



Hotel internet marketing trends - 2008

An estimated 1/3 of all hotel bookings will be done online this year, and another 1/3 will be directly influenced by online research and planning, but booked offline. By understanding current Internet marketing trends in hospitality, including travel consumer expectations and perceptions, hoteliers can enhance their web presence, and utilize the Internet as the most cost effective and up-to-date sales and marketing channel.

Background

In the past several years, we have all watched the remarkable growth of the online travel marketplace. With an increasing number of travel consumers doing travel research online (75% of adults in the US - TIA), gaining broadband Internet access at home and becoming more and more accustomed to doing business and transacting on the web, we will continue to see this growth across market segments at an ever increasing rate.

This year, 40% of all leisure and 35% of business travel bookings will be done online. By 2010 over 50% of leisure bookings are expected to be online. The percentage of meeting planners researching and booking online is also growing at a rapid pace. An estimated 89% of planners are researching event locations on the web, and by 2008, 41% of all groups and meetings travel revenues will come from the Internet.

Direct vs. Indirect Online Distribution

The direct online channel will continue to be the main focus for hoteliers. The industry as a whole has realized that not only has the Internet become the preferred channel for travel consumers to plan and book lodging, but the direct online channel is the cheapest form of distribution. The shift from indirect to direct online distribution will continue to be a major trend in the next several years. In 2007 the major hotel brands enjoyed an above the average direct vs. indirect online ratio of 81.4% vs. 18.6%.

The Indirect Online Channel

Now is the time to start working with fewer third party intermediaries (TPI's), and at drastically lower margins (e.g. 15%-18%). Smart hoteliers deal only with TPI's that can access the hotel inventory electronically and not via manual extranets. These hoteliers work in strict rate parity, use dynamic TPI margins, and prohibit TPI's from using trademarked property names for their PPC and search engine marketing campaigns. Other



ways to shift consumers from TPI's to the hotel website include unique product offerings found only on the hotel site and launching or enhancing the hotel loyalty program.

Consumer Generated Media

CGM continues to grow in importance and popularity. Discussion boards and forums, blogs, social networks, customer review sites like TripAdvisor, and hotel-specific blogs dominate the Internet today and have become an integral part of the travel planning process. In 2007, 28% of travel planners researched CGM sites vs. 4% in 2006.

While hoteliers need to monitor and react quickly to CGM postings, and must establish a corporate policy regarding CGM, it is still important to make sure the hotel's website is up to date, informative, optimized, and user friendly.

The Internet and Travel Consumer Perceptions

The Internet has changed forever the way consumers plan and purchase travel and access travel information. The credibility of information on a website is no longer automatically accepted. There is an "ideological clash" between "official" content (the hotel's own website, brochures, descriptions, traditional star rating, etc.) and CGM-related content (blogs, customer review sites, etc.). What do customers believe?

eCRM and Building Interactive Relationships with Customers

eCRM must be a vital component of a hotel's Internet marketing strategy, as the majority of hotel customers are planning and booking their stays online. It is increasingly important to understand customer needs and their lifestyles, and build a marketing strategy based on those needs. Establishing mutually beneficial interactive relationships with your customers is the ultimate goal of any eCRM initiative. Building interactive relationships with the customer consists of three critical lifecycle stages: Nurture—Grow—Retain.

To build a robust eCRM strategy in travel and hospitality hoteliers need to embrace new sophisticated tools and business practices in the following areas: increasing the knowledge they have about their customers, improving customer service at the online research/planning/booking phase, personalization of the marketing and service delivery, developing new and more efficient customer needs-based marketing, and building customer loyalty.



Building Customer Loyalty on the Internet

Why does customer retention online matter? It costs 4-6 times more to attract a new customer than to retain a current customer. Existing customers are not only less costly to retain, but they also respond 4-5 times more readily to promotions and e-mail campaigns than new customers. It is important to extract more wealth out of your existing customer base by understanding customer needs and their lifestyles, and building a marketing strategy based on those needs. Knowing the customer, sending personalized messages, being there at every touch-point (planning, purchasing, service consumption and post-stay), and providing a unique value proposition leads to increased customer loyalty.

Behavioral Marketing

The Internet allows an unprecedented level of behavioral marketing. We can now monitor consumer behavior in all stages of the life cycle and personalize the brand message based on this behavior. Hoteliers can now target their marketing messages according to specific customer behavior, specific demographics, specific customer locations, and specific feeder markets. This year eMarketers will spend over \$2 billion in behavioral marketing in the U.S. alone.

Mobile Technology

Not only creating mobile friendly hotel websites, but sending marketing messages via mobile technology is becoming more and more important in hospitality. 1 billion mobile devices were shipped in 2007. The majority of these new devices provide broadband Internet access. The ability to instantly identify a user's geographic location allows marketers to provide a highly personalized marketing message and experience. Mobile mapping capabilities, mobile search engines, and mobile advertising are just some of the areas of growth. Hoteliers need to monitor this trend and provide mobile hotel reservations and customer service.

Broadband and Rich Media

75% of active Internet users in the US use broadband at home and almost 100% of Internet users access broadband at work. This means faster download times, faster searches, more sites and pages viewed, and more rich media and applications possible.

Hotel websites must offer better imagery, higher display resolutions, and rich media more than ever. 80% of Internet users have 1024x768 or higher displays. To stay current, hotel



websites must offer functionalities such as mapping, weather, event calendars, and CGM initiatives such as blogs and photo sharing.

Convergence Technologies

New technology is making it possible to break down barriers between technologies in hospitality. New, smarter technologies are available for revenue management, website analytical tools, reward programs, personalization, data-mining, CRM, and interfacing to disparate technologies. Many web-based applications are increasing secure, user-friendly, and are dropping in cost.

The Internet and Hotel Valuations

A direct online distribution strategy is a measurable asset to the hotel. Cash flows influenced by the online channel will be scrutinized more closely in the upcoming years as asset managers, developers, and hotel buyers and sellers seek to build, grow, sell, and flip properties. For those with winning strategies on the web, the valuation can be influenced upwards of 10 to 20 %, while those with a weak web presence can expect a steep discount in their valuation in the years to come.

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About Hotel Traffic Builders (HTB):

We are a full-service digital marketing agency dedicated to the boutique hotel & residential resort industry.

Our mission is very simple: ***"To maximize sales success by providing our clients with exceptional internet marketing results"***.

Our clients consistently enjoy industry leading success because of our dedicated focus and experience. Our use of state-of-the art tools, best in class technology and wealth of industry experience enable us to provide full solution applications. We recognize that our clients are experts at running their hotels, and our role is to develop and maintain online marketing leadership for our client hotels.

We differentiate ourselves through:

Industry Expertise

We have a singular specialized focus on boutique hotel, resort and vacation home e-Marketing. Our sole goal is to be the best at what we do by ensuring maximum success for all of your e-marketing activities. Our 52 person design and development technology team delivers unparalleled quality and results. Our sole focus is resort marketing.

Individual Customized Creative Approach & Solutions

Every client has unique needs, opportunities and priorities, our e-Marketing plans are always custom built and based on in-depth research of your specific hotel.

Cutting Edge Technology

We use proprietary state of the art tools and applications that enable project efficiency, measurability and success of your e-marketing. We not only promise success, we document it in a 24/7 real-time secured private reporting platform that we create for every hotel client. Our clients never wonder about how hard their marketing dollars are working because they always know!

Return On Investment

The true measurement of our success is our proven ability to deliver reservation bookings. We grow booking results year over year, and we grow advance bookings, which result in higher occupancy levels and ADRs.

HTB e-Marketing Success Formula: CREATE. TRACK. ANALYZE. OPTIMIZE.



Contact us at: www.HotelTrafficBuilders.com or call us **954- 421-6399**

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