maximized across channels. Ease and speed of use is critical so consider making sure a site works impeccably before trying to build a more complex offering.
- Design the purchase funnel carefully, as each additional page the customer has to navigate reduces the numbers that will eventually convert.

## 1.1 Strategies to Increase Conversion

Understanding which element of a digital strategy to focus on is a constant preoccupation for hoteliers. There are any number of experts, agencies and case studies that will demonstrate how important content, images, reviews and social media are to improving sales. However implementing all the advice is only feasible in a ‘sky’s the limit’ budget situation. There are not many brands in that position. A choice must be made.

In research conducted by marketing technology provider, Red Eye, in partnership with Econsultancy into conversion rate optimization, the following findings are of interest:

- A/B testing delivers the most value as a strategy for improving conversion rates, as well as being of a low difficulty level to implement.
- Surveys and feedback are easy to conduct but also deliver low value in terms of improved rates.
- Website personalization is considered highly difficult to implement; however, it only delivers middling returns in terms of conversion improvements.

- Customer journey analysis is only marginally more difficult than usability testing but delivers greater value to the brand owner.
- Competitor benchmarking is the least useful strategy, while being averagely difficult to implement.

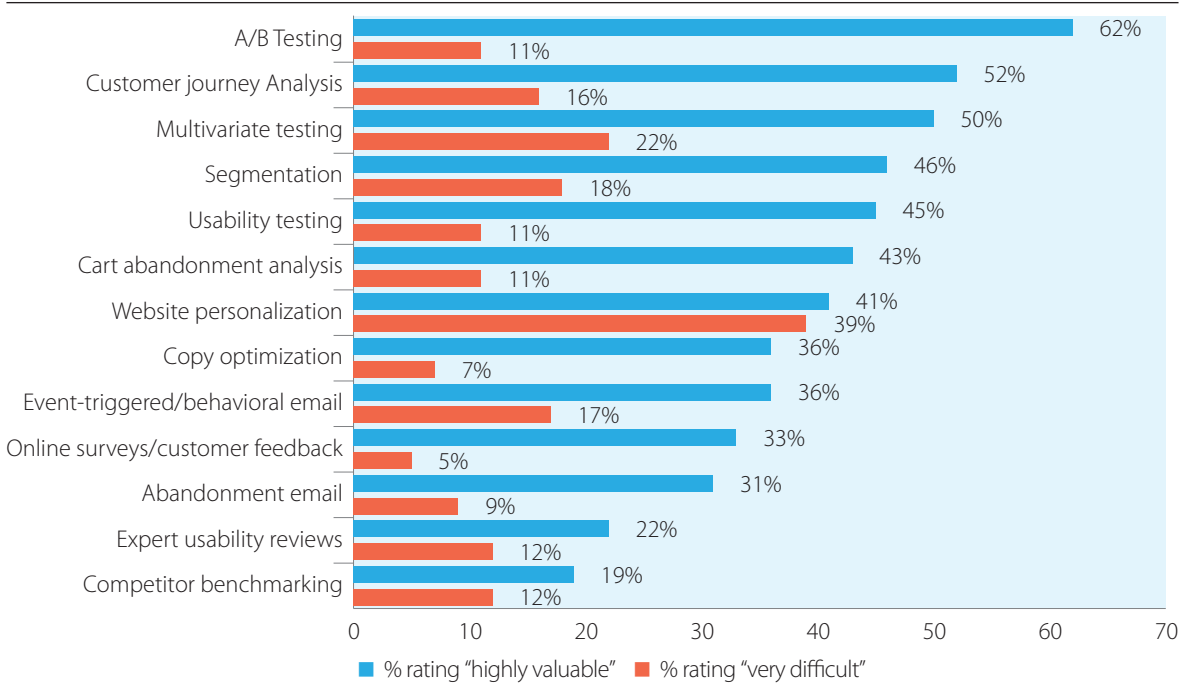
Therefore:

### **Understanding the customer journey and performing A/B tests to optimize are the most effective tools for conversion.**

It is clear from Figure 1 that considering strategies such as online surveys and customer feedback as tools solely to improve conversion is of low value, and that none of these tools exist in isolation. Reviews are already proven to be important in both brand-building terms (a long-term project when contemplating ROI), as well as at the customer’s point of decision.

Competitor benchmarking, while very important from an Average Daily Rate (ADR) where local competition in areas of high hospitality density impacts directly on

**Figure 1: Value and Difficulty Implementing Methods Used for Improving Conversion Rates**



SOURCE: ECONSULTANCY/RED EYE, 2014

consumer price consideration, is not a useful strategy when it comes to improving conversion.

Personalization is a vital tool in the hotel industry, so it is perhaps disheartening for smaller operations to see that it is considered high on the difficulty level and yet does not deliver a similar value. It is important to note, however, that personalization is hugely important as a point of differentiation in property, first and foremost. Hospitality brands have the opportunity through assiduous management of data systems and strong staff training to deliver high levels of personalization without having to venture into digital strategies (see Chapter 4).

There is strong evidence, however, that A/B testing is delivering the highest ratio of value to the brand versus difficulty to implement. As all interviewees for this report agree, a simple booking journey, combined with appropriate content, are two of the most important tools for brand.com. With even limited resources, these elements should take precedence.

### 1.2 The Purchase Funnel – Channeling the Customer to Brand.com

The sense prevails that hospitality brands are at the mercy of OTAs when it comes to capturing the customer, based on superior budgets for paid search as well as traditional 'Above The Line' (ATL) ads. However,

this is based on the assumption that the average travel consumer visits only two sites in the booking process - the search engine and the OTA.

It has been clearly shown that this is not the case.

Best Western's Richard Lewis cited the oft-quoted figure of 17 different sites visited by travel customers before booking a room at the World Travel Market in November 2014. It is reasonable to assume that in a large number of booking journeys, one of these is a hotel's brand.com site.

How to drive customers from initially visiting an OTA towards a brand.com site is discussed in more detail in Chapter 5 - the OTA/Hotel relationship - however, this is the vital point of contact for hospitality brands to turn a visit into a conversion.

There are many opportunities to create a purchase funnel. In order of importance, they are broadly:

1. Price
2. Experience
3. Platform
4. Tracking
5. Site optimization

### 1.2.1 Price

Price parity agreements continue to provoke debate and are already being taken down in some countries (i.e. Germany); however, for the most part there is little opportunity to differentiate on price between OTA and brand.com. What possibilities exist will be discussed further in Chapter 2.

That said, OTAs have done a great job of giving the impression that they are able to source cheaper deals than booking through the hotels themselves, and it is up to hoteliers to disabuse customers of that notion.

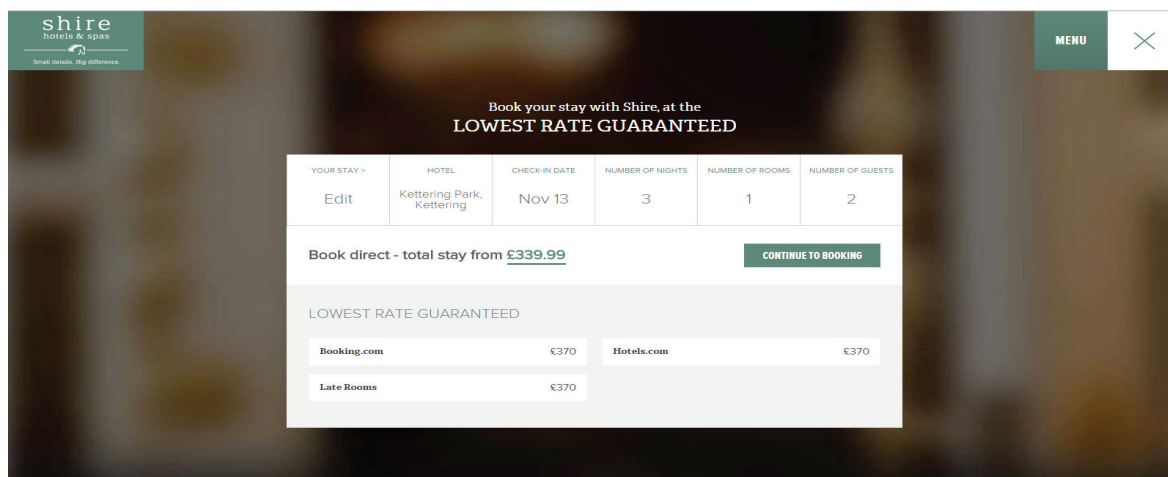
Triptease’s co-founder, Charlie Osmond, states: “We did some research recently where we spoke to people who booked via OTA and direct. The single biggest reason people booked on OTA was because of their belief that it was likely to be the lowest price.” Hotels need to make sure that any initial visit to brand.com makes the point forcefully, credibly and obviously that the customer will not get a better deal anywhere else.

While price parity exists, the ability to price independently of OTAs remains a challenge. However, it is still possible to communicate a number of benefits to consumers of staying with brand.com:

- Offering value added services.
- Reinforcing perception of the best price being guaranteed.
- Personalized relationship building.

Of these, the assurance of best price guarantee remains vital to conversion. Triptease’s Price Check widget sits on brand.com and highlights real-time evidence that customers can book on brand.com with no fear of missing out on a good deal. Shire hotels have a similar, proprietary concept on their own booking site. Both widgets are presented in the Triptease or Shire Hotels’ own design, rather than looking like a direct import from Booking.com. There is nothing to suggest that customers do not have faith that these best rate guarantees are the real deal, and a quick visit to Booking.com per Figures 2 and 3 shows that the company has indeed put up its best rate:

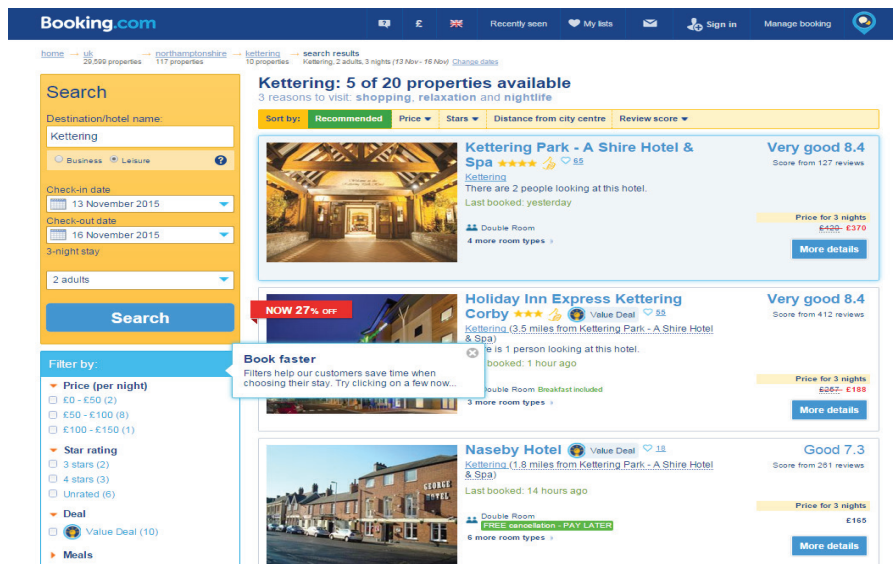
Figure 2: Shire Hotels’ Lowest Rate Guarantee



SOURCE: SHIRE HOTELS, 2015



Figure 3: Snapshot of Booking.com's Rate for Shire Hotel's Property



SOURCE: BOOKING.COM, 2015.

Realizing the importance of price confidence, another service has launched offering hotel owners the chance to sell rooms at only 5% commission by auctioning their rooms to the highest bidder. Roombid gets hotels to upload rooms with a minimum bid and the highest bid wins the room. The company believes this is of benefit to hoteliers in two ways because it diverts customers to book direct with the hotel and gives hotels the chance to sell inventory during quiet periods (The Smart Marketing Group, 2015).

“We did some research recently, speaking to people who booked via OTA and direct. The single biggest reason customers were booking via OTA was that they believed it was likely to be the lowest price,” Osmond reveals. Since showing live OTA prices on brand.com sites, conversion has increased 35%.

Using pricing creatively throughout the marketing process will be discussed in greater depth in Chapter 2; however, creating the impression of ‘best deal with brand.com’ at the first point of web contact cannot be understated.

### 1.2.2 User Experience

What constitutes a good experience? For some consumers it is the opportunity to browse at leisure, gain in-depth knowledge of a destination, look at previous guests’ photos and scan potential spa appointment availability. For others, it is going from decision to booking in under a minute, and not having to input their long credit card number time and again.

The methods of providing a good customer experience that will ultimately draw the consumer down the funnel towards purchase are outlined below but are predicated on the following two conditions:

#### 1. Understand the customer

Understanding the most important segments who visit the property will determine the overall flavor of the digital strategy. If the vast majority are independent leisure travellers who plan ahead, their priorities will be images and information. By and large this segment is not overly concerned about entering data and going through a multi-step booking process. Their platform habits will be centered on desktop during the day and second-screening on tablet in the evening, where they will share suggestions with friends and family. These are the most important brand influencers, according to EyeforTravel research; see Figure 11.

Business travellers with complex requirements who have stayed with the property or chain before will expect a level of knowledge about their previous custom, expect details to be held on file and will want the experience to be brief and efficient. They may also be more likely to transact via mobile or app.

#### 2. Know the limits

Many properties will see a mix of customers, but the twin concerns of brand message and budget mean most will have to base their strategies on those that are most profitable not only today but also in the future (see Chapter 4 for more on focused brand values).

Understanding these segments and their behaviors allows hotels to apportion investment appropriately.

Experts agree on the importance of strong visuals to attract the customer. Properties looking to attract the leisure traveller as loosely defined above might prefer to optimize their desktop experience, forging strong links with social media and investing in excellent photography.

Business hotels or urban properties with significant repeat visits might focus their attentions on mobile development and apps while forging partnerships with other local lifestyle services. Investment may be better placed in innovating in-property with mobile check-in, rather than a multimedia online experience.

“User experience is... interesting. You have to make sure that the user experience on the website is fantastic. We [did] a lot of A/B testing around increasing the speed of the website, making sure that pictures load well and content changes depending on country,” notes Jeremie Catez, former director of revenue and ecommerce, Novotel New York Times Square.

### 1.2.3 Testing and Site Optimization

There is a great deal of industry research available (not least from Eye for Travel) that can help hotels understand their customers' priorities. Equally, many will be able to mine their own data to create customer segments (see Chapter 3 on Customer Relationship Management) from which they can determine how best to serve their customers.

However, there are great many aspects of customer experience that cannot be discovered either by asking or observing segments and there are often simple aspects of the online journey that can turn out to be roadblocks to success. These are often only discovered through testing. The potential returns even simple A/B tests have been able to generate show why it is by far the most preferred conversion tool (see Figure 1).

“We run our main campaigns and look at ROI [return on investment]. If it's the right side of being below the costs of going through OTAs then it's considered successful,” says Carl Michel, executive chairman, Generator Hostels. “That doesn't mean we do not have campaigns that aren't very expensive and yield few bookings. We have to give 10% to not directly-measurable activity.

“You're only as good as your last gig, and we do lots of 'tests' as much as based on trial and error. The budget is fluid in that we are willing to reallocate resource from PPC [pay per click] to bloggers. Anything in the online space can shift and it might vary by campaign. I envy Booking.com its volume to be able to make micro adjustments.”

This latter point is certainly an advantage for the largest OTAs. Small changes to their websites can result in much higher uplifts in revenue due to the volume of consumers being influenced and choosing to make purchases. It also makes it easier and quicker for them to test changes and gather data.

Take an example from the fashion retail world. Topshop made significant changes to its mobile navigation. The company knew that customers visiting the site and using search were 10 times more likely to buy than those who did not so, clearly, simply knowing where the search function was, rather than having to hunt for it, was vital.

In tests, a pointer was shown to first-time mobile visitors, showing where the new menu was. The new search bar increased conversions by 5.8% (other changes as a result of the company's wider testing campaign generated conversion increases of between 9% and 11%).

Similarly, reducing the number of clicks from a customer's initial landing to the completion of their booking is vital. In a presentation given at Eye for Travel's Online Marketing Strategies for 2015: the Americas and the Caribbean, Gogobot CEO Travis Katz said that his company has repeatedly seen in their mobile site testing that “with each additional tap or click that somebody has to do, you are going to lose 25-60% of the users.” Similarly, in 2013, Ryanair drastically reduced the minimum number of clicks in its path to purchase during a major website overhaul from 17 to 5 in an effort to boost conversion rates.

However, there is evidence to suggest that marketers are taking something of the 'easy way out' when it comes to making the most of their testing strategies. The most popular activity is to test call to action buttons, followed by page layout and copy - but it should be noted that, as in Chapter 1, copy optimization is considered of low difficulty but also relatively low value to conversion.

Customer journey analysis and cart abandonment are seen as being more valuable, according to Figure 1, yet Figure 4 puts testing these elements (promotions, product selection and checkout) in the lower half of their priorities. It can be concluded that marketers understand the importance of testing but are reluctant to tackle the more problematic tasks.

“It’s not reached the zenith where we can pick up a booking on one device and then complete on another. It’s too difficult when it comes down to the number of steps in the procedure. For the OTAs, it’s two steps and you’re done,” says Cluster Revenue Manager - upscale hotels APAC.

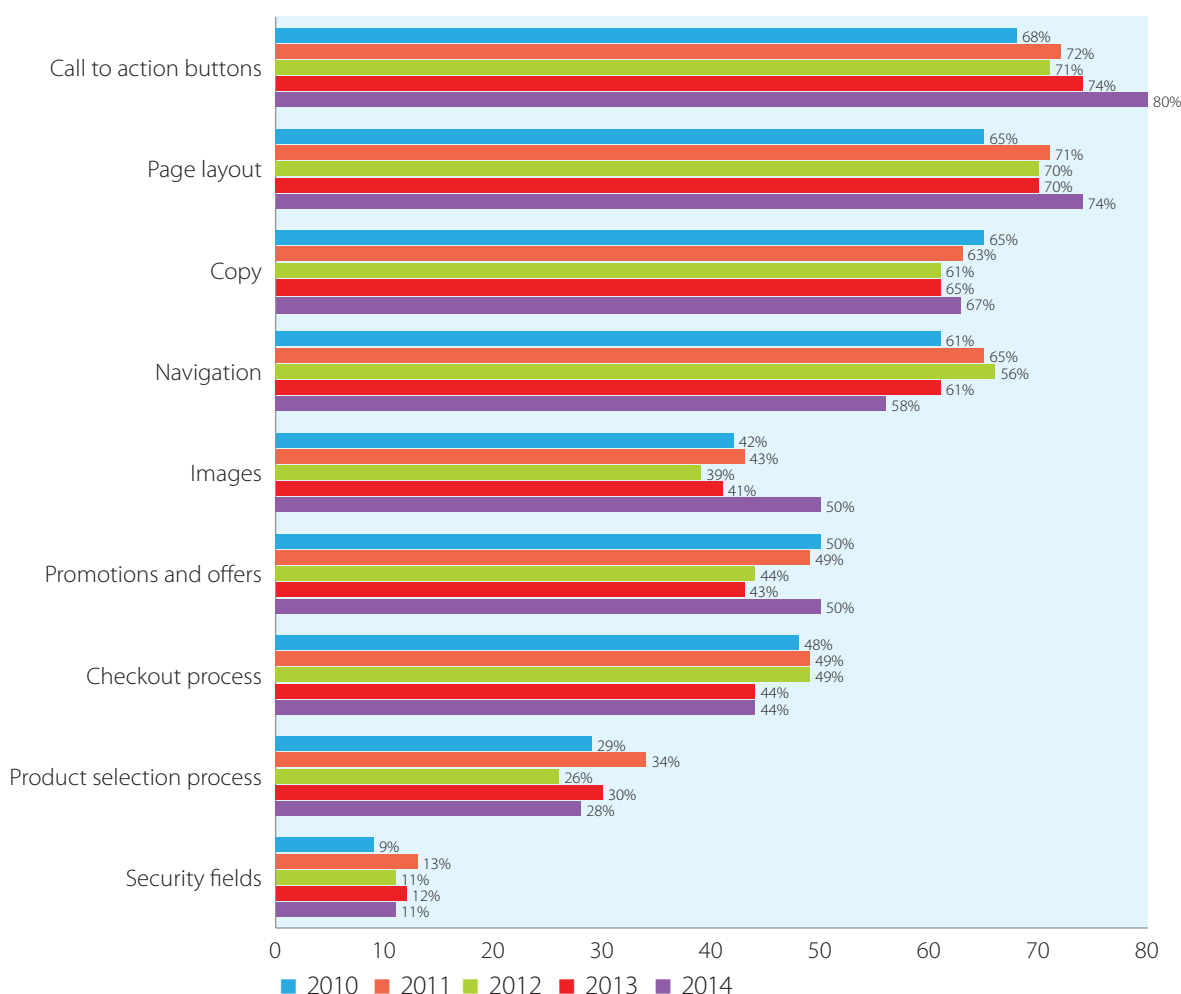
If hotels believe their biggest battleground for gaining share from OTAs is on best price and booking

experience, they must address the issues of customer journey and user experience.

### 1.2.4 A Platform Focus – to Mobile or Not to Mobile?

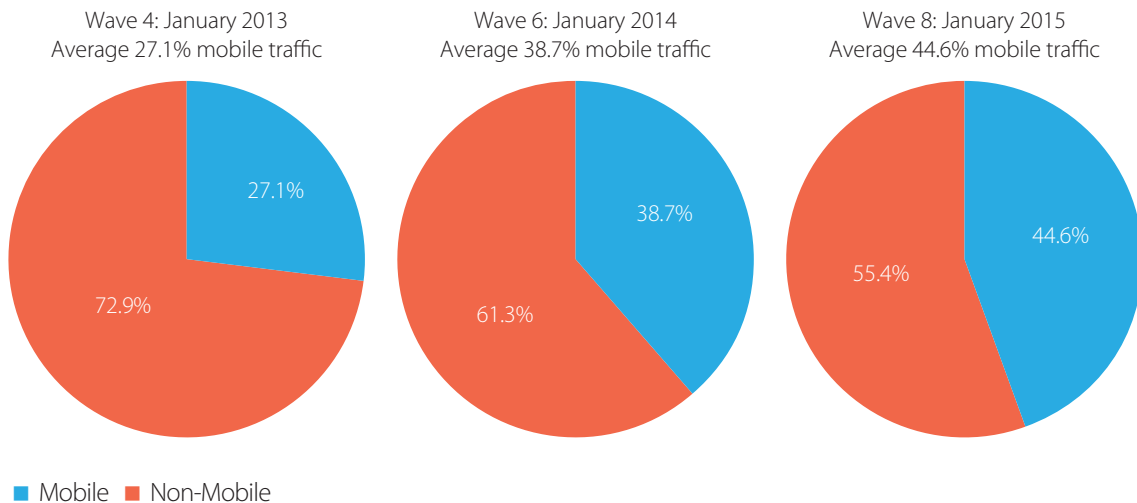
There is a compelling argument for travel brands to focus on mobile. Not only is it a burgeoning channel overall, but as a tool in travel it is invaluable in both providing service product to consumers as well as a marketing channel. Nearly half of all travel browsing time on the web is done via a mobile, and the time spent doing so is still growing (see Figure 5).

**Figure 4: For Your Website, What Do You Test?**



SOURCE: ECONSULTANCY/RED EYE, 2014

**Figure 5: Browsing of Travel Websites by Device**



SOURCE: NUCLEUS, 2015

But here, many debates still rage. Should hotels create an app, and if so, to what purpose? How much content should serve via mobile and how should it work with the limitations of the platform? What scenario is considered optimal use of the channel - a second screen while in front of TV, desktop, or a location-based device while in-stay?

The owners of brand.com can draw a variety of conclusions based on current consumer trends:

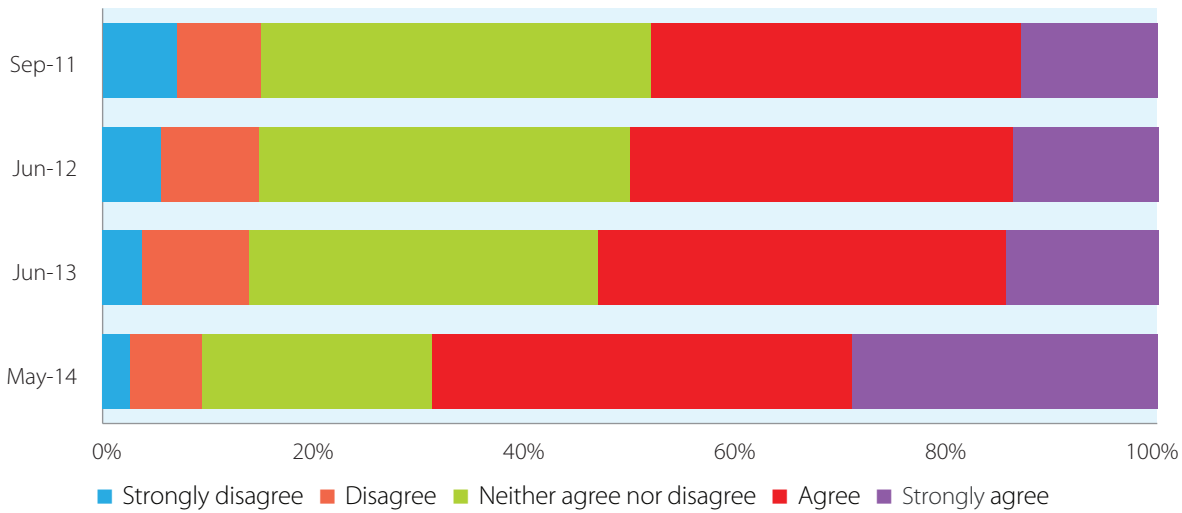
- Mobile-only or mobile-first strategies are only relevant in a handful of situations. Most brands will do best by incorporating mobile as part of a multichannel approach.
- There is a need for a 'mobile compatible' experience in travel, with implications for tracking the customer and involvement in responsive web.
- Consumer behavior in other sectors will impact the platform they interact with travel brands on, therefore:

- ✓ The mobile experience must match the promises made in advertising on other platforms, particularly as this is highly likely to be the first place consumers go to research an offer.
- ✓ Where will the customer go afterwards?
- ✓ Will they use 'click-to-call'?
- ✓ Will they email?
- ✓ Will they book direct?
- ✓ Will they pick this up later on a new device?

How much companies are willing to invest in optimizing for mobile depends both on the most significant segments their hotel brand serves (see Section 1.2.2) and the expected multichannel interactions by customers.

That said, there is understandably a strong move towards mobile as a vital channel for customer interaction, according to ongoing EyeforTravel industry barometers. As can be seen in Figure 6, there has been an increase of nearly 21 percentage points in the number of supplier travel executives (as opposed to intermediaries) who agree that they will be increasing their investment in mobile.

**Figure 6: Travel Executives Are Increasing Their Investment in Mobile**



SOURCE: EYEFORTRAVEL, 2014B

**Table 1: Travel Executives Are Increasing Their Investment in Mobile**

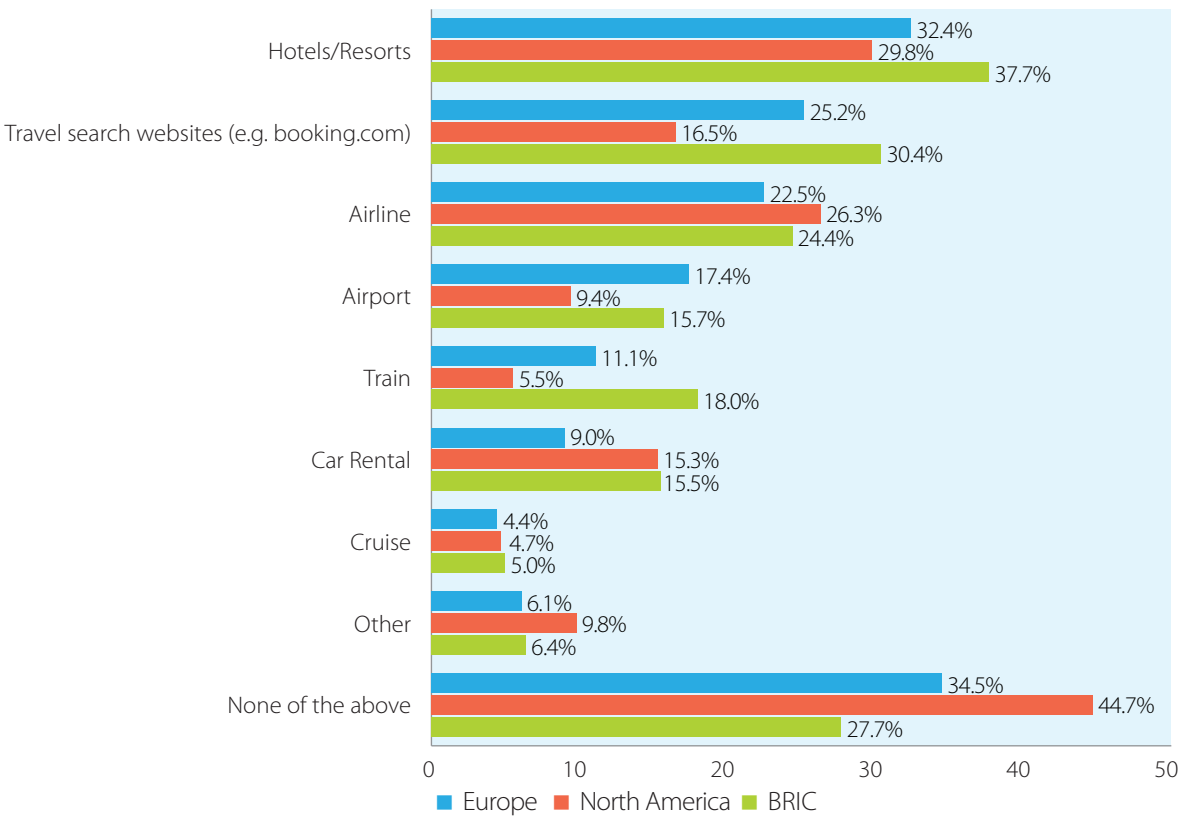
	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree	Total-Agreeing	Percentage Point Change Per Year	Percentage Point Change Since 2011
Sep-11	7.0%	8.0%	37.0%	35.0%	13.0%	48.0%		
Jun-12	5.5%	9.3%	35.2%	36.3%	13.8%	50.1%	2.1	
Jun-13	3.7%	10.2%	33.0%	38.7%	14.6%	53.3%	3.2	
May-14	2.6%	6.8%	21.8%	39.8%	29.1%	68.8%	15.6	<b>20.8</b>

SOURCE: EYEFORTRAVEL, 2014B

“Our biggest challenge is around cross device usage and ensuring that our brand experience is consistent wherever our customers engage. There is a lot of research showing people are using two and three devices during the booking period. From start to finish that can involve a number of different platforms as well as OTAs and brand.com. Having the right platforms available is key. We need to have a consistent and exceptional brand experience on mobile as well as how it relates to the website and feeds into Customer Relationship Management [CRM] through our Virgin Atlantic Flying Club,” Simon Bradley, vice president of marketing, Americas, Virgin Atlantic.

The prevailing trend in mobile may well continue to be towards mobile web rather than applications, however. In exclusive consumer research conducted by EyeforTravel in June 2014 (see Figure 7), around a third of travel customers stated that they would use apps for a hotel or resort - although this still indicated a degree of greater brand loyalty than for OTAs and Metasearch, whose apps found a place on fewer than a quarter of travel consumers’ mobile devices.

**Figure 7: Do You Use Dedicated Mobile Apps from Any of the Following Travel Providers?**



SOURCE: EYEFORTRAVEL, 2014B

**Table 2: Do You Use Dedicated Mobile Apps from Any of the Following Travel Providers?**

	Europe	North America	BRIC
Hotels/Resorts	32.4%	29.8%	37.7%
Travel search websites (e.g. booking.com)	25.2%	16.5%	30.4%
Airline	22.5%	26.3%	24.4%
Airport	17.4%	9.4%	15.7%
Train	11.1%	5.5%	18.0%
Car Rental	9.0%	15.3%	15.5%
Cruise	4.4%	4.7%	5.0%
Other	6.1%	9.8%	6.4%
None of the above	34.5%	44.7%	27.7%
<b>Total number of responses</b>	<b>474</b>	<b>255</b>	<b>481</b>

NOTE: MULTIPLE ANSWERS POSSIBLE

SOURCE: EYEFORTRAVEL, 2014b

### 1.2.5 Tracking

Understanding the customer journey is a perpetual concern, not just for the hotel marketer. With budgets tight, knowing the major points of interaction helps brands maximize the efficiency of their marketing.

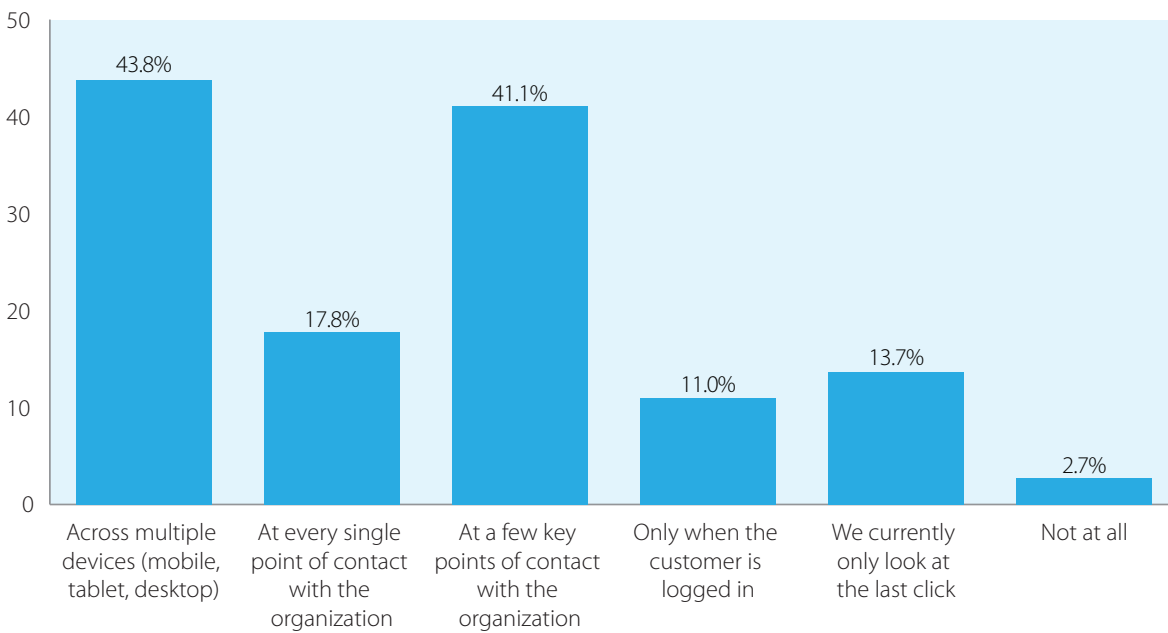
That said, the numbers in Figure 8 are a little optimistic. While a little under half of industry respondents stated they could track customers across devices, this is not a reality. What they are able to do is track the number of interactions from customers who are logged in. This is undoubtedly valuable information, but it assumes a portion of the marketing objective has already been achieved - to capture a log in.

Conversely, tracking the anonymous customer is incredibly difficult. Technologies such as in-picture pixels that help brands track customer journeys through email and mobile advertising exist; perhaps the simplest tactic is to employ another partner that enjoys the same advantages as the OTAs - namely a widely varied, global audience that can be targeted with significant marketing resources.

At this point, the market leader is Facebook.

Social login is a phenomenon that allows brand owners to bypass two of the biggest barriers to purchase on brand.com: convenience and login. In our research, 29% of respondents said that a required login would stop

**Figure 8: How Far Are You Able to Track Customers?**



SOURCE: EYEFORTRAVEL, 2015c



**Table 3: How Far Are You Able to Track Customers?**

Answer Options	Response Percent	Response Count
Across multiple devices (mobile, tablet, desktop)	43.8%	32
At every single point of contact with the organization	17.8%	13
At a few key points of contact with the organization	41.1%	30
Only when the customer is logged in	11.0%	8
We currently only look at the last click	13.7%	10
Not at all	2.7%	2
Answered question		73
Skipped question		53

NOTE: MULTIPLE ANSWERS POSSIBLE

SOURCE: EYEFORTRAVEL, 2015c

them from using a travel website (EyeForTravel, 2014), although this was relatively low compared with other factors, such as pop-ups (44%). Creating the frictionless experience customers generally seek is key to winning the battle for bookings and loyalty.

eMarketer reports that, on average, Facebook is checked on phones and desktop by nearly 14% of US Millennials almost constantly while 57% do so at least once every day (eMarketer, February 2015). This near constant state of being 'logged in' allows brands that use the Facebook login to create a seamless experience for their customers, while allowing them to track across device and gather further valuable lifestyle information.

Unsurprisingly, the Chinese Millennial consumer has a similar pattern. Over half (57%) use their smartphone four to five times a day, according to a report by The World Youth Student and Educational (WYSE) Travel Confederation (eHotelier, 2015). Furthermore, 39% check their phone every five minutes. They prefer to use the internet for social media (69%) and most use Chinese-language networks rather than English-language ones (66% versus 34%).

There was concern from marketers in the early days of social logins that the customers' understanding of Facebook's ability to gather data would be a roadblock to its use. Consumers still have concerns over privacy and the sharing of data; however, many are willing to enter into the quid pro quo that an easier life is worth

the information exchange. In *Smart Analytics: Identify, Track and Target the Modern Digital Consumer Effectively* (EyeForTravel, 2015c), it was noted that younger demographic cohorts are happier to share data with companies, particularly app and GPS data.

Tracking via Facebook is, of course, not the only option open to hotel brands and the use of loyalty schemes whether proprietary or through partnerships is another way to garner log-ins without requiring customers to form fill.

Without actively registering data however, it remains difficult to track customers across device. Alternative solutions are to use a combination of industry insight into general consumer behavior and testing strategies above to test the emerging hypotheses.

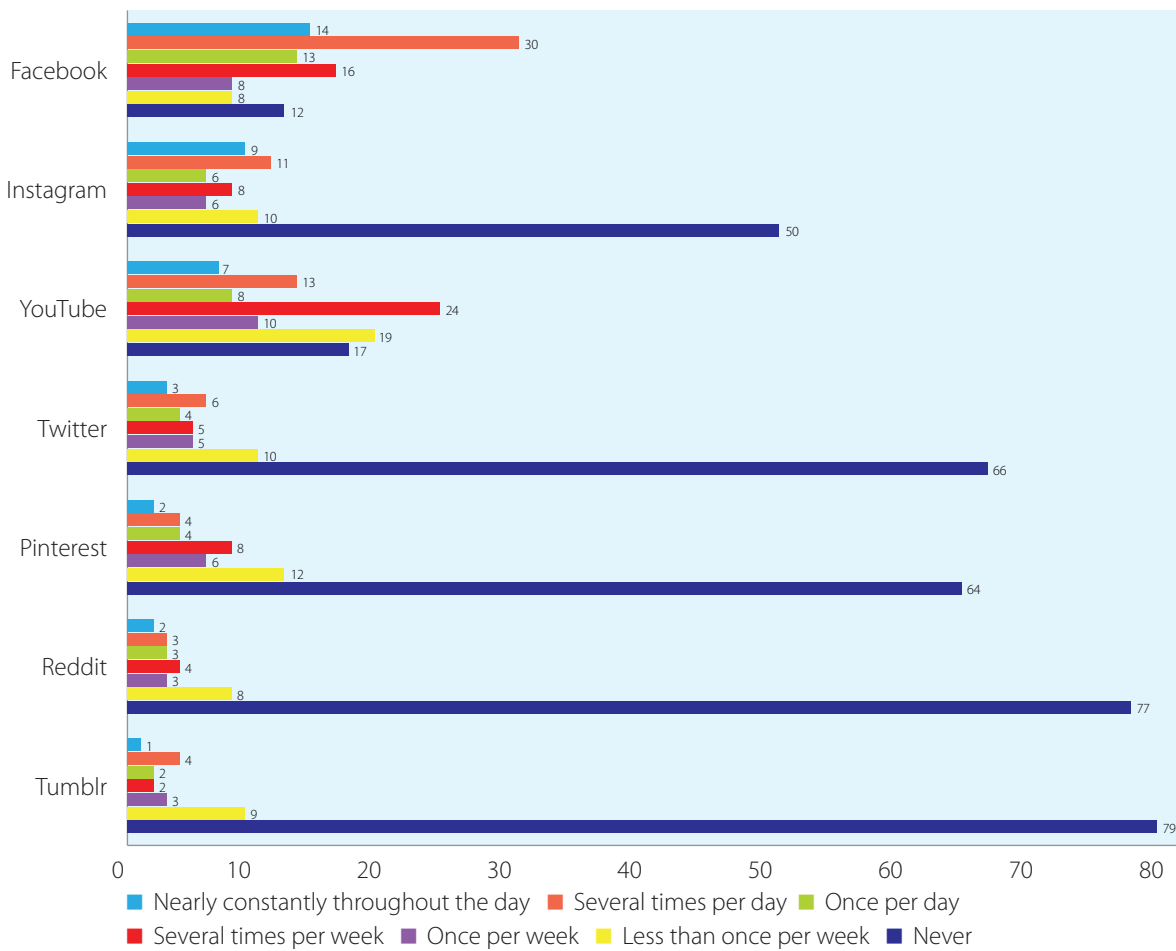
**1.2.6 Case Study: Ameron Hotels**

Part of the WorldHotels group, Ameron Hotels is nevertheless managed at a smaller, local group level. While this gives certain autonomy over content, there are understandable restrictions, most notably on budget. Angelika Viebahn of Ameron Hotels explains how Ameron is working hard to maximize its limited marketing spend:

"To keep our page up to date we make sure that it's full of keywords and that it reacts on all devices. We launched a new homepage in spring. We want to continually improve our appearance.



**Figure 9: Frequency with Which US Millennial Internet Users Check Social Media for News and Information by Site**



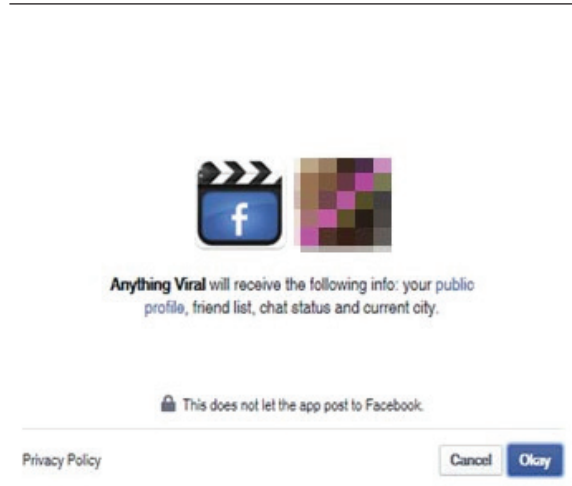
**Table 4: Frequency with Which US Millennial Internet Users Check Social Media for News and Information by Site**

	Facebook	Instagram	YouTube	Twitter	Pinterest	Reddit	Tumblr
Nearly constantly throughout the day	14	9	7	3	2	2	1
Several times per day	30	11	13	6	4	3	4
Once per day	13	6	8	4	4	3	2
Several times per week	16	8	24	5	8	4	2
Once per week	8	6	10	5	6	3	3
Less than once per week	8	10	19	10	12	8	9
Never	12	50	17	66	64	77	79

NOTE: AGES 18-34; NUMBERS MAY NOT ADD UP TO 100% DUE TO ROUNDING.

SOURCE: AMERICAN PRESS INSTITUTE AND ASSOCIATED PRESS GENERATION\* CONDUCTED BY THE MEDIA INSIGHT PROJECT, MARCH 16, 2015

**Figure 10: Sample Image Served to Users Deploying a Facebook Login**



“To make it easier, we constantly talk to our tech suppliers and we ask them if there’s something we can do to improve the look and feel of it. We push our providers. I am part of a group that meets twice a year to push improvement forward.”

Viebahn notes that strategies that have proven successful so far have been:

“Issuing invoices and receipts at the front desks with the hotel details on, even if they came to the hotel via an OTA. Pre and post-stay emails, again even if the customer came via an OTA, and this is getting more and more difficult since OTAs do not send the email addresses any more along with the booking. Sending more information about the property three to four days before arrival as well as the newsletter.

“These are small steps but they do work. We’ve seen over the last two to three years that the amount of bookings via our engine have increased - up 37% and revenues up by 26%.”

### 1.3 Best Practice in Developing a Digital Presence

The idea of maintaining a multichannel brand that is both relevant and constantly refreshed is understandably difficult. Few, beyond the largest chains, can incorporate all the strategies outlined above. Some have to forgo data mining in favor of ongoing testing; others focus on using social media to segment. Regardless of size or marketing capacity, however, there are two pillars that underpin successful customer conversion online in hospitality - content and user experience.

#### 1.3.1 Case Study: Simplicity at the Ashley Inn and Suites, Lincoln City




This independent Oregon hotel had the challenge of increasing direct bookings and off-peak occupancy. In addition, its mobile offering was responsive but it was difficult to make a reservation and the booking engine was not displayed properly.


The hotel used Leonardo, a digital technology company for the hospitality industry, to revitalize its web and mobile presence, as well as create digital brochures for third-party websites. Using Vizly, Leonardo’s Multi-Channel Digital Marketing System, the hotel created a visually-appealing website, including a booking widget on every page of both desktop and mobile sites and integrated TripAdvisor to access the all-important guest endorsements.

Ron Wallace, General Manager at the Ashley Inn & Suites, explains the subsequent 14% increase in occupancy: “When you go to our website now, the visual content tells the story. In the past, we had some people complain about the complexity of booking – now the booking link is on every page of the site. The TripAdvisor review integration lets guests review us without leaving the page. That’s worth its weight in gold,” he said. “We’re supposed to have a 3.5-4% increase in this area because of the market right now – and wound up with 14%, increasing towards 20% by the end of the month.”

Darlene Rondeau, VP, Best Practices, Online Merchandising at Leonardo, notes that “we recently conducted a study at Leonardo, analyzing over 500 million media views on travel websites, and found that the top two images travelers want to see are guest rooms and restaurants. Keep that information top of mind when creating your website – your hero shot doesn’t have to be your exterior and if you want to entice travelers and drive direct bookings, you need a more evocative image than that.”

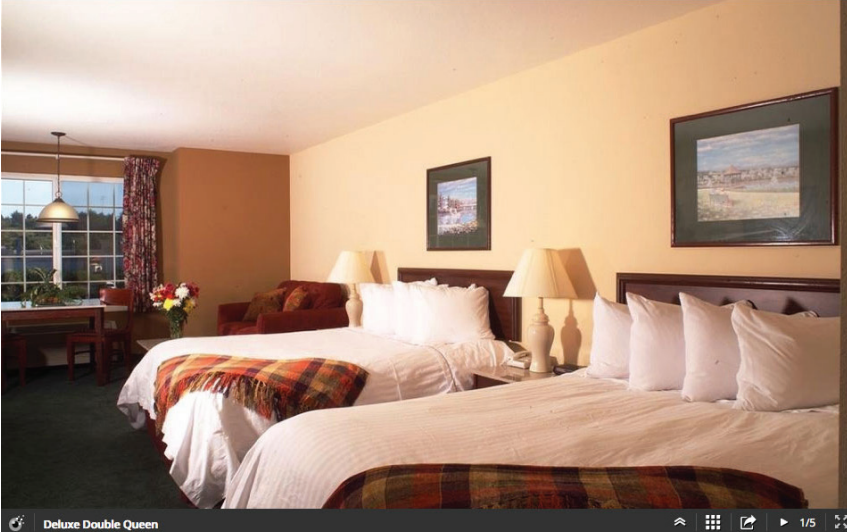
According to Wallace, when he is “looking at a day that’s usually a dull day, normally I’d get a few reservations. Let me just pick a random Tuesday from last week. I had 22 reservations made on that day and out of them, about half were arriving the same day. And they’re staying one night – this is a resort area, our business is weekend. What this means to me is these are people traveling through the area, not planning on doing anything other than staying the night. They’re checking us out on-the-go on our mobile site.”

1-541-996-7500   

 Ashley Inn and Suites

ABOUT ACCOMMODATIONS AMENITIES DINE EXPLORE PACKAGES PHOTOS REVIEWS ...

**BOOK YOUR STAY:** Check In: Mar 02, 2015 Check Out: Mar 03, 2015 Adult(s): 1 Child(ren): 0 Room(s): 1 Special Rates: Best\*\*



**Deluxe Double Queen**

**Discover Oregon Coast hospitality at the Ashley Inn and Suites Lincoln City**

Branded or non-branded properties also need to understand the importance of a 'vanity website' – an important platform to drive direct bookings and increase revenue. "You should look for a digital marketing system that allows you to regularly update your content easily. [Use] one CMS [content management system] for all your marketing channels including your website, social sites, mobile sites and the hundreds of travel channels being used," says Rondeau.

Managing multiple channels can prove expensive for independent hotel owners and many have recounted the challenges of keeping content fresh while addressing multiple markets, such as using different cultural references and translation issues. Again, this is an area where partnerships are often beneficial.

## Maximizing Marketing Opportunities

### Summary

- Content is vital in travel – photos top the list of sharable content and the more information about a property, the more likely it is to rise to the top in search and consideration.
- Social media is second only to friends and family in influencing consumers when they are considering a holiday. Brand.com must provide highly sharable and consistently updated content to reach new customers.
- Help customers create great content for the brand. Create environments within the property that give them something interesting to post to TripAdvisor. These will maximize the probability of good user generated content.
- Remember the call to action and give customers a reason to convert there and then.
- Do not disappoint with the call to action. Make sure customer emails can click through to quickly answered call centers or properly optimized mobile sites. A difficult experience will result in dropped baskets.
- Change product not price. Price parity means the cost of rooms must stay the same across brand.com and OTA partners. However, deals can be varied and exclusivity can be applied to a variety of assets to give the consumer the feeling of being valued.
- Understand how your customers are using social media and alter your behavior accordingly. Increasingly, short form (Twitter) is used for customer service and images (Instagram) are used during the dreaming phase. Use freely available social tools to understand how market leaders generate social success.
- Use social data to expand customer reach. Sites such as Facebook are able to create 'lookalike' groups for prospecting new customers. This may be more efficient than buying traditional mailing lists or conventional TV advertising.
- SEO remains important - even if it is not the biggest influencer (22%), it is where most consumers start their travel purchase.
- Competitor benchmarking is not an effective route to direct conversions but understanding how competitors behave and noting their successful strategies helps form new ideas for brand.com.

### 2.1 Brand Visibility

Gaining brand visibility remains, regardless of how many new and innovative channels spring up, a question of deploying the available resources (time and money) in the most appropriate channels.

For some this may equate to brand building through above the line advertising activity. For others the opportunity to let the property tell the story is what garners attention, such as Radisson Blu Manchester's partnership with the Halle Orchestra (formerly housed on the site of the hotel) to celebrate the hotel's 10th anniversary.

The latter campaign, which saw the orchestra compose and perform a piece of music especially for the occasion, raised the profile of the hotel in the media and saw it win a prize in the 2014 Hotel Marketing Awards.

Certainly, it is possible to place significant marketing spend behind brand-building exercises; however, the elements that truly get brands noticed are the stories - such as the Radisson's orchestra - that cross channels from advertising to PR and word of mouth.

## 2.2 Content Marketing

Digital's evolution into a platform where consumers consume, create and share stories has become a vital part of ensuring brand.com's visibility. Forming the backdrop to advertising, as well as content on brand.com, it is the thread that runs across the multichannel. "Content is super important," notes Catez.

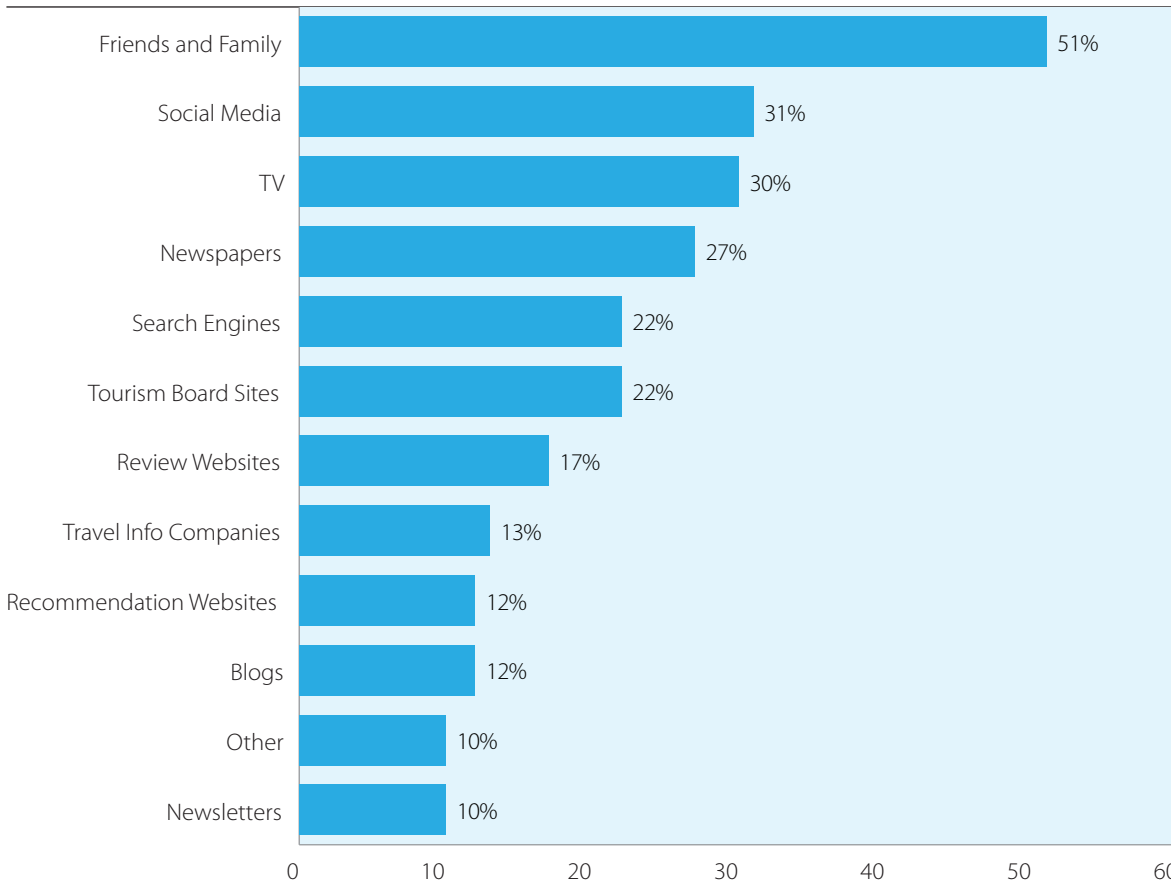
Content means many things in brand.com's universe. Beautiful images and engaging copy create an immersive web experience, while sharable nuggets of information become the brand's social currency. Fresh, interesting content is vital to be able to compete in search but it is also an advertisement, a customer service tool and can be anything from a blog post of 1,400 words to a tweet of 140 characters.

"Content marketing has surfaced as the hot topic in hospitality marketing for 2015. The essence of good content marketing is based on your ability to listen, communicate, solve problems and be helpful. Think about it in terms of how to convey the hotels'

experience and value to the traveler in a way that will give them confidence that you're the best choice for their trip," states Leonardo's Rondeau.

"For SEO in particular, there are certain basics that every hotel website needs to have. One important factor is having good content – written and visual. Remember that optimizing for search is just the first step in attracting travelers, but a good story is what convinces them to book," she adds. "To truly stand out, hotels, B&Bs and vacation rental properties need a vanity website to showcase the true story of the property – what sets them apart? What experience can a guest expect to have? What local attractions are nearby? Guests do not shut the doors upon arrival – they want to explore in and around the area and they want a unique experience. That experience can be showcased with compelling videos and virtual tours and, of course, sharing guest content (user-generated content) that gives travelers confidence in the travel shopping journey."

**Figure 11: Which of the Following Has Given You Inspiration to Go on a Holiday in the Last Year?**



SOURCE: EYEFORTRAVEL, 2015C

'Giving customers confidence' is certainly something that detailed brand.com content can achieve with multiple images of the property, maps and local information. However, it leads us back to recommendation and the opinions of friends and family taking precedence over other influencers in the travel purchase journey. This is because content that is shared and ultimately created by consumers themselves holds more sway over consumers' holiday choice than advertising or search results (see Figure 11).

Nonetheless, the area of User Generated Content (UGC) is contentious as although it provides a wide range of opportunities for consumers to be brand advocates, they can also be detractors. Stories abound of hotel owners feeling short-changed by unnecessarily harsh or even malicious reviews that have tainted their reputations. This is where making sure the other pieces of the brand experience - customer service, in-stay experience, post-stay communications - can more than make up for a sudden shortfall.

### 2.2.1 Case Study: Hilton's 'Vacationitis' Memes

Hilton Hotels and Resorts launched a tongue-in-cheek campaign in 2013 to target one of its core segments

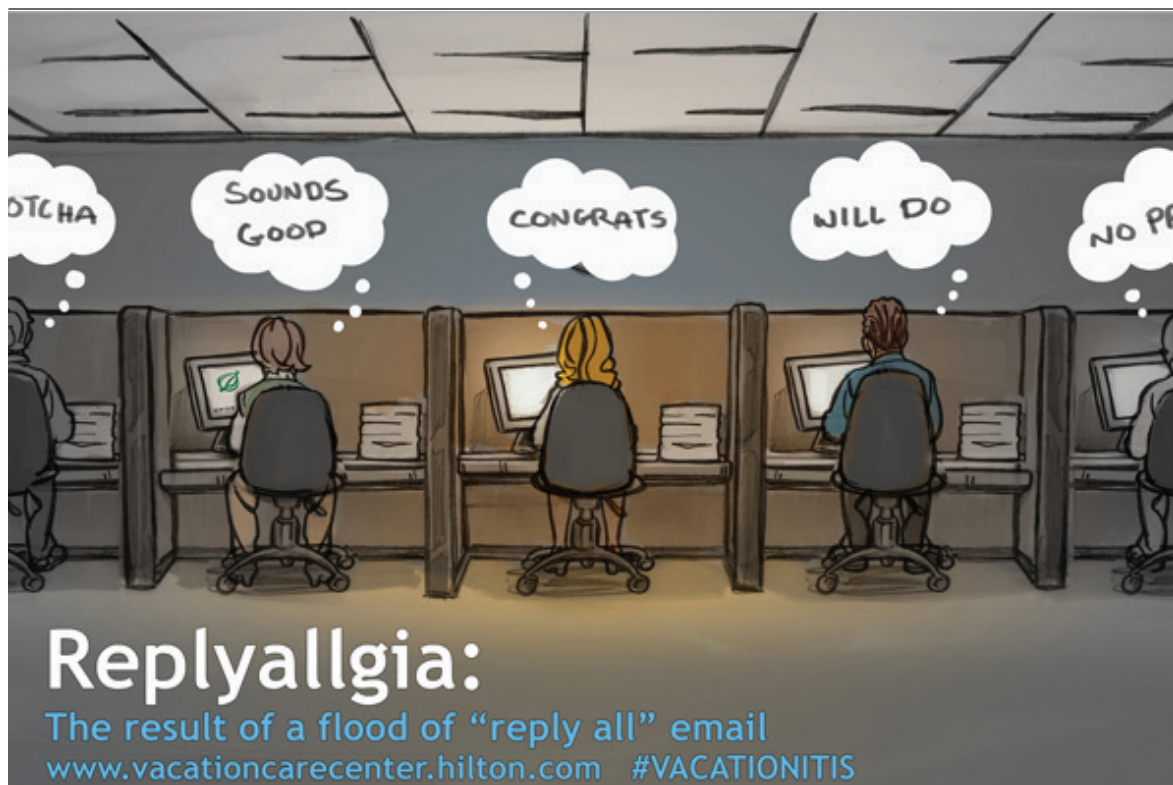
of young businesspeople, as well as addressing the traditionally quiet booking time of January to March. Called 'Vacationitis', the company activated its Hilton Urgent Vacation Care Center, an interactive website featuring personal diagnoses of vacation needs and customized prescriptions urging people to take breaks, weekend getaways and longer stays.

The company partnered with satirical publication The Onion, whose content is regularly shared across social media. Its online arm, Onion Labs, created a range of comic memes for travelers to share (see Figure 12).

"Some of our most popular satirical editorial content in The Onion surrounds the workplace and everyday stresses, so it's been exciting to work with Hilton Hotels & Resorts to illustrate diagnoses of vacation blues around the world," said Grant Jones, partner, Onion Labs. "The cartoon memes aim to inspire workers to fill their 'prescriptions' with a much-needed break from the office."

The campaign generated 60,000 visits to the site and 20,000 completed quizzes.

Figure 12: Hilton's Urgent Vacation Care Center Marketing Campaign



### 2.3 The Content Headache

Consumers can also be detractors without intending to be. A grateful post about a fabulous holiday can still damage the brand if the guest is a poor photographer.

“The problem with UGC is the quality. If it isn’t that great you have to be able to filter and parse. But there are better cameras out there and the public is becoming more creative. You’ve got to keep some track of it,” Michel warns.

He also notes that if UGC is the aim, properties have to take responsibility for providing an environment that customers want to ‘report’ on. This does not involve spending money on complex entertainments. Generator Hostels uses impactful decoration, murals and art in its reception area to give an interesting canvas to guests’ photos.

“Content is something that is absolutely important - we review on a monthly basis so that it’s clean and efficient across the languages that we host. We try to manage our own content on OTAs. Two things that stand out are picture and reviews,” Chaitanya, Hilton.

Content and language has also become one of brand.com’s biggest challenges. As search brings hotel brands in contact with enormously varied geographies, the need to bring this rich content to each audience grows but the hotel’s ability to translate it is limited.

In Chapter 5, the relationship between brand.com and the OTA is explored in greater detail, but executives interviewed for this report agreed that, while content is vital to brand.com visibility, managing content across all the geographies in which they would like to be present is not feasible. OTAs’ role in helping drive the customer relationship in non-core nations is vital.

### 2.4 Remembering the Call to Action

If content is the pivot around which the various channels in the media mix can each play a part then the next critical step is to ensure that this does not just engage and entertain, but that it ultimately drives a consumer towards purchase on brand.com.

The call to action is vital in any campaign across the marketing mix.

#### 2.4.1 Watch Where You Land

Just as in Section 1.3.1, when the Ashley Inn noted that its booking engine was proving hard to find, hotel

brands can make the simplest errors in the middle of the most sophisticated marketing campaigns. Encouraging the customer to move between channels and devices also requires the experience to be as good in the channel they arrived in as it was in the one they left. All customers are looking for their journey to be as seamless as possible.

Take mobile, for example. *In Smart Analytics: Identify, Track and Target the Modern Digital Consumer Effectively* (EyeforTravel, 2015c), 27% of marketers stated that direct email marketing gave them the best return on investment, less than a percentage point lower than pay-per-click advertising, which was considered the most effective channel for delivering ROI. Between 2011 and 2014, according to Litmus email analytics, the percentage of emails opened on mobile rose from 8% to 53%. However, 42% never use responsive design (Litmus, 2015).

We have already discussed how user experience is vital to the success of brand.com. Email is rapidly becoming the single most important channel for direct communication between brand and customer. It is the result of one call to action and the creator of many more. Yet with more than half of emails opened on mobile, only two fifths of brands are making sure the experience is as good as it can be.

In a recent EyeforTravel survey, travel consumers noted that they were keen to receive information about a number of services via mobile phone (see Figure 13) with accommodation coming top of the list. With so much depending on customer experience, is brand.com missing a trick?

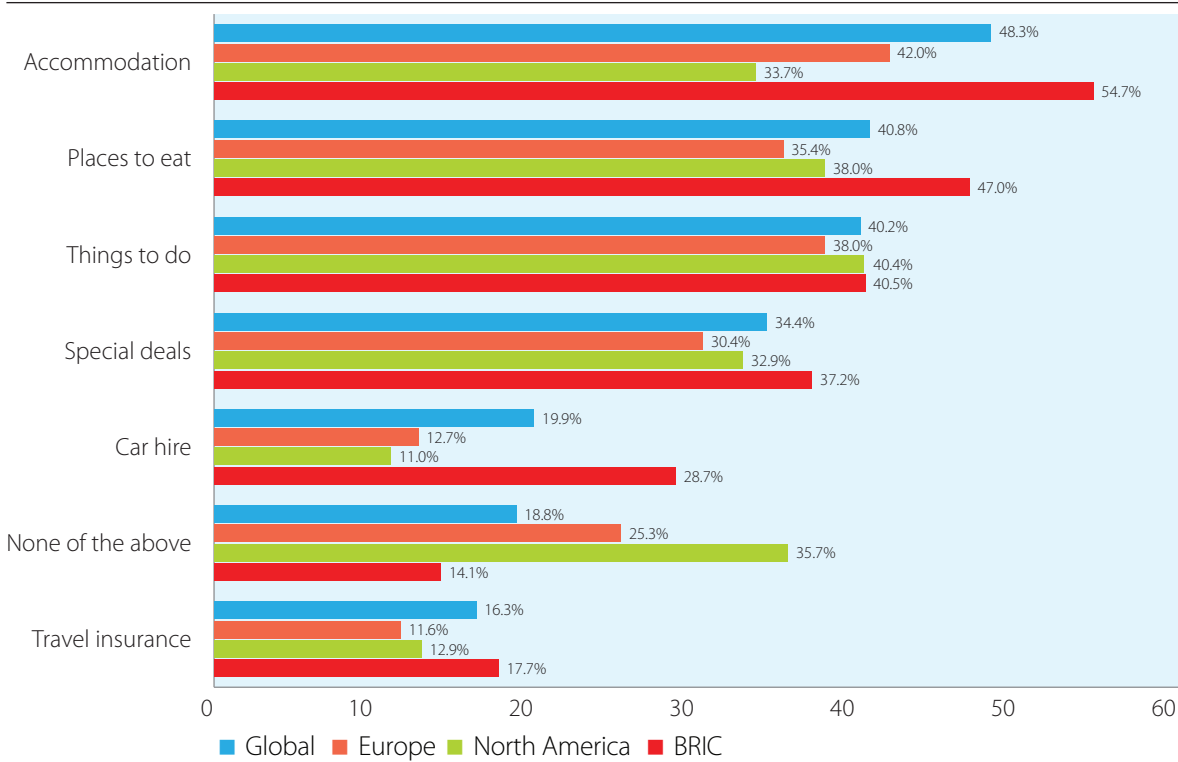
### 2.5 Pricing and Product

Changing pricing structure will always prove difficult. The prevailing impression that customers believe OTAs deliver the best price combined with price parity mean there is little brand.com can do to compete against OTAs on price alone.

“The hotels are finding it more difficult year on year,” insists Catez. “There is work that can be done from both a revenue and marketing perspective. From a distribution standpoint, you have to sell the same product but make sure you have promotions.”

Catez notes that one strategy is to limit the inventory available to OTAs. “Perhaps I should only be selling suites via my own site,” he suggests. In fact, there are a number

**Figure 13: Consumers Would Welcome Advice on the Following Travel Products via Smartphone During Their Trip**



SOURCE: EYEFORTRAVEL, 2014B

of ways hoteliers can get around the issue of price parity - keeping some inventory back is one of them.

This also protects the hotel's brand. OTAs have limited space within which to create a differentiated product offering for each hotel. If a hotel sees itself as boutique or premium with a distinctive offering, this has the potential to be diluted on an OTA site. By selling some of the more differentiated inventory direct only, it is possible to preserve brand values.

Hotels also need to resist the temptation to push discounts and last minute bargain buys through the mobile channel purely on the basis that it has historically been used for this purpose.

"Mobile is now the same customer as online. It's certainly not a discount channel. It's like the internet was 15 years ago. Then, the internet was where you got startlingly cheap things compared [with] bricks and mortar. Not any more. But you do need to go back and educate the customer. Do not bargain down the price of your rooms for mobile," Catez adds, bluntly: "I don't

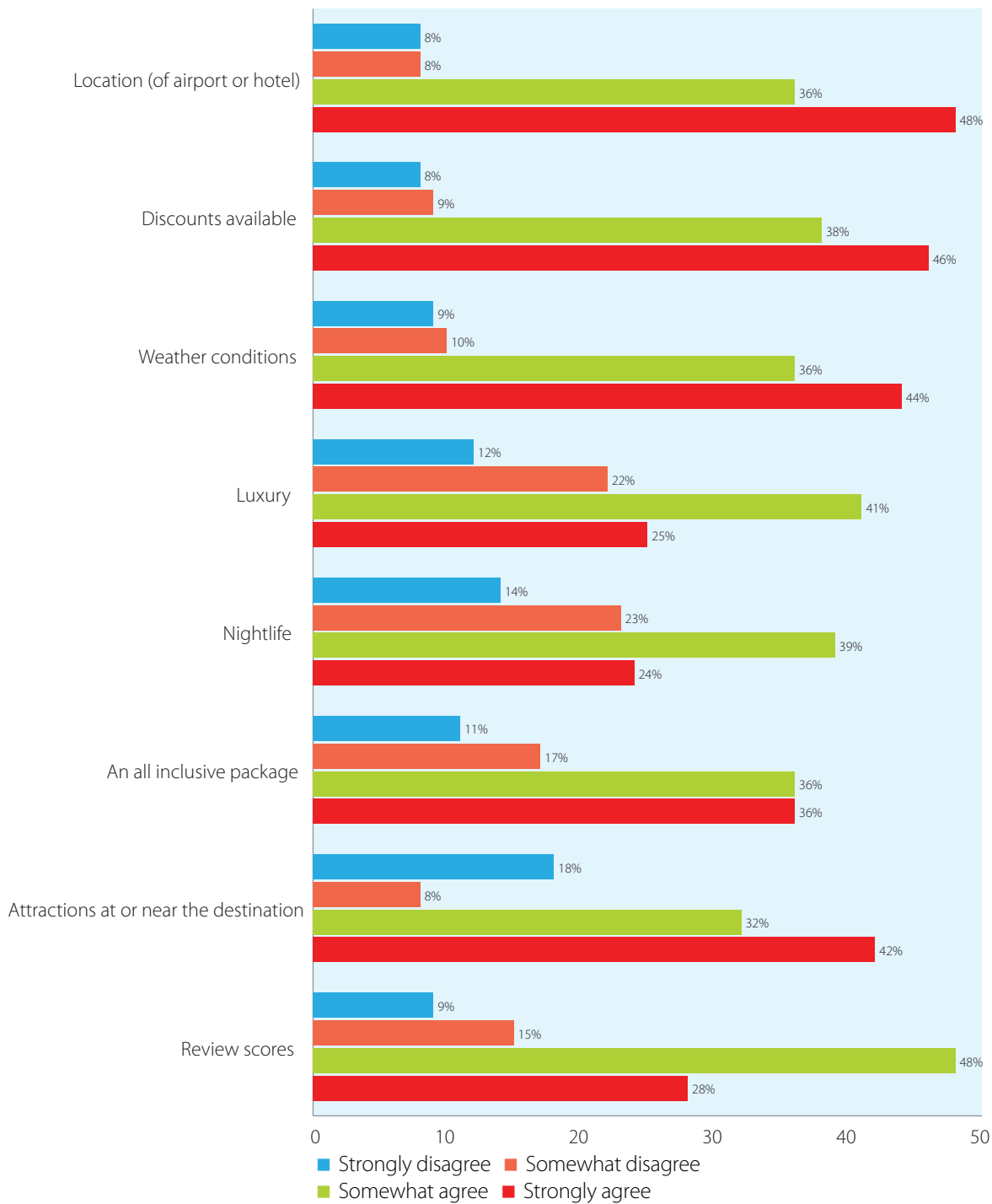
think we're going in the right direction with all these apps. We should be trying to bring value, not discounts."

Figures 13, 23 and 24 show that consumers are happy for brands to communicate with them both before, during and after their stay, with hospitality brands in particular being in a strong position. Brand.com has the opportunity to value-add where OTAs cannot via up- and cross-selling to deliver richer experiences than could otherwise be found, particularly as guest information contains richer seams of data than are usually available to OTAs.

Hotels and resorts should bear in mind that the primary consideration throughout the majority of consumer journeys is price. In our research, the most important factor after location was available discounts when respondents were considering their holiday, with 83.59% agreeing it was an important factor (Figure 14). Similarly, the top content travellers wanted to see in Tweets was exclusive discounts (46%) and last-minute deals (41% - Millward Brown, 2014).

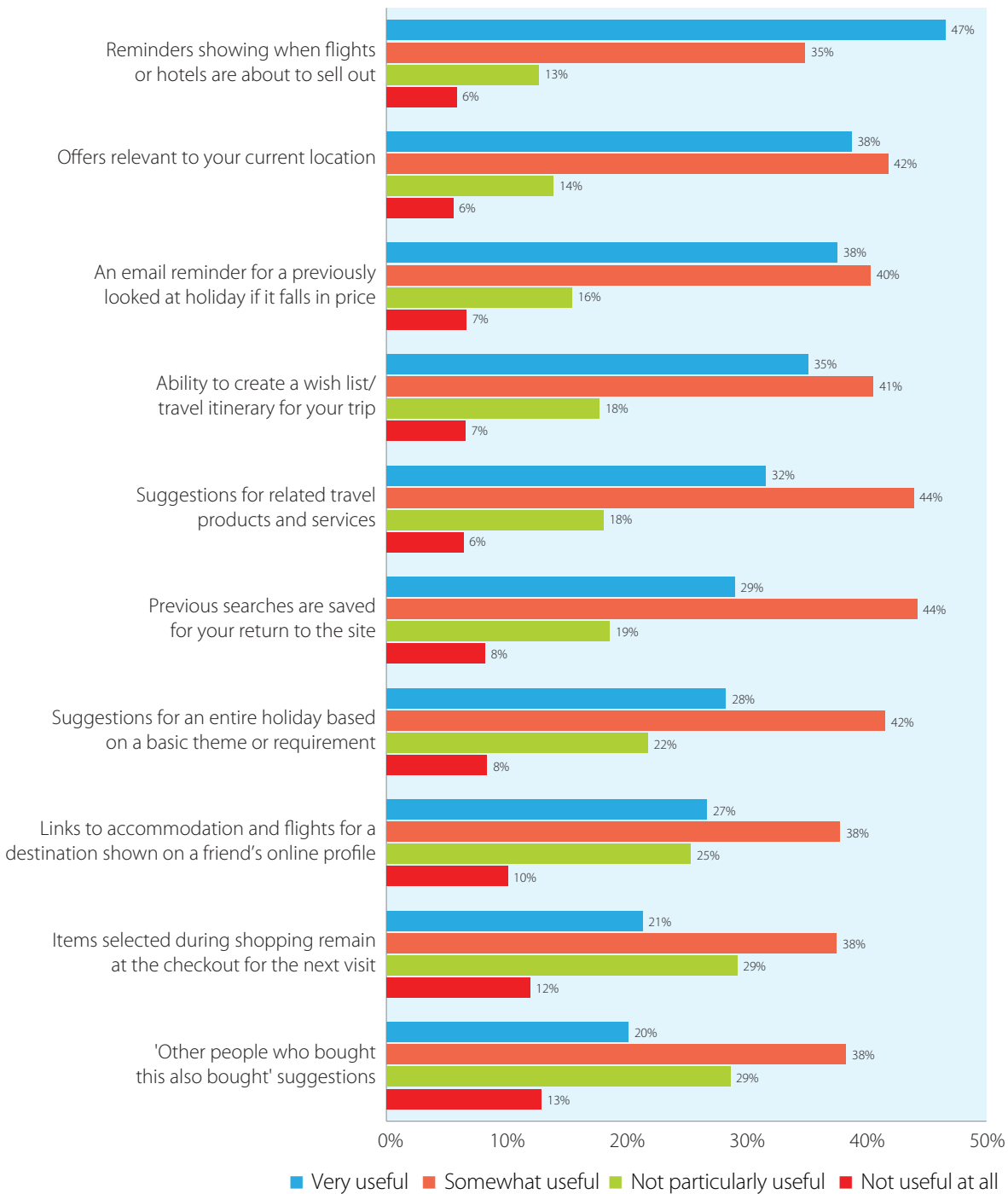


**Figure 14: Are the Following Conditions Important When Choosing Your Holiday?**



SOURCE: EYEFORTRAVEL, 2015C

**Figure 15: How Useful Would You Find the Following?**



SOURCE: EYEFORTRAVEL, 2015C

Hospitality brands should therefore combine this with the findings shown in Figure 15 to try and increase sales to the customers as well as fostering their relationship with the consumer:

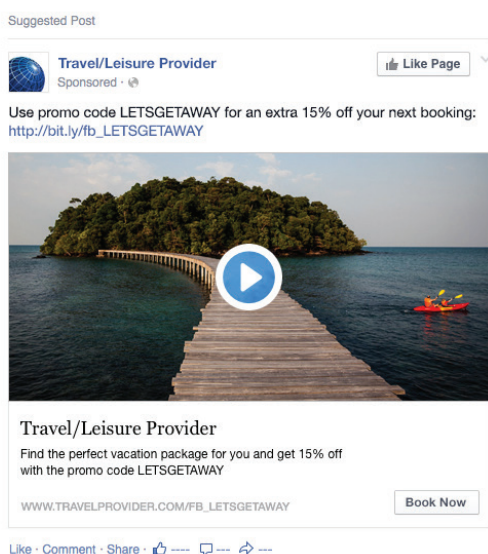
- 81.45% of consumers would find reminders showing when flights or hotels are about to sell out useful.
- 80.54% of consumers would find offers relevant to their current location useful
- 77.92% of consumers would find an email reminder for a previously looked at holiday if it falls in price useful
- 75.53% of consumers would find suggestions for related travel products and services useful.

The hospitality brands that can make push notifications and offers for ancillary products relevant to guests are those that stand to win big in terms of revenue and conversion (for more see Chapter 4).

## 2.6 Social

With over half of consumers stating that their primary holiday influence comes from friends and family, it is no surprise to find that brand.com marketers are trying to figure out how to tap into this rich seam of recommendation.

**Figure 16: Native Video Advertising Generates More Engagement**



SOURCE: KINETIC LABS, 2015

As the major channels have matured (Facebook, Twitter, Baidu, Weibo sites, Vkontakte and Instagram are the social brands typically at the top), they have begun to adopt singular roles in travel marketing communications. Facebook is somewhere to talk about brands and distribute sharable content; Instagram is the 'lifestyle portfolio' or, less charitably, the place to brag with soft focus and filters. In 2015, mobile phone company EE has begun its summer tariff package campaign centered around the smug photos people send back from holiday following on from a recent campaign where it sponsored a 'no smug selfie beach' in the south of France.

Twitter has rapidly become the forum to air grievances and often get faster feedback from customer services than via direct email or calls to the contact center. KLM China has been offering its customers assistance through Sina Weibo and WeChat, 24 hours a day, seven days a week (KLM, 2014). The company also offers services in 10 different languages via Facebook and Twitter.

On Facebook and YouTube, brand interactions are recognized as such and are maturing away from attempts to directly engage customers in faux-friendly discussions on fan pages to more intelligent native advertising. This is coinciding with the growing influence of the band of social influencers on these channels, which is creating a third wheel in the consumer-brand relationship – the professional friend and brand advocate.

### 2.6.1 Social Influencers

"How you get people channeled, yes, you have to have SEO but that will not compete against Booking.com. It's about having native ads in Facebook [see image below – native ads are designed to match and blend with existing site formats such as Facebook while still remaining clearly an ad] to see where friends have been. A friend referral is worth 1,000 ads," states Generator's Michel.

According to Forrester and Zuberance, brand advocates are five times more valuable than average consumers: 92% of consumers trust them and they reach on average 150 people on social media every time they advocate (BarnRaisers, 2013). They claim that they are:

- Five times more valuable than average customers.
- Spend at least twice as much as average customers.
- Spend three times as much as average customers over their lifetime of their relationship with a company or brand.

- Reach 150 people in social media every time they advocate for a product or service.
- 92% of consumers trust brand advocates.

Therefore, the power of the social media influencer is strong (vloggers have as much as a 48% view through rate – AdWeek Europe, 23-27 March, 2015) and in many senses are part of the consumer’s ‘friend’ cohort.

While the advertising authority has felt compelled to issue guidelines on how overtly brands should be represented in the blog and vlog channels, the majority of consumers are aware of brand content (The Conversation, 2014).

“Anyone with a highly-regarded reputation, like bloggers, are pretty powerful. They have their own reputations to manage so they don’t want to give their name to something that’s rubbish,” Michel states.

Vlogger Jim Campbell stated as much at AdWeek Europe 2015 when asked by a room of advertisers how many brands he turned down paid endorsements for. The fashion and lifestyle YouTuber, who has become a GQ contributor on top of his home-grown product, answered he had in fact turned down most of them and echoed Generator Hostels’ Michel’s observation that he didn’t want to associate with anything that might damage his personal brand.

Generator Hostels’ use of social media for visibility:

1. Competitions
2. Instagrammers - in hostel and surrounding area
3. Tweets - as a customer service tool
4. Blog articles

“Instagramming is going to be an area where we will be spending more time. People are reading less. Tweeting has its own place but you have to react. Instagram is a way of creating an impression,” states Michel.

Brands that have managed to amass significant followings on social media have done so through activities that are absolutely channel appropriate.

Technology and data company, Engagement Labs, has created a social media index to determine how well brands from each sector are performing in the channel. In the hotel industry, Ritz Carlton and Hyatt Hotels come out on top (see Table 5).

It builds this list from an eValue score ranging from 1-100 that measures the effectiveness of a brand’s overall social media performance on Facebook, Twitter, YouTube and Instagram, aggregating subscores of

**Table 5: Top Ranked Hotel Companies on Social Media by eValue Index**

Ranking	Facebook	Twitter
1	The Ritz-Carlton Hotel Group	Hyatt Hotels
2	Mandarin Oriental Hotel Group	The Ritz-Carlton Hotel Group
3	Country Inns & Suites by Carlson	Trump Hotel Collection
4	Oberoi Hotels & Resorts	Loews Hotels
5	Sheraton Hotels & Resorts	Radisson Hotels
6	Four Seasons Hotels & Resorts	Mandarin Oriental Hotel Group
7	Fairmont Hotels & Resorts	The Peninsula Hotels
8	Hyatt Hotels	Marriott International
9	Amanresorts International	Hilton Hotels & Resorts
10	Drury Hotels	Sheraton Hotels & Resorts

SOURCE: ENGAGEMENT LABS, 2015



engagement, impact and responsiveness. Engagement covers levels of interaction, including likes and comments, while impact measures how many unique users have been exposed to a piece of content. Responsiveness measures how quickly and well brands respond to customers.

“As social media is increasingly becoming an all-purpose communication tool, the hotel industry excels by providing real-time information to their customers on their social media channels. [They] utilize their social media channels to provide up-to-date resort news and industry information as a one stop shop for their audiences,” says Bryan Segal, Engagement Labs CEO.

In the airline sector, American Airlines is frequently held in high regard by peers for its social media strategy. It posts company information and current affairs on Facebook as well as highlighting major events such as Women’s History Month and encourages customers to share stories of exceptional service from female AA staff. On Twitter it has engaged in a number of high profile customer service exercises as well as engaging in topical news hashtags such as #TheDress (see Table 6).

Surprisingly, despite its financial might, Booking.com, universally mentioned by all the executives interviewed for this report as the most significant OTA, does not appear in the eValue rankings for OTAs. Bookit.com

stands out on Facebook for articles on travel ideas and destination tips while Hotels.com wins the Twitter war by communicating deals and promotions (see Table 7).

“[Consumers] want convenience, trusted brands and good deals. Social media is a key resource to help consumers navigate the complexity of travel today. We see marketers optimizing social channels to enhance user experience, customer satisfaction and develop trust and loyalty with their audiences,” Segal states.

**2.6.2 Case Study: Hyatt All In**

Hyatt over-indexes on Twitter in engagement by using very visual holiday-related content and creative hashtags (#HyattAllIn) to encourage sharing of experiences as well as direct engagement with the brand’s online presences (see Figures 17-19 below).

In March 2015, the hotel group invited customers to watch a two minute YouTube video and share it on Twitter with the hashtag #HyattAllIn and #HZEntry for the opportunity to win a stay at one of four Hyatt all-inclusive resorts. Winners and their guests also received 100,000 American Airlines AAdvantage miles.

The film featured shoppers at a southern California mall posing for holiday photos with props and were given freebies such as sunglasses, flip flops and beach balls. At the time of going to press, the winners were yet to

**Table 6: Top Ranked Airline Companies on Social Media by eValue Index**

Ranking	Facebook	Twitter
1	American Airlines	American Airlines
2	Island Air	United Airlines
3	Delta Airlines	Alaska Airlines
4	Frontier Airlines	Sun Country Airlines
5	Hawaiian Airlines	Allegiant Travel
6	Sun Country Airlines	Delta Airlines
7	Southwest Airlines	JetBlue Airway Corporation
8	Alaska Airlines	Southwest Airlines
9	JetBlue Airway Corporation	Frontier Airlines
10	Allegiant Travel	Virgin America

SOURCE: ENGAGEMENT LABS, 2015



**Table 7: Top Ranked OTA Companies on Social Media by eValue Index**

Ranking	Facebook	Twitter
1	Bookit.com	Hotels.com
2	Orbitz Worldwide	OneTravel
3	Travelocity	CheapOair
4	CheapOair	Expedia
5	Expedia	Airbnb
6	CheapTickets	Travelzoo
7	OneTravel	Priceline.com
8	Hotels.com	CheapAir
9	Fare Buzz	Travelocity
10	Priceline.com	Bookit.com

be announced but the YouTube video had more than one million views by 3 March, 2015 (Content Marketing All-Stars, 2015).

**2.6.3 Social Data**

At this time, social media remains a direct engagement tool, and beyond customer service, questions remain as to how effective it is in terms of conversions. As a source of rich behavioral and attitudinal data, however, it is invaluable.

Social data represent both a useful insight and prospecting tool. The networks themselves provide analytics services such as Twitter analytics. Data companies such as Oracle and Axciom integrate social analytics and for those who cannot yet invest in large analytics packages, free versions also exist. Social data can also be extracted from the networks to deliver a volume of new prospects that closely match the profile of existing customers.

Products like this include Facebook’s Custom Audiences. It uses lookalike modeling to select a section of the user base that most closely matches customers and then allows brands to target them through advertising. This is in essence no different to the direct mailing lists of old. Based on known parameters, segments are built that match the brand’s requirement, i.e. age and geography. However with lookalikes such as Facebook Custom Audiences, much deeper targeting is possible

as profiles of people with similar tastes and dislikes, habits and resources can be created. All of this increases the effectiveness of brand messaging. Companies able to deploy Data Management Platforms (DMPs) are also able to create lookalike segments for display advertising outside social media, based on cookie tracking and customer web journeys.

**2.7 SEO and Listings**

It can be tempting, with newer media resources such as the ever-changing Facebook and mobile landscapes, to forget that much can be achieved through simple hygiene measures.

Working on SEO and keeping the balance between keywords and readability, while maintaining fresh content, are essential to successful search. Search engines remain the place where most travel purchase journeys are begun even if, as Figure 11 suggests, it is not the most significant purchase influencer (22%).

The key elements for successful SEO are:

- **Keywords:** Create a single, long-form copy page optimized for multiple keywords.
- **Content:** Keep it unique, engaging, fresh and readable.
- **Tags and URLs:** Make sure they have keywords and strong calls to action.

- **Links and images:** Tag with keywords and descriptions to help the search engine know how important the page is.
- **Off-page links:** 75% of SEO depends on other pages linking to you. Make friends with restaurants and attractions and give them content to link back to you.
- **Social networks:** Search engines use social graphs (plotting the personal relationships of internet users) rather than likes or shares.
- **Local:** Include local information and local businesses. Local searches are growing 54% year on year.
- **Mobile:** Search will rank based on usability - the more adapted to mobile, the better.

SOURCE: LEONARDO, 2014

This is also something even those with the most squeezed budgets can maximize. Dormy House Hotel in the UK's rural Cotswolds won the best website and SEO award from the Hotel Marketing Association in 2014. This was not just because its recent redesign had made a feature of visuals and content that appealed to its young target audience (ticking all the boxes mentioned in Chapter 1); the company also made sure it "ensured that Dormy House appears on page one when people search for terms like "luxury spa hotel Cotswolds." Following the launch of the new website, traffic has increased from 110,000 visits in 2013 to 350,000 visits in 2014, a rise of 226%. Ecommerce conversion rates are up 250% in the same period, with a revenue increase of 632% (Dormy House, 2014).

Even the notoriously unreliable Wikipedia is worth keeping up to date as these are frequently the top-re-turned results in searches. It has to be noted however, that as far as a resource customers use for inspiration, more preferred social media (41%) and review websites (27%) to Wikipedia (14%) (EyeforTravel, 2015c). Wikipedia is nevertheless an opportunity to present as much practical information - for free - as required, albeit achieving none of the previous suggestions regarding stunning visuals and engaging design.

## 2.8 Sentiment Analysis and Social Benchmarking

Being able to take a step back and gain an overview of the market and the brand's place in it is a very useful tool in analyzing strategic success and, to a certain degree, being able to predict the near future.

Understanding brand perceptions in the context of other hotel brands as well as the influence of OTAs and metasearch informs where deeper relationships need to be forged. Hotel brands can benefit handsomely from the halo effect of a positive OTA brand perception. Equally, sentiment analysis performed on a region or relevant cultural event can shed light on the propensity of customers to choose one hotel over another.

Tools, such as those from Simply Measured, Followerwonk, Buffer and Cyfe (and many of which are available free in some form or other), can show hotel brands how they, their closest competitors, or market leaders are performing in the social sphere. This allows hoteliers to take learnings from up-to-date social behaviors and perform low-risk tests before they adapt strategies to suit.

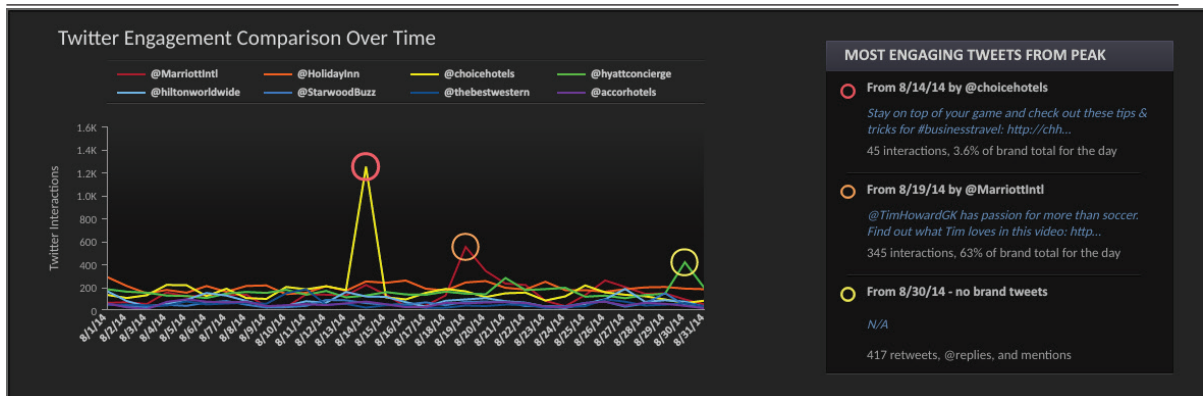
The three figures below demonstrate how hotel brands can benchmark themselves against direct competitors or examine OTA strategies to assess where their opportunities might lie. Tools like this can also make a 'running assessment' of progress as elements (such as posting videos instead of photos, the former of which proved most engaging overall for Holiday Inn) are tweaked. In particular, these charts are showing what tweets created the biggest impressions on their customers allowing competitors to analyze the tweet content and understand what type of content is most engaging travel customers.

Figure 17: Demonstration of Different Levels of Consumer Engagement with Travel Brands, Benchmarked Against a Market Leader Showing 'Winning' Brand Behaviors

Compare up to 10 Twitter Accounts in this Report. Type in Cells Below to Change.				
@MarriottIntl   @HolidayInn   @choicehotels   @hyattconclerge   @hiltonworldwide   @StarwoodBuzz   @thebestwestern   @accorhotels				
Competitive Leaderboard	All Account Avg.	Your Account @MarriottIntl	Leading Account	How does the leader compare?
<b>Engagement</b>	<b>4,208</b> <small>34k total engagement</small>	<b>4,357</b> <small>61% of leader</small>	<b>7,123</b> <small>@hyattconclerge</small>	Leader tweets more often than you. Content is mostly normal tweets.
<b>Followers</b>	<b>96k</b> <small>766k total followers</small>	<b>329k</b> <small>You are the leader</small>	<b>329k</b> <small>@MarriottIntl</small>	You have 197k (148%) more followers than the next best brand @StarwoodBuzz.
<b>Potential Impressions</b>	<b>23.5M</b> <small>188.4M total impressions</small>	<b>74.8M</b> <small>You are the leader</small>	<b>74.8M</b> <small>@MarriottIntl</small>	You have a 40% share of impressions and get an average of 286k impressions per tweet.
<b>Brand Tweets</b>	<b>1,392</b> <small>11k total tweets</small>	<b>261</b> <small>2.9% of leader</small>	<b>8,977</b> <small>@hyattconclerge</small>	Leader sends about 290 tweets per day and gets an average of 1 interaction per tweet compared to 8 and 17 for you.

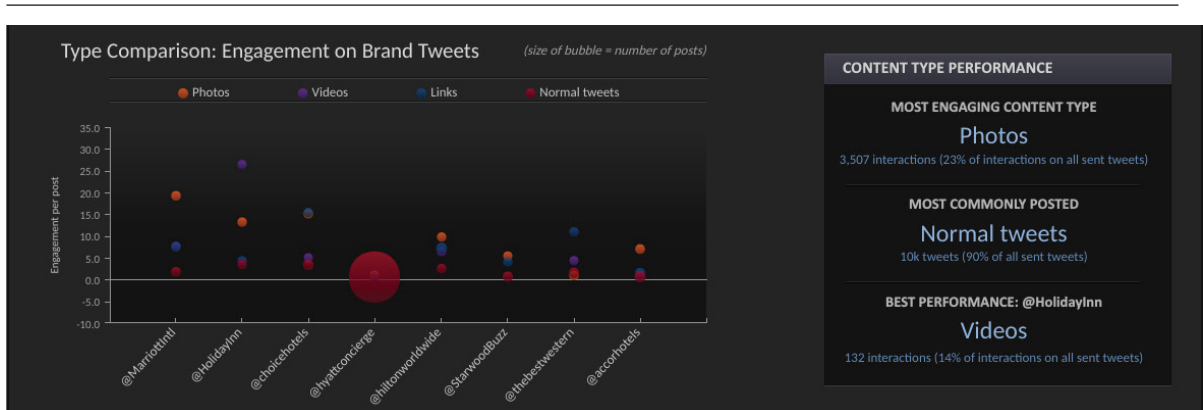
SOURCE: SIMPLY MEASURED, 2015

Figure 18: Demonstration of the Most Effective Travel Brand Tweets



SOURCE: SIMPLY MEASURED, 2015

Figure 19: Most Engaging Content by Type – Images Create the Most Interactions



SOURCE: SIMPLY MEASURED, 2015



## 3

## Customer Relationship Management

### Summary

- Encouraging log-ins to brand.com or apps increases hoteliers' data and allows for more personalized communication as well as service provision. This is more experience than OTAs can provide.
- Consider carefully what data are needed and ensure that there is a return on investment. It is cheap and easy to acquire but can be expensive to store, keep current and use properly, particularly if customers are turned off by it.
- Apps are useful for capturing customer information as well as loyalty but still do not have strong take-up in travel and other areas such as web-based services may be more appropriate.
- Legacy data and systems remains a challenge but rather than trying to manage the minutiae, getting to a good enough situation with segments and broad personalization is effective.
- Personalization on any level is a definite conversion lifter. 92% of executives reported an increase in search engine marketing and 95% saw increases offline when personalization was used.
- Personalization is primarily a retention, rather than an acquisition tool.
- Loyalty schemes remain important with discounts (82%), offers (76%) and upgrades (73%) most desired.
- New technologies are interesting to customers and mobile check-in is becoming more used. But weigh up the benefits of being cutting edge with budget. In some cases, OTAs can help by being first adopters.

From a bricks-and-mortar perspective, hotels have a distinct advantage over many brands across a range of sectors in the depth of data they are able to acquire about their customers. From the face-to-face meeting over the reception desk through the in-stay purchases and conversations with the maître-d', hotels can build very useful pictures of their guests.

However, this does not translate easily into the online world, nor is it helpful in the customer acquisition phase. To begin to build a relationship with customers before they walk through the doors, hotels need to turn check-ins into log-ins.

### 3.1 Pushing Customer Log-ins and Using Apps

Encouraging customers to log in to brand.com or download an app certainly enhances the quality of data hoteliers are able to capture about customers. It also allows for more sophisticated tracking of the customer journey that leads to an optimized online experience. Also, unlike encouraging log-ins through social media

such as Facebook, it is free to the hotelier at the point of implementation. However, brand owners need to fully understand the value exchange around customer log-ins. The expectation may be one or several of the following:

1. A speeded up experience during registration
2. Speeded up web experience post log-in
3. Personalized offers
4. Tailored communications including opt-in/out
5. Being 'remembered' across channels including offline

As online turn-offs go, being asked to log-in or enter data is low down consumers' list of irritations, as Figure 20 shows. Less than a third (29%) felt that required log-in would stop them using the site, as compared with the 44% who were annoyed by pop-ups.

Potentially turning off a third of consumers is still a concern, however, indicating the importance of making any log-in procedures as seamless as possible or keeping them optional. It is salutary to note however, that slow-loading times, high levels of advertising and a confusing layout were also no-goes. The overall



impression is that the customer does not want too many roadblocks in their way. Hotels considering login procedures should design them with this in mind.

Equally, a balance should be drawn between what information would be useful to the hotelier and what the customer is willing to provide. Age was the detail most were happy to provide, with travel history being second. Less than a third were willing to divulge their family status and only 19% were willing to discuss income (see Figure 21). Many loyalty schemes, including Hilton Honors (for example), make it a requirement of joining.

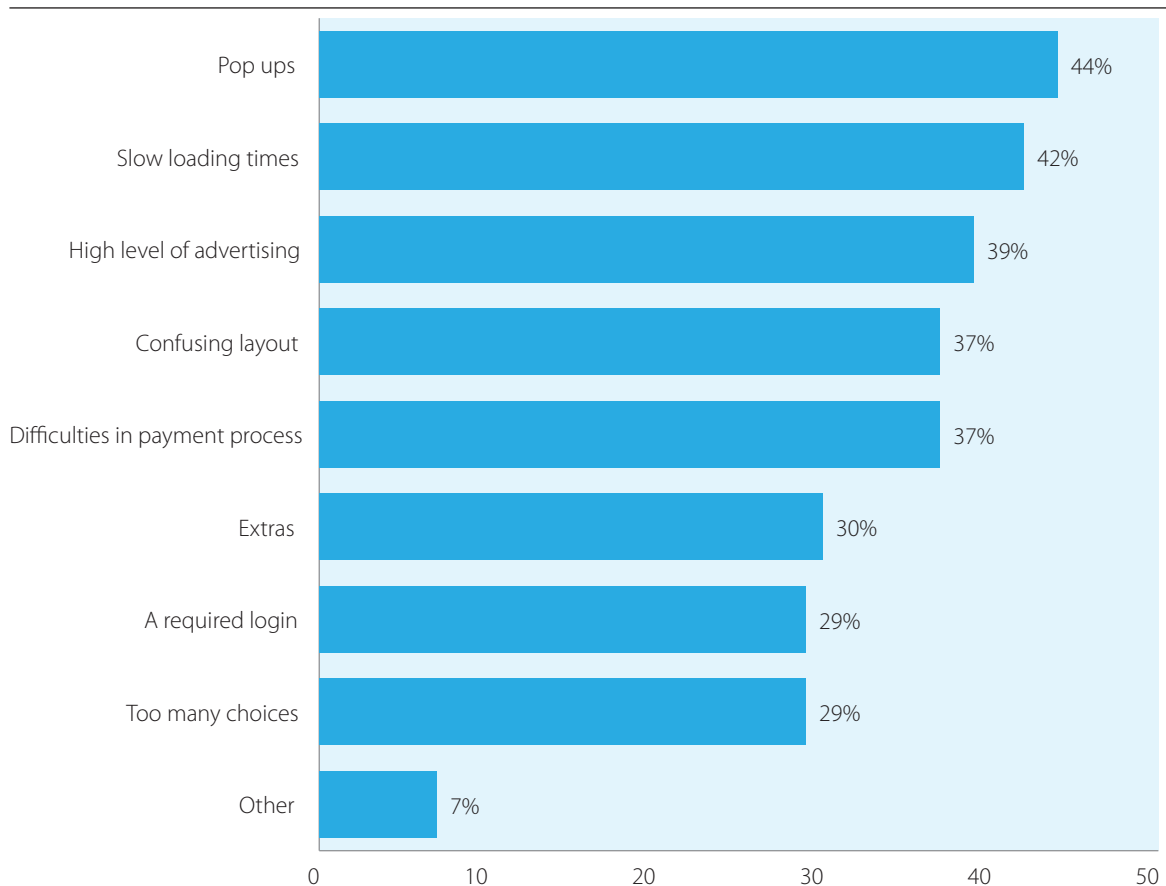
When considering what information the hotelier simply cannot live without, this has to be weighed up against the potential loss of a customer. If they were to pursue income data for example, less than a fifth would willingly supply it.

The sense that apps could hold the key to delivering more data as well as deeper engagement for consumers is still some distance away. While hotels have been able to create highly functional and well-designed apps - Ritz Carlton's app has garnered many awards for the richness of its content as well as its easy functionality - take-up remains slow, although there are signs that this is a growth area with the sector growing at 89%, 13 percentage points above the average but a way below shopping at 174% growth year-on-year (Techcrunch, 2015).

There is no denying that capturing as much relevant data as possible is brand.com's big goal:

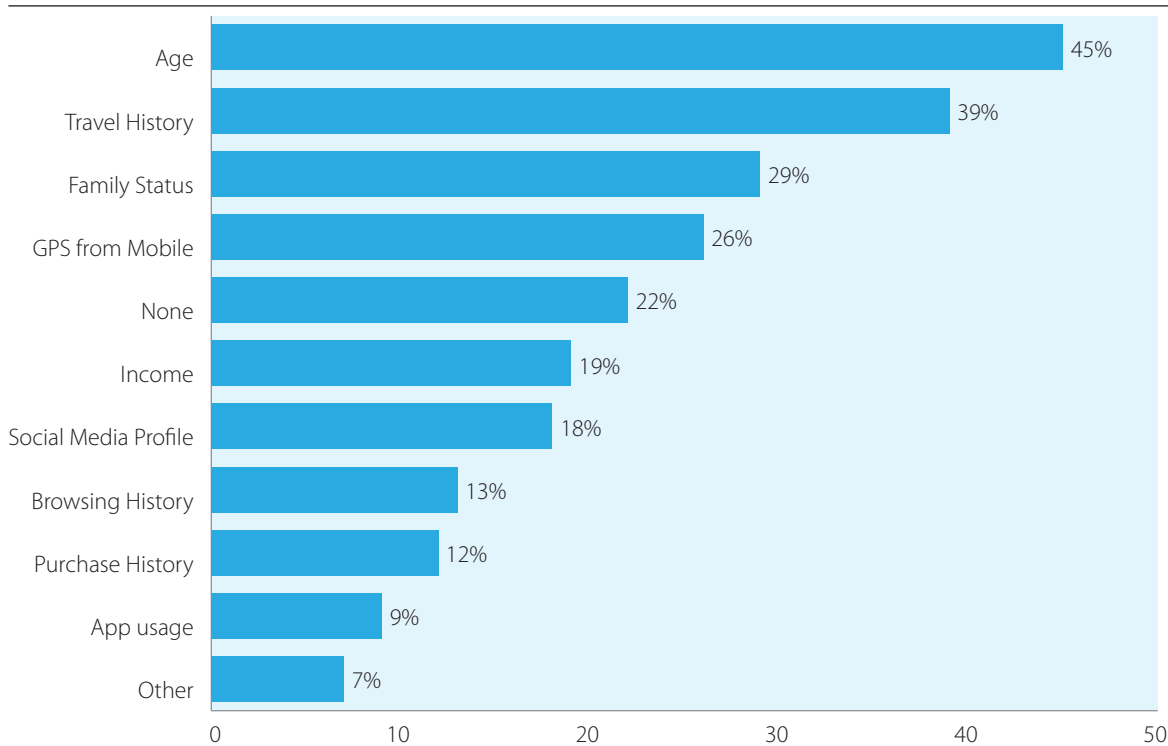
"Big data usage gives us a big advantage. We can use it to completely understand buying patterns and get to the next level of customization because we own our own properties. You can book your room directly and

**Figure 20: Do Any of the Following Stop You from Using a Travel Website?**



SOURCE: EYEFORTRAVEL, 2015C

**Figure 21: Would You Be Willing to Give a Travel Organization Any of the Following in Order to Receive Better Deals, Search Results and Recommendations?**



SOURCE: EYEFORTRAVEL, 2015C

that's not going to happen in the OTA space for at least the next three years," states Rane.

Gatwick's senior ecommerce manager Matt Wilkinson has reached the ultimate data gathering impasse and so to solve it, his team created the responsive web service My Gatwick, to target the 38 million customers passing through the airport each year (Gatwick, 2015).

"We've had definite thoughts of targeting customers on an individual level but we have so many different people and departments that are outside of Gatwick's control: Border Force and retailers to name but two. They operate quite independently. Getting stuff joined up remains on [the] radar but frustratingly far away. MyGatwick will be a real step change, and the next 12-18 months will see interesting developments. Can we or should we build an app out of it is one question we're asking."

### 3.2 Gathering and Understanding Data

Interviewees for this report unanimously bemoan the heritage and legacy nature of the hotel business. As companies have grown, ways of dealing with customer

data have evolved, but because budgets have invariably been tight, systems have often been put together in a rather haphazard fashion. This has left many hotel companies with customer data operations that are not easy to navigate. This is a challenge in a data-driven world.

"We are quite far from being able to separate customers into segments. We use different computer systems and they're not all interlinked. There is no constant exchange of data and it takes a lot of manual work to go through the excel sheets. For months we have been looking into buying a CRM platform but it's a huge cost and we are a small, family-run hotel chain," complains Ameron's Viebahn.

Many hotel groups do have organized data collection strategies but the range of maturity is very broad, from large central business intelligence units to Ameron's single person poring over excel sheets. The volumes of data that come in from the multichannel, be it mobile transactions or contextual social data will continue to exercise hospitality strategists.

“We have key members who have iPads and know information about the guests, know that you are a repeat customer - that it’s your daughter’s birthday for example,” reveals Catez. “But hotels have not been the most advanced users of technology. We’re only now seeing what you can do in hotel. It’s really hard to say ‘Buy 10 iPads’ and then find the ROI straight away. But there are now ways of demonstrating that. We’re going in the right direction as an industry with mobile check-in and it will be interesting to see what [the Apple] Watch will do,” Catez adds.

“It’s the data that underpins it. It’s a cliché to talk about big data. It’s little data. It’s the data that allows you to be personal and ensure that the brand is engaging with people in the right way at every touch point. The front end is easy to construct. Whether recognition on board or apps. The killer bit is the data. We’re on it. That is always going to be a work in progress,” Bradley admits.

It has been seen in Chapter 1 what customer data can do in terms of optimizing the purchasing funnel but perhaps most importantly, the data can be used to deliver personalization. This is increasingly expected by consumers as a given and the personal relationship,

stretching far beyond ‘Dear Mr. Jones’ emails, begins long before the customer crosses the threshold.

### 3.3 Personalize and Tailor Offers

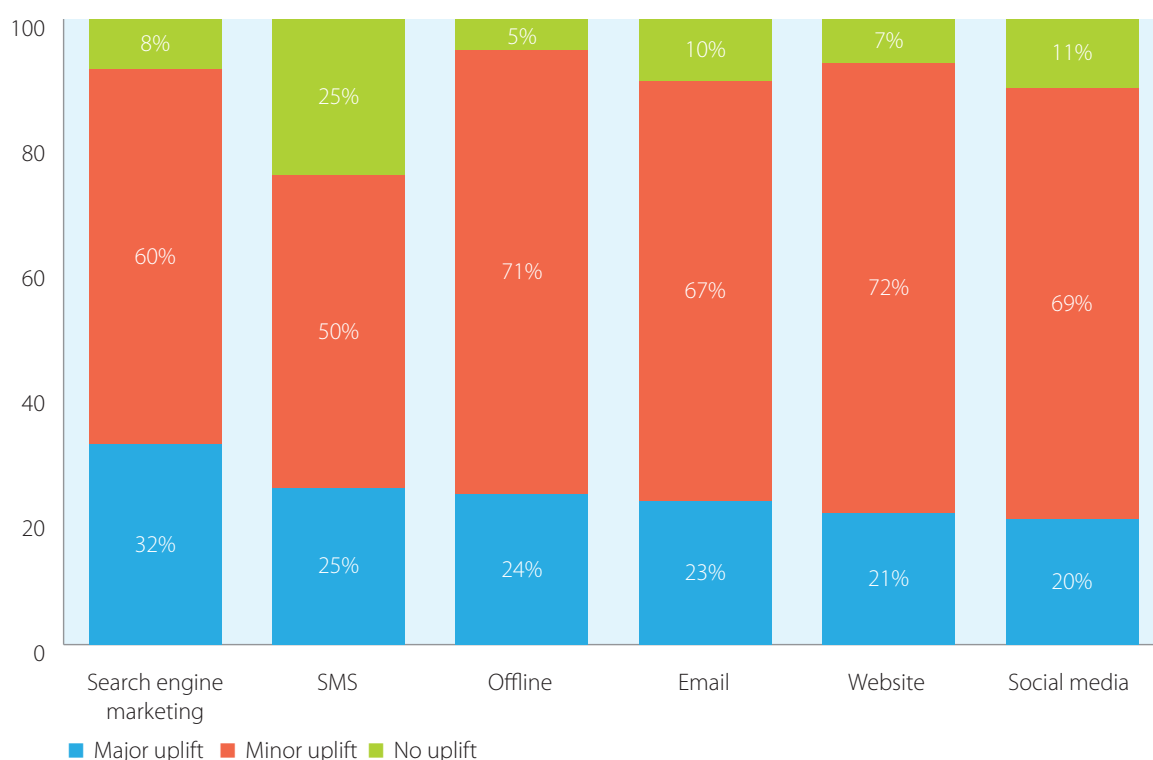
If proof were needed that personalization has a direct and dramatic impact on conversion, the results of the Econsultancy survey below should provide it (see Figure 22). When asked if they had experienced any uplift in conversion rates since implementation, 92% of executives reported a rise in conversion through search engine marketing while 95% noted increases offline and 93% through their website. The only area where a quarter reported no uplift at all was via SMS.

Having secured customer data, brands have a duty to use the information well. Personalization is increasingly common, and travellers experience tailored communications and offers across their daily lives. They largely understand the value exchange for providing data.

Happily, hoteliers are in an excellent position to deliver personalized services, whatever their budget.

“It’s about how much more you can offer in product, diversity, upselling and customization - that’s the only

**Figure 22: The Impact Since Implementing Personalization**



SOURCE: ECONSULTANCY/RED EYE, 2014

power the hotels have left in their arsenal to compete," Hilton's Rane adds.

True personalization is about context and its role is primarily in retention, not acquisition. The sense that an otherwise anonymous brand wishes to engage on an intimate level with no obvious relationship is off-putting to say the least.

Certainly, technologies allow a degree of automated personalization. The consumer expectation that a degree of personal data will be used manifests in expedited form-filling, offers on a previously used and preferred room and storing any dietary needs for the breakfast room.

Property is where the relationship can really be cemented on a personal level, however. Optimizing the experience online is important when convenience is the determining factor in brand consideration between hotelier and OTA. However, loyalty is formed on the basis of service experience.

"The buzz in 2015 is all around "customer data and personalization". Smart marketers have a newfound focus on review content because of the direct and unique insight they provide into your guests. Reviews can be leveraged in marketing campaigns any number of ways. Offer a meal voucher as a thank you for the positive comments about your breakfast buffet for their next visit or perhaps a special callout to the guest from the General Manager of the property," advises Leonardo's Rondeau.

### 3.4 Build a Relationship and Reward Appropriately

Loyalty programs still very much have a role to play in travel and hospitality. While the collection of points may not guarantee return visits, a well-executed program that allows tangible benefits from their collection can be a competitive advantage.

Tangible benefits from loyalty schemes still feature heavily in consumer wishes. An EyeForTravel survey from December 2014 uncovered that the most popular enticements to join a loyalty scheme were linked to value for money:

- 81.44% of consumers could be enticed to join a loyalty scheme for discounts.
- 76% sought relevant offers.
- 74.8% would like offers for activities at the destination.

- 73.12% were interested in upgrades.

Interestingly, many were also interested in exclusive content from a newsletter, at 72.51%, giving a relatively low-cost option that can incorporate the above. Few of those surveyed could not be tempted to join at all (see Figure 23).

Content is also vital for a sector that is defined by long purchase and reward cycles. Unless the individuals are business travellers, it is unlikely that a repeat purchase will be made within the year. Therefore incentives are needed to keep the brand relationship fresh, without fruitlessly attempting to incite the customer to purchase again too soon.

#### 3.4.1 Case Study: Virgin Atlantic Flying Club

Virgin Atlantic's Bradley explains how the Flying Club goes beyond miles:

"My feeling is if we do a good job in Flying Club then customers will want to be part of our program. They may also be part of others but I'm not losing sleep over it. It has to come back to customer choice. While you can put incentives in place, customers are very literate in this space so it's really about brands doing what's right for our customers and the rest should follow. A loyalty program needs to ... be truly about loyalty, rather than just transactional.

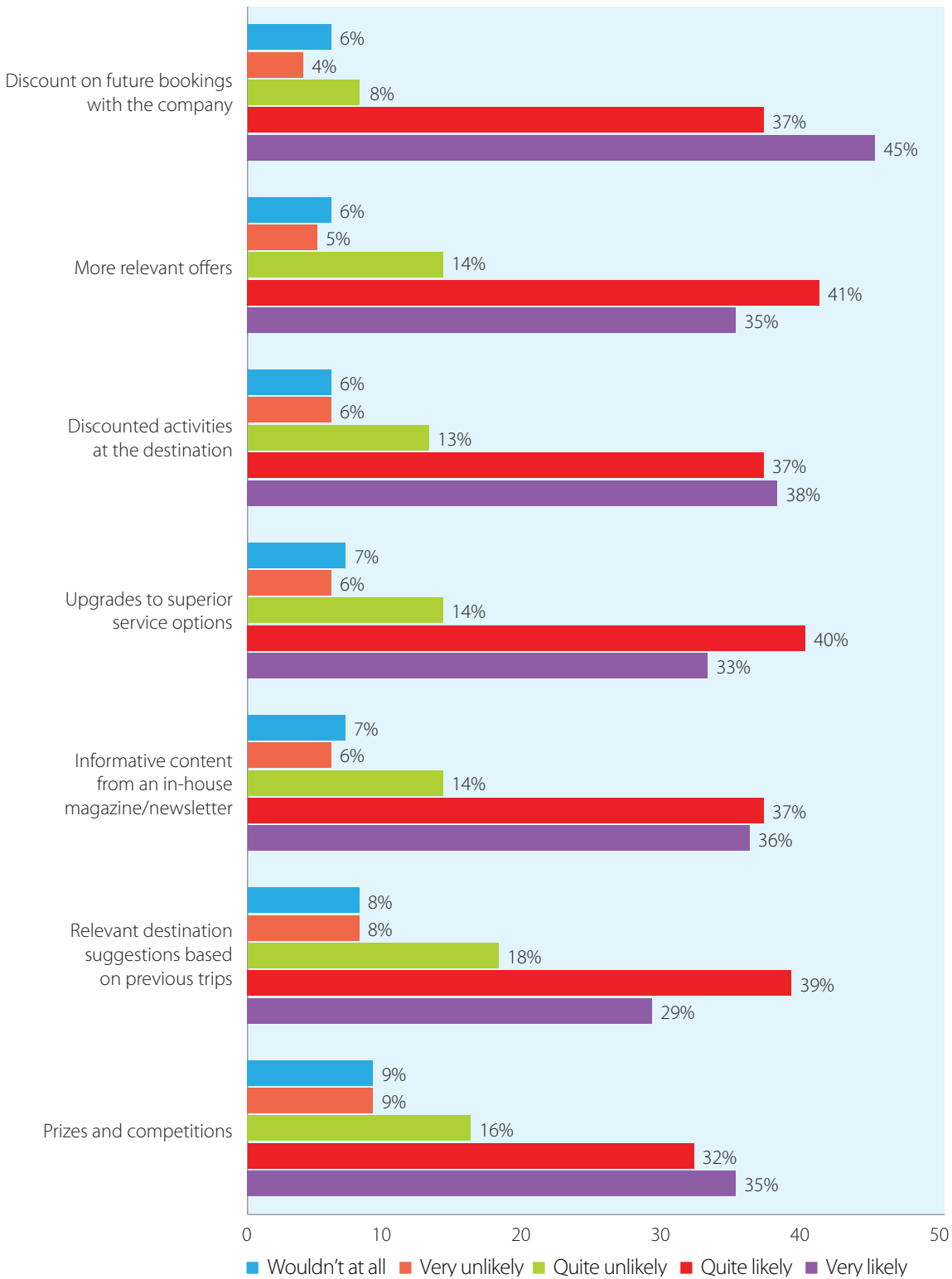
"Every loyalty program has to provide core benefits. We try to transcend these to be more reflective of our brand. We focus on a lot of high engagement activities such as exclusive events - programs where we recognize some of our more frequent travellers in a very, intimate unique way. That can be down to how we recognize them in the airport and on board as well as receiving tailored communications.

"Because we're a relatively small player, we can behave more intimately with our customers and provide a more personalized experience. A good example is our golf program called 'Swingers'. We have an online international golf league where Flying Club members play against each other and amass points as they play. There is a live tournament in one destination once a year. It gets a huge amount of advocacy and gives unique experiences."

### 3.5 Using Technology In-Stay to Cement Relationships

There can occasionally be a sense of 'The Emperor's New Clothes' when new technologies are considered, but there are valid lessons to be learned even from the

Figure 23: Which of the Following Would Incentivize you to Join a Loyalty Club?



SOURCE: EYEFORTRAVEL, 2015C



more outlandish experiments. The now 'on-hold' Google Glass has already been trialed by Virgin Atlantic, which showed promise in terms of service if not in technology.

It is not to be expected that hotel brands will see receptionists, concierges, maîtres-d' and bellhops all equipped with space-age technology in the near future, but the concept of using mobile technology to speed guests' progress from transit to relaxation has the potential to make a real impression.

Mobile check-in is already a reality, as is using mobiles as keyless room entry - for example, NFC in Hilton and SPG apps for Starwood. The International Data Corporation expects wearable devices such as Samsung and Apple's smartwatches to number around 112 million worldwide by 2018 (Forbes, 2014) and industry insiders already predict that travel companies will be one of the first sectors on board with the new technology. Marriot announced in April 2015 that it had expanded its mobile check-in service to Apple Watch in conjunction with its Marriott Rewards program.

Far from finding it intrusive, consumers are enthusiastic about certain brand communication while in-stay, per the findings represented in Figure 13 in Section 2.5 above, where consumers welcome information via mobile about accommodation, places of interest and places to eat.

ClubMed launched two pilots in ski areas Val Thorens and Val Morin allowing mobile users to register their children at kids' club or check-in with roving staff equipped with iPads. The company is also considering apps with restaurant reservations. "We need to optimize smartphone and tablet experience in the resort," ClubMed's former vice president of marketing and sales, Mexico, Jerome Hiquet, told EyeForTravel in May 2014. "It's where we can be different and create value."

Hospitality brands may be nervous of taking the plunge into technology, not least because of the cost. Here, this is an opportunity to work with OTAs to gain the best of both worlds: "We will provide our service on Apple Watch and if you think about innovation we are able to move with the platform our customers choose - this is not the core competency of the hostel as I see it. They focus on the actual experience. Our competency is making sure the right customer comes through the door. We are able to be on new platforms", reveals Otto Rosenberger, Chief Marketing Officer

(CMO), Hostelworld Group.

The concept of roving staff again rears its head and it would seem to be a growing trend, particularly if hospitality brands are prioritizing data collection with a view to extending relationships beyond the stay.

Brands are also beginning to explore what the potential is for iBeacon technology and location marketing as a whole. As the Ashley Inn example in Chapter 1 demonstrates, customers are looking to buy while literally yards from the door - but whether or not this is a regular occurrence very much depends on the target segment. In addition, these segments may not be similar - the fleet-of-foot gap year traveller on the lookout for a bargain may be seeking the same solution as a stranded business traveller or spontaneous weekend getaway couple.

Could location technologies create loyalty despite being based in spontaneous decision-making? It is possible but depends perhaps on whether their use is linked to added-value information in hotel apps which then encourages a deeper experience of the surrounding area, rather than being a tool for spontaneity.

## 4

## The Competitive Edge

### Summary

- Hoteliers have it in their power to create bespoke packages and offers that OTAs cannot match.
- Maximize this advantage by gathering data on take up of any offers and ancillaries so future offers can be optimized and coordinated with social media.
- Customers are willing to have hotels interact with them during their trip, primarily via email (55%) and mobile notifications (30%).
- Customers are always looking for offers (81%) or opportunities for price drops (79%) and so target them with upgrade offers in the initial phases and in between their booking and stay.
- Keep loyalty programs exclusive to brand.com. Entering into a loyalty scheme with OTAs gives customers the incentive to go back to them rather than booking direct.
- Keeping up the sense of FOMO – use tactics that encourage customers to share their experiences in resort with proprietary products such as digital postcards that link back to brand.com.
- Exploit the multichannel. Sharing images on social media will not convert alone. Support with native advertising through the channel followed by retargeted advertising.
- OTAs can support brand.com but differentiation can be difficult in a homogenous catalogue. Stand out through choice of images and original copy, enticing packages and always aim to emphasize the most recognizable parts of the brand assets.
- Metasearch runs the risk of commoditization. Use psychology, testing and studies to understand how consumers react to price to ensure the positioning is just right.

While hotel brands wrestle with the fact that OTAs enjoy significantly larger marketing budgets as well as digital capabilities that are often streets ahead, there is one asset they possess that OTAs cannot hope to exploit: The hotel.

The hotel property and the staff within are a key resource in the battle for competitive advantage through brand.com. While added value services such as spas and restaurants can make for valuable 'money can't buy' enticements - at least, money can't buy via OTAs - even the most basic properties can deliver that something extra through brand.com that OTAs cannot match.

### 4.1 Offers

As can be seen in Sections 1.2.1. and 2.5., customers' primary concern is price. However, particularly in locations with high room density or homogeneity of hotel types, when there is little to distinguish on price, hoteliers must consider how else to deliver value.

Price parity continues to affect most hoteliers and creating offers that effectively create a cheaper product than is available via the OTA is a grey area. 'Narrow price parity' agreed in a number of EU states by Booking.com on the 21<sup>st</sup> April 2015 (Skift, 2015) leads the way for hoteliers to vary terms and conditions, offer lower rates offline as well as a number of other variants that effectively introduce competition back into the OTA/hotelier relationship. Hospitality brands are still mostly using their own resources to develop packages of offers that make it more attractive to book direct. Spa, entertainment, restaurant or champagne welcome packs can help to encourage spending in-stay and build a brand relationship.

Clearly each brand must explore what offers can reasonably be made that will not ultimately erode their margin or the gains to be made from using these offers to drive customers away from the OTA sites.



### 4.2 Ancillaries

Hotel brands are uniquely placed to up- and cross-sell to guests both pre- and in-stay. Leisure customers are open to an improved experience while business travellers welcome improved efficiency and conveniences. Ancillary services are welcomed by customers according to EyeforTravel research which showed that only 13% of guests did not want to be contacted by travel brands at all during their trip (see Table 8, below).

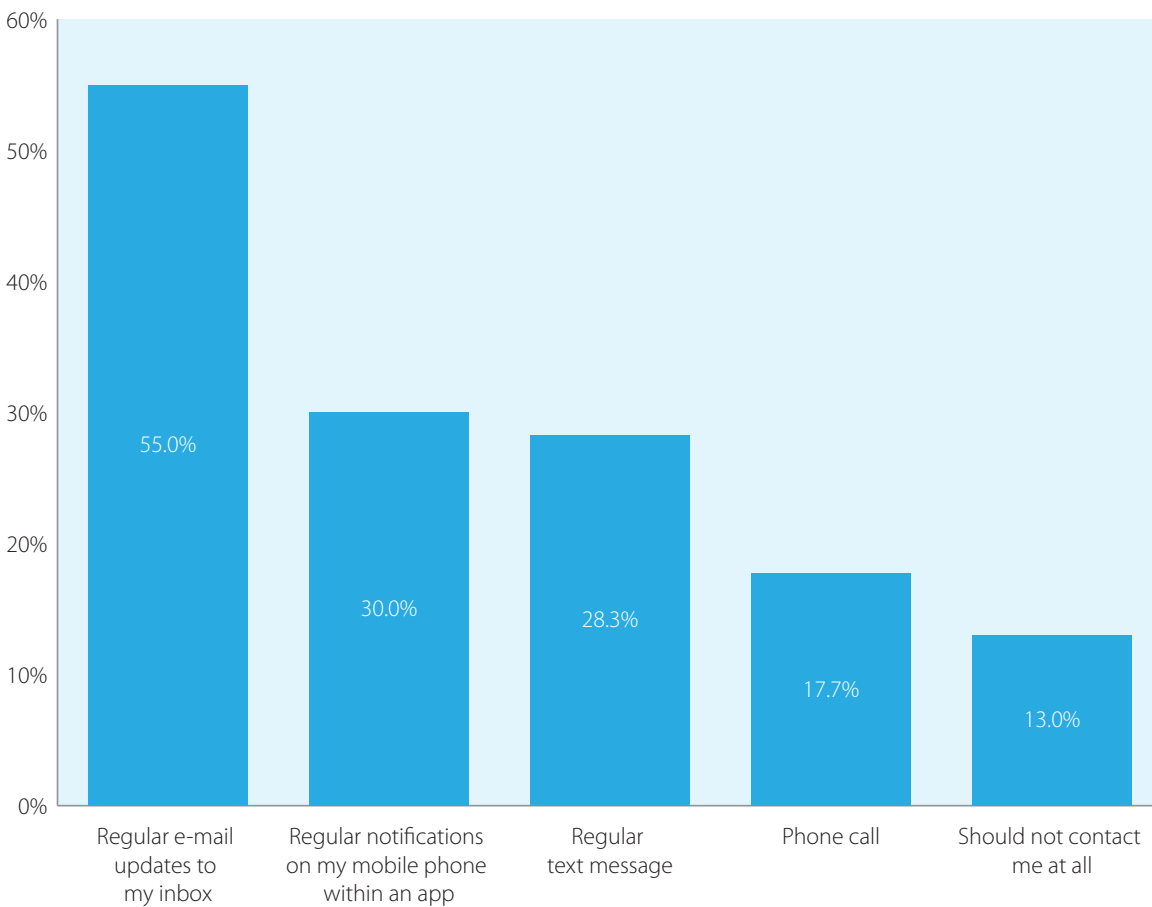
Brands can also use paid-for ancillaries as enticements to using brand.com. Take spa treatments for example. The customer may well be willing to add a treatment to their stay and a small financial inducement (e.g., 10% early bird discount) will encourage this, but creating a real feel of exclusivity need not impact the hotel in cost terms at all. In the case of the spa, brand.com customers could have exclusive use of the facilities at certain times

of the day. However, in order to get the most out of this approach, hotels need to apply revenue management and segmentation.

Potentially, ancillaries are an effective source of revenue. As noted in EyeforTravel's Ancillary Revenue in the Hospitality Industry report, nearly a third of hoteliers surveyed said that ancillaries accounted for 25% or more of their revenue and over 50% were looking to invest in ancillaries in 2015.

Hotels therefore need to take a two-pronged approach. Firstly, hotels need to use ancillaries on their brand websites to increase conversion and revenue. Secondly they need to intelligently push further revenue-generating options in-stay, with an emphasis on those products that will build a relationship with the brand and leave a lasting memory. We know that customers

**Figure 24: How Should Brands Interact with Consumers During Their Trip?**



**Table 8: How Should Brands Interact with Consumers During Their Trip?**

Please indicate how travel brands should interact with you during your trip	Global
Regular e-mail updates to my inbox	55.0%
Regular notifications on my mobile phone within an app	30.0%
Regular text message	28.3%
Phone call	17.7%
Should not contact me at all	13.0%
<b>Total number of respondents</b>	<b>1,907</b>

SOURCE: EYEFORTRAVEL, 2014B

prioritize value for money and offers throughout their entire journey. Therefore, hotels should look to push competitive upgrade packages. These can also be extended to the period in between booking and the stay.

In the latter case, hotels should consider two factors: convenience and experience. Convenience is more important than ever, particularly to business travellers. Amazon has shown that the less effort a consumer needs to put in to make a purchase, the more likely they are to complete it. In the hospitality sphere an example can be found in Marriott. The company rolled out Apple Pay in March 2015 to ease the process of check-in and in-stay purchases. It is also linking this with their app, which at the time of writing is undergoing trials in selected hotels. The app makes provision for guests to request popular items or message hotel staff directly just before or during their stay.

Where ancillaries can be memorable experiences (as well as revenue generating opportunities), they are particularly useful for a hospitality brand. If companies can push these in a manner that links closely to the brand then they can allow the customer to do much of the work for them (see Section 4.5.).

In both, their full potential can only be reached with a considered approach to data. There is no less of a case for using revenue management techniques in regards to ancillaries than there is for room sales. Being able to accurately predict price points and adjust offers accordingly maximizes the possibility of conversion and take-up of offers. Guests are also cost-savvy and more willing to explore their options than in the pre-internet age, so competitive pricing is also important to experiences. Data gathering allows the creation of relevant customer segments and testing to perfect the

most likely purchases of these segments. The offers and experiences that different customer groups are interested in will be highly varied, so accurate profiling is less of a nice-to-have and becoming more of a necessity. Despite this, executives reported that their revenue management systems could not accurately measure most types of ancillaries (see Table 9).

Good data can also help create guest interactions and foster the relationship, helping with brand advocacy. As an example, monitoring Twitter for the brand can be linked up with customer data to create unique experiences that enhance brand reputation and customer loyalty. Finding that a guest is going to celebrate their birthday whilst at the hotel, or that is on their honeymoon, means a unique, personalized event can be created.

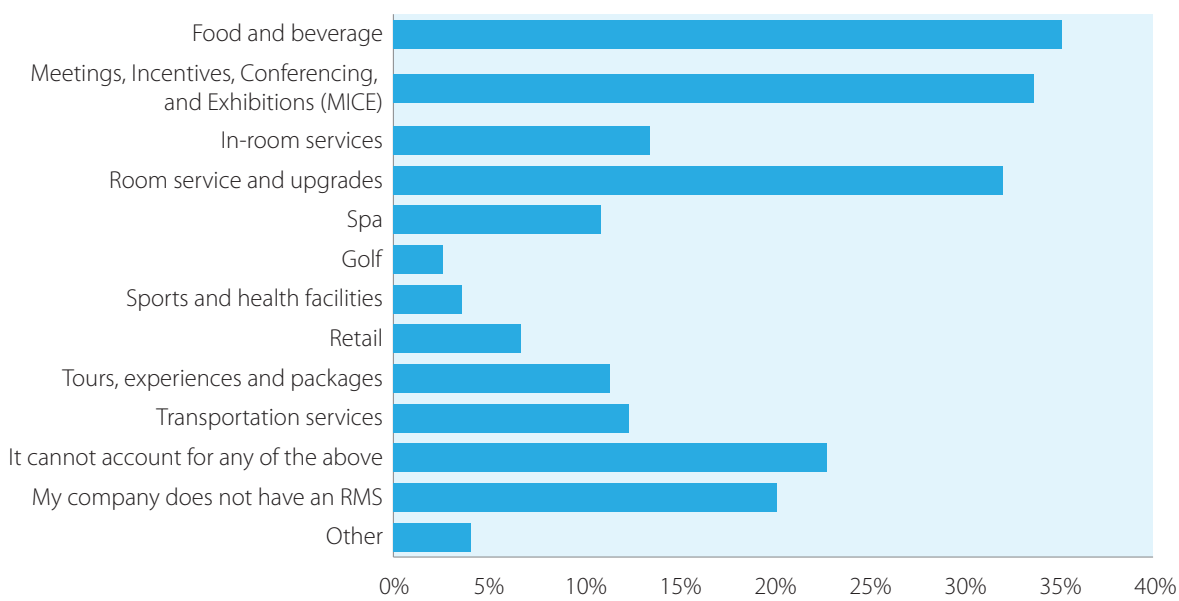
### 4.3 Loyalty Packages

Ancillary products are often a key feature of hotel loyalty programs. Not only do they provide an inducement to the customer to book with brand.com, they enhance the customer experience, resulting in positive word of mouth and potential future bookings. Critically, they also provide the hotels with more information about the guest's preferences and the resulting insights can be used to tailor offerings and target these customers and ones like them in the future.

What all the experts interviewed for this report agreed on was that hotels should avoid participating in OTA loyalty schemes. "Don't participate in any promotion with the OTAs. Because then as a customer, why should I ever book elsewhere?" Catez warns.

Not only does the OTA gain the customer, it also gains their data, losing the hotel valuable opportunities for future marketing.

**Figure 25: Ancillary Revenue Streams Accounted for by RMSs**



**Table 9: Ancillary Revenue Streams Accounted for by RMSs**

Which of the following ancillary revenues can your revenue management system account for?	Response percentage
Food and beverage	35.2%
Meetings, Incentives, Conferencing, and Exhibitions (MICE)	33.7%
In-room services	13.5%
Room service and upgrades	32.1%
Spa	10.9%
Golf	2.6%
Sports and health facilities	3.6%
Retail	6.7%
Tours, experiences and packages	11.4%
Transportation services	12.4%
It cannot account for any of the above	22.8%
My company does not have an RMS	20.2%
Other	4.1%

SOURCE: ANCILLARY REVENUES IN THE HOSPITALITY INDUSTRY EYEFORTRAVEL, 2015A

Loyalty packages remain popular with consumers where offers and discounts dominated the possible enticements that would get people to sign up. However, the value to the hotelier is not necessarily that a loyalty scheme might induce a guest to book again at the same property. A recent article from Emarketing Associates states bluntly that: “only offering a points-based loyalty program leaves much to be desired and is not effective on its own standing” (EMarketing Associates, 2014),

The company goes on to suggest that it is much more the customer’s experience that defines the likelihood of repeat bookings. However, offers through loyalty schemes contribute to that experience and data gleaned from such schemes allow hoteliers to personalize experiences. This is a key trend that is dominating the service industry and one that hospitality is far better placed than an OTA to deliver.

“At the end of the day, it’s making sure that the relationship isn’t about the booking: it’s about aftersales. You’re trying to upsell and when guests arrive, staff are on message and trying to create events in the hostel. That’s where the relationship gets interesting and we can own it, versus the OTAs. It’s all about enthusiastic, engaged staff. We want guests to feel part of a family,” states Generator Hostels’ Michel.

To the hotelier, the value of the loyalty scheme goes beyond offering enhanced experiences to the customer, although they are undoubtedly vital to get them signed in. Instead, it is the data that can be gleaned from a loyalty scheme that usually proves the most valuable. This is evident in the bankruptcy case against Caesar’s Entertainment Group in Las Vegas (Wall Street Journal, 2015). The battle here is not over the real estate, but the company’s valuable customer database, estimated by the creditors as having a value of approximately USD1bn and the single most valuable asset listed. Customer data allow hotels to calculate customer lifetime value, and up- and cross-sell, as well as create models to improve ROI both with existing and potential customers in the future.

#### 4.4 Experiences and FOMO

Sharing is caring, and certainly travel is one of the most frequently shared topics across social media, ranking third on Facebook behind music and television, and ranks fifth on Twitter, according to social media influence rating company, Klout (Marketing Profs, 2014). However this volume of online conversation does not automatically translate into bookings.

“People love sharing travel and we also know that word of mouth is a substantial part of growing customers. It seems odd that when people share pictures on Facebook, it doesn’t suddenly drive bookings. What does convert customers is asking advocates to share a specific piece of content,” Charlie Osmond, Triptease.

In this case, Osmond is referring to a modern twist on an old staple - the in room postcard. Converting this to a digital postcard, hotels can encourage guests to share with friends and family. “We were finding that we got between 8% and 14% of guests wanting to create and share the content. Digital postcards were an excuse for bragging rights and we were very happy with that level of content creation.”

Certainly, social media is responsible for a great deal of travel traffic and various studies conducted by EyeForTravel as well as other insight companies, hotel brands and ecommerce suppliers in the sector ratify this. What is important, however, is to correct the assumption that social activity simply organically turns into room sales.

As Generator Hostels’ Michel states in Chapter 2, social activity needs to be backed up with native advertising based on tracked social media activity. Retargeted advertising on social media has also been shown to be effective. MDG Advertising reported that Kinetic Social had found that travel had the highest US Facebook ad Click-Through Rates (CTRs) for Q4 2014 at 2.63%, whilst consumer packaged goods had CTRs of 2.53% and retail 1.27% (MDG Advertising, 2015).

However, the accuracy of programmatic advertising (where a computer algorithm determines the most appropriate targeted ad placements) is often called into question, serving as it does adverts relating to holidays and hotel properties based on search activity, but potentially after the customer has already made a booking.

Creating great customer experience is solely in the hands of the hotel property and it is in their power to generate loyalty, encourage word of mouth, grow profits through up and cross-selling and overall create the foundations for future growth of bookings on brand.com.

#### 4.5 Gaining Visibility on OTAs

For the most part, the ability to enhance a brand’s appearance on an OTA or metasearch site is limited by

the site's layout. For example, there is little opportunity to provide larger images than the norm (unless paid for under an advertising agreement). Nevertheless, there are ways in which brands can ensure they stand out and they are maxims that apply across the brand's whole marketing activity:

**Make images and video work:** Images are vital in travel and where possible, so is video. Images that stand out are ones that will really reflect the brand and show how it is distinct from other properties in its category. Generator Hostels for example, uses vibrant decoration in its reception areas to set its properties apart from other hostels.

**Provide lively, engaging copy:** Even within the limited confines of the OTA page, brands have the opportunity to reveal their best selves. An oft-quoted statistic from Expedia claims that increasing a partial property description to a full one can result in a 5% take-up and USD3 higher ADR (Tnooz, 2013).

**Deliver enticing packages:** Advice from experts, such as Jeremie Catez, on keeping some promotions exclusive to the property to drive traffic to brand.com rather than the OTA can also work in the brand's favor ON the OTA. As mentioned above in more detail, highlighting added-value packages can increase consideration in both the OTA and metasearch environment.

**Leverage brand assets:** Virgin's Bradley suggests that the area of metasearch in particular will be an interesting challenge for travel brands: "What you need is people understanding what your brand is about. When

they see our brand appearing in results, that brings [a] series of thoughts and inspiration of what [we] will offer. It does make that brand building work that we place a lot of emphasis on vital when it comes to metasearch."

#### 4.6 Avoiding Commoditization

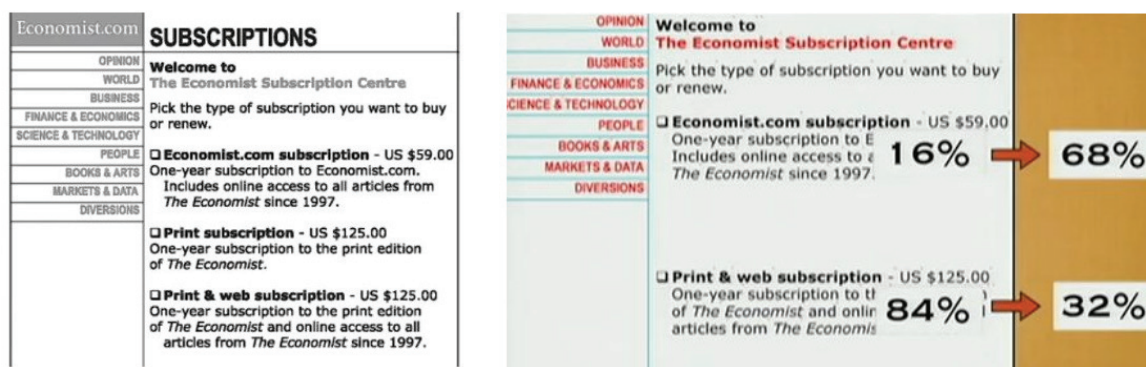
While the risk of being lumped in a price bracket with no brand differentiation can occur on OTAs, it is much more prevalent on metasearch, where price comparison is its Unique Selling Point (USP). To avoid being reduced to just a price point, hotel brands need to work hard both on pricing strategy and tying it to the brand proposition in a way that is rapidly conveyed in little more than a list entry.

An article from mobile ecommerce platform provider ShopPad explores the issue of consumer psychology and how brands can work with price comparison to encourage consumers to make the desired choice (Shop Pad, 2014).

When addressing price promotions, the article states that more choice is better than less. It cites Dan Ariely's price experiment in Predictably Irrational (see Figure 26).

Of the choices available, when three are presented, the middle choice is clearly unattractive compared with the third and, unsurprisingly, in the test, no-one chose it, with the overwhelming majority seeing the greatest benefit from the last option (84%). However, taking the unattractive option out of the equation made 68% of consumers plump for the lowest-priced option and only around a third went for the one that was most advantageous to the brand.

Figure 26: Changing Consumer Choices Through Pricing Plans



SOURCE: SHOP PAD, 2014

Conducting pricing experiments with differing value propositions could improve the brand's relative standing in metasearch; however, this clearly requires an ongoing appreciation of how competitors are pricing their offerings.

This has the benefit of making sure even price sensitive customers do not consistently look for the lowest common denominator price within the brand itself. Additionally, it helps brands avoid commoditization in the metasearch environment. Consumers do not automatically go for the cheapest option but comparisons are relative and, as the Shop Pad article states: "Nothing is considered cheap or expensive by itself until it is contrasted with something else. Great white sharks, for example, are pretty big fish, but when put next to a whale, appear normal or smaller in size."

## 5

## Making OTAs Work for you

### Summary

- Customers want to use OTAs. Making it difficult for them to use them will only turn them away from brand.com completely. 57% use an OTA to research travel and 52% then go on to visit brand.com.
- OTAs reach customer groups brand.com cannot. Either through language capability or marketing reach, OTAs are able to invest and deliver a customer experience where brand.com would not have the resources to.
- For niche or growing hospitality sectors, OTAs are able to grow the category such as in hostels or boutique/hipster venues.
- OTAs can invest in technology either to take the need for that element away from brand.com entirely (i.e. booking engine apps) or to test the waters before the cost comes down (iBeacons; smart watches).
- Insight from larger companies such as OTAs is vital to smaller hoteliers who would otherwise not be able to afford to access the industry research and expertise larger budgets can.
- Metasearch may risk commoditizing travel but good pricing strategies can enhance brand.com's reputation.

TripAdvisor notes that 57% of people worldwide use an OTA to research travel and Google notes that 52% go on to visit the hotel's website after visiting an OTA (Wisetiger, 2015). This is supported by EyeforTravel's research, where 31% of respondents to our global consumer survey reported that they had booked on a hotel website in the last year – one of the highest rates among the various answer options (EyeforTravel/WAYN Consumer Survey, 2014).

If brands are able to manage their distribution in such a way that customers are driven through the appropriate channels that deliver the best experience while optimizing revenues, there need not be tension between brand.com and the OTAs. Indeed, the hoteliers we spoke to for this report stated categorically that OTAs were vital in terms of discoverability and reach.

### 5.1 OTAs

"For us, the prime driver of our decisions is what makes sense for our customers. If they want to book through the OTA and retain that relationship, that's fine by us. We do our best to provide a whole range of services that our customers can access online and retain and build a relationship with, but we also work hard with OTAs

to help them build a relationship. I don't see it as an 'us and them' situation," states Virgin Atlantic's Bradley. "It's all about the channel mix. There are some customer groups we couldn't reach without OTAs."

It is certainly possible to see the marketing might of the various parts of Priceline Group and Expedia as a challenge, but they deliver huge advantages for hotel brands looking to enter new markets or benefit from new technologies. Apps, for example, are increasingly used by consumers to help with their purchasing. As discussed above in Chapter 3, they remain a significant expense for hoteliers and single brand apps are yet to prove their worth for all but the biggest chains. However, ensuring a presence on an OTA app gives hoteliers access to customers over the long term.

"The OTAs are a partner in a way. We do try to work with them as effectively as possible. We are a German-based company and have our site in German and English but that's where we reach our limits. We obviously want consumers from outside Europe so we depend on OTAs because they can cover all those languages," reveals Ameron's Viebahn.

“A high percentage of our customers travel alone so we are tremendously important to the industry because even big hostel chains would not have the marketing power to use mass media to market to our customers. We run the hostel world conference, [where there were] more than 600 owners in a room and we talked about these things. We say, look of course there’s a commission to pay, however, we invest heavily in marketing the hostelling concept to the wider world. I was brought in to renew our focus on brand. We are making great strides in that direction. And hostels seem to value that. I believe, we are all partners in this,” insists Otto Rosenberger.

“Running a mobile app is quite complex undertaking and not every hostel has a bunch of developers making the thing work. The customer is on mobile and on laptops and they are digital natives and post on Facebook all day long. Working with that and capturing that – that is where OTAs really make a difference ... if you want to book a hostel in, say, Edinburgh, we make it possible and easy and ... that improves a hostel’s chances to capture that booking,” Rosenberger advises.

Collaborating with OTAs allows hotel brands to understand where the gaps are in their marketing resource and how best an OTA can contribute to plugging it. The one thing hoteliers cannot afford to do is be passive:

“We meet with them and speak regularly and they tell us what improvements they are making. Our relationship is good,” Viebahn notes.

## 5.2 Metasearch

While OTAs are able to help hotel brands extend their reach among new consumers alongside maintaining the element of customer experience from booking to in-stay representatives and post-stay care, metasearch is an altogether different prospect.

At its most basic, it is a price-driven benefit comparison engine that clearly can have great benefits for the consumer, paring down as it does the often complex and multi-layered cost structure of a holiday (flights, taxes, baggage charges, room rates, transport and extras such as treatments and entertainment in-resort for example).

In the *Future of Metasearch in Travel* report (EyeforTravel, 2015b), 2014 saw most metasearch companies making strong double-digit growth with no signs of slowing down. Growth is highest in emerging markets and

there is a particular focus on increasing the presence of the hospitality industry on metasearch sites due to the potential profitability.

Across travel, metasearch is increasingly the first port of call for consumers, with TripAdvisor dominating. The most important elements driving customers here are price transparency and impartial reviews, the latter critical in conversion. Ancillaries can still create brand differentiation for hoteliers but metasearch sites such as Skyscanner are starting to integrate them into their offering too.

Booking via metasearch is becoming a possibility; however, it looks as though metasearch are keen not to dilute their brand’s offering between provider and customer. For hoteliers, maintaining dynamic pricing and demonstrating best price guarantees such as those mentioned in Chapter 1, will be key to maintaining direct customer relationships in the face of the rise of Metasearch.

“It’s very much a strategy and having a balanced portfolio of channels. How will it play out going forward? It’s really fluid. Probably the most dynamic area is where customers are increasingly in the driving seat and can tailor their search and purchasing choice to match their needs. Platforms like Google Flight Search/Hotels, KAYAK and AirBnB are tapping into a strong demand for platforms that allow you to filter and compare and get a view of all that is out there,” Bradley proposes.

“Virgin points to the importance of balanced channel strategy. If you rely purely on metasearch you’re going to get very commoditized, very quickly,” Bradley states. Once again, as discussed in Chapter 4, hotels need to use their USP - their properties and service offering - to mitigate against any potential commoditization through marrying product marketing with astute price experimentation.

The use of intermediaries will always be contentious because, as Jeremie Catez stated in Chapter 1, simply diverting bookings away from OTAs and through brand.com instead can result in 15% growth in margin. However, that is to ignore the benefits to be gained from OTAs’ marketing activity. These can include extending reach into areas where it would be too expensive for the hotelier to translate their digital assets into the native language or provide call center staff that are fluent. OTAs are better placed to invest in



new technologies that will provide the experience to the hotel customer without the investment. They can also use their marketing muscle to grow the category as a whole, whether it is increasing the profile of the summer package or city break or, as in Rosenberger's case, the hostel sector:

"Let's get the customer to stay in our category. Do we really want the [hotel] chains to take the customer? We are here to grow the category and make this well known that hostels are a brilliant way to explore the city because it's a community that forms itself on the fly. It boosts your experience," Rosenberger asks. "Who is going to do the CRM for you? We remind people to rate the hostel, we do a lot to boost the standing of the hostel. We work with them and certainly want to make sure that they can take full advantage. In this world you need scale which is why we have big OTAs."

## 6

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# Conclusion

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Undoubtedly, brand.com has a lot to think about when it comes to challenging the might of the OTAs for direct bookings. Encompassing small, boutique groups such as Ameron and large-scale groups such as Hilton Worldwide, it is clear that each hotel must approach brand.com on its own merits.

The first point of departure is to understand the customer and what their needs and expectations are. Secondly, brand.com must assess its resources and honestly appraise what priorities and sacrifices must be made to meet those needs as well as possible to deliver the best customer experience.

In many cases, brand.com will be able to use a combination of its digital presence and offline properties and personnel to meet those needs. While there may be a number of new and exciting innovations out there such as the Apple Watch and the internet of things, it is important to discover whether these are vital to a customer's positive view of brand.com, or whether a simply executed website and a friendly, efficient call center contribute equally well to the sum of their guest's happiness.

Finally, rather than viewing OTAs with a semi-combative stance (it is hard not to eye up that potential 15% margin growth), brand.com would do well to blend them into the marketing mix, understanding how and when consumers resort to OTAs and then working out how brand.com fits into that journey.

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# Abbreviations

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<b>AA</b>	American Airlines
<b>ADR</b>	Average Daily Rate
<b>CEO</b>	Chief Executive Officer
<b>CMO</b>	Chief Marketing Officer
<b>CMS</b>	Content Management System
<b>CRM</b>	Customer Relationship Management
<b>CTR</b>	Click-Through Rate
<b>EE</b>	Everything Everywhere
<b>FOMO</b>	Fear Of Missing Out
<b>NYC</b>	New York City
<b>OTA</b>	Online Travel Agent
<b>PPC</b>	Pay-Per-Click
<b>Q</b>	Quarter
<b>ROI</b>	Return On Investment
<b>SEO</b>	Search Engine Optimization
<b>UGC</b>	User-Generated Content
<b>USP</b>	Unique Selling Point

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