

Hotel Marketing 360° Metrics that matter

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Measure the full picture of where your hotel's bookings are coming from, then focus your marketing on what works.

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A. Introduction – How Travellers Research & Book Accommodation

Most New Zealand hotels, apartments and motels are failing in critical parts of their marketing. They are flying blind on how and where to spend their precious marketing dollars to best effect. Many if not most, accommodation properties are failing to measure the broad range of media sources and booking channels – both online and offline that are generating business. In the process they focus only on the most obvious sources of business placing too much reliance on Online Travel Agencies and giving away considerable yield in the process. New Zealand accommodation is specifically failing to

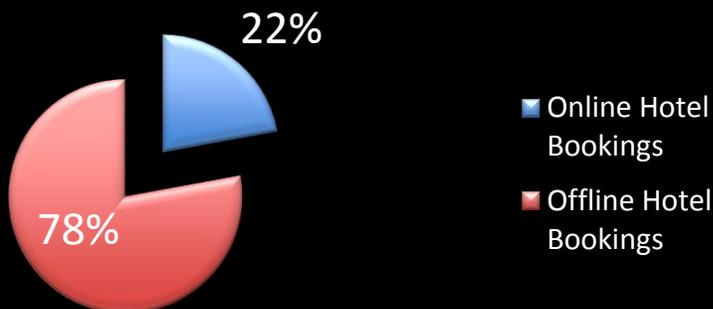
properly measure, and adequately invest in, the most profitable type of all business – direct bookings to their web site and phone calls to their business.

The starting point to a full 360-degree picture of hotel

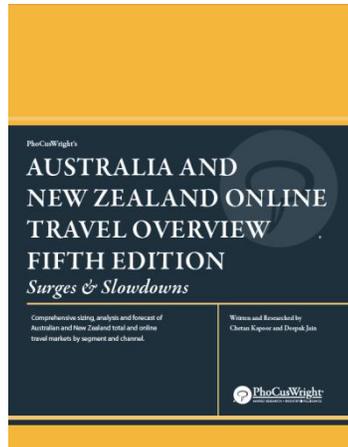
Source: 2012 PhocusWright Australia and New Zealand Travel Overview. PhocusWright.

referrals and bookings is an

78% OF AUSTRALIA & NEW ZEALAND'S HOTEL BOOKINGS HAPPEN OFFLINE



understanding today's media environment and travel planning process. The internet has completely reshaped the travel industry with an estimated 80%+ of New Zealand travellers and travellers from our major international markets using the web as a source of travel information (1). But while the Internet is a critical source of information it still represents only a minority of bookings in the industry.



The best available research estimates that total online bookings for hotels and other accommodation in Australia and New Zealand is **only 22% of total hotel revenue** (2) – see figure 1. The same research from the leader in online travel research - PhoCusWright estimates that even in the more mature US market only 31% of total accommodation bookings are online (3). The balance represents a “look to book” gap – of users booking through groups, travel agents and those going online but still booking offline – notably by picking up the phone. Indeed as highlighted in the case study below, a New Zealand hotel and motel group found that more than 25 phone calls **a day** were coming from users looking at their property web site – these phone bookings from “online” users were estimated as matching the total online bookings coming from their site.

Despite the rapid rise in digital channels, consumers are still also using print media in their research phase. The 2011 Regional Visitor Monitor for example highlighted that more than 30% of domestic travellers are still turning to guide books or magazines and newspapers alone in their trip planning (4). The case study also illustrates that traditional media can still generate significant results – especially in driving phone calls.

B. Setting up a Marketing Measurement Tool Kit

For this reason, any hotel needs a robust toolkit of measurement and reporting including these three critical solutions:

1. **Trackable phone numbers:** The biggest missing piece of any hotel’s measurement tool kit is typically being able to measure and report on phone calls generated from their marketing and advertising. Voice over Internet (VOIP) technology now means that a bank of phone numbers can be purchased at low cost and individual numbers assigned to each marketing channel or advertisement.

Once tracking is in place, most hotels find that significant numbers of calls are coming from their web site and media advertising, which they are failing to properly measure.

- *More:* For a set of trackable phone numbers, talk to your telecommunication provider or visit these companies: <http://www.2talk.co.nz/> (part of SlingShot) or Zintel <http://www.zintel.co.nz/>

Results Driven Marketing

- 3 types of analytics & measurement are core parts of the a hotel’s marketing toolbox

Trackable Phone Numbers



Campaign Tracking Codes on all Ads



Google Analytics



- Other important measurement tools for hotels can include Reputation Management Platforms & Competitive Rate Analysis

2. **Google Analytics:** A web site with Google Analytics (or another robust online analytics solution) properly installed and set up including tracking all bookings plus a set of other important ‘Signals of Intent to Travel’ such as users who view pricing/availability, check the location of your property or request additional information.
 - ▶ More: www.google.com/analytics
3. **Campaign tracking codes:** Once you have Google Analytics set up, make sure you use Campaign Tracking Codes on all online advertising and external links including email and partner sites. This tracks all inbound referrals throughout your site and reports on the quality and goal conversions for all traffic.
 - ▶ More: <http://budurl.com/urlbuilder>

C. Focusing on What Works – The Core Areas of Hotel Marketing

Your measurement tool kit should then work as an integrated part of your hotel marketing plan – continually reviewing the results from your marketing investments.

Your hotel marketing plan needs to cover all the essential areas of marketing in four key areas; Audience, Engage, Conversion and Loyalty:

1. **Audience** – Marketing activities drives your property’s message out to potential guests – reaching the right type of visitor (who you have identified as your target consumer) at the right place, at the right time and on the right media.

PRIORITIES:

- ▶ **Media advertising:** A good mix of media advertising that reaches your target audience at the right place and time is still critical for most

properties. The right media advertising can build your unique brand proposition and should drive direct bookings – the most profitable type of business. Make sure that all advertising has a clear and compelling call to action and you are using campaign tracking codes (online) and trackable phone numbers (online and print) to fully understand its results.

- ▶ **Content & search engine optimisation:** Supporting your paid online activities will be the all-important area of building organic search traffic. Building search engine referrals requires on-going investment in content and optimizing that content so it is discoverable by Google in particular. Also don’t forget to actively manage your Google Places listing.

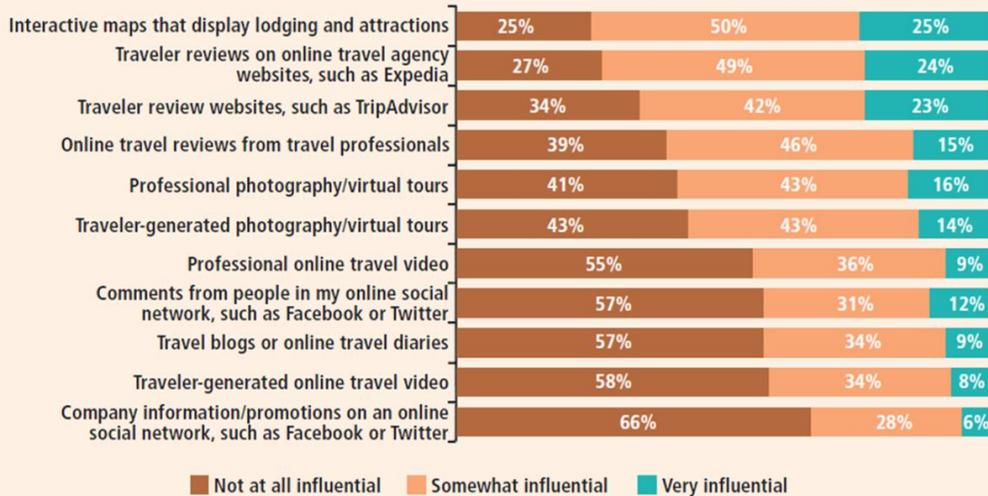
2. **Engage** – Your message creates impact and influence, tells the story of why your property is unique and draws visitors through the research and planning phase of travel to actively consider booking.



PRIORITIES:

- ▶ **A user-friendly web site:** Your own web site is your most important ‘shop window’. Ensure you invest adequately in a web site that is easy to use, engaging, highly visually appealing, and is regularly updated with fresh content. Great imagery (pictures and ideally online video), easy to use maps, and user-generated content including reviews/ratings are the most influential content types (see figure below).

Figure 1
Influence of Online Features



Question: Please indicate how influential each online feature is to you when planning leisure travel.

Base: U.S. travelers who typically use websites to plan travel (N=2,346)

Note: Totals may not add to 100% due to rounding.

Source: PhoCusWright's Consumer Travel Report Third Edition

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- 3. Conversion** – Ensure you close the sale; both through your own direct channels (online, phone, in person) and via intermediaries such as Online Travel Agencies, the Travel Trade or Meeting Planners. You should price your property at a rate and on terms that meets the needs of your guests but adds value to your business.

PRIORITIES:

- ▶ **Smart Pricing & Yield Management:** Having a clear pricing policy and an understanding of how to manage yield across channels and over time is important. Develop some clear pricing policies on seasonality, pricing on OTAs and guidelines on when and how to ‘discount’ – ensuring you are ‘meeting the market’ but not devaluing your property’s underlying proposition.
- ▶ **Best Rate Guarantee:** Your pricing policy should ensure your own direct channels are at a minimum on a par with any third party sites such as OTAs. Publish and promote actively a best rate guarantee and ensure your regular guests know booking direct with you is best.



- 4. Loyalty** – finally, ensure you guests leave at least satisfied and are ideally delighted with their stay. Loyalty marketing starts with hosting guests who want to return – and to share their experience with others.

PRIORITIES:

- ▶ **Email Marketing:** Maintaining a database of your past guests and running a targeted email marketing newsletter is a low cost, high return marketing activity for most accommodation properties. Effective email newsletters require 3 fundamentals:
 - Lead acquisition including constant efforts to maintain and build your list of past guests and interested users
 - Clear, compelling design that works on mobile devices
 - Relevant content and calls to action that keep users engaged.

- ▶ **Social Media:** Though a ‘hot topic’ for many in the online marketing space, most hotels and accommodation find social media works best as a loyalty and guest services function – rather than driving new business and bookings. Develop a social media strategy that focuses on this type of communication, is practical and achievable – but that you can ramp up if you find results exceed expectations.



D. Budgeting Your 360° Marketing Programme

Most successful accommodation properties around the world invest at least 5-10% of their total revenue back into marketing. The right level depends on your property, its location, visitor markets and competition. Getting your marketing mix right – and then continually reviewing results is fundamental to success. Budgeting to reinvest at least 5-10% of your total direct booking business back into areas such as your web site and advertising will ensure you nurture and grow direct business – and reduce your reliance on OTAs. For many successful accommodation properties aiming for no more than one-fifth to one-quarter of all business is often a good rule of thumb. These same successful properties often set a target of having double the level of OTA business coming to them directly.

E. Summary – Review, Refine & Improve Your Marketing

Most hotels are failing to properly measure the sources of their hotel bookings – and are making fundamental mistakes on where they are (and are not) investing their marketing dollars. However, low cost or no cost tools are available to ensure you are more fully tracking how people find your property and book – both online, offline and both.

Once you have developed a marketing plan that covers all the essential parts of promoting your accommodation property, make sure you are using your measurement tool kit to assess on-going performance. Your marketing efforts should be continually reviewed and refined based on what is working and what is not. Update or change your web site, email or any advertising that is not working. Don't ‘set and forget’ your marketing plan – make sure you are continually updating your activities and moving money between underperforming areas into activities that are driving real results and bookings.

All the best with your 360° marketing programme.

F. Case Study: 360° Marketing

A Marketing Research Study of a New Zealand Apartment Hotel, Budget Hotel & Motel

Case study of the results from the 3 property’s marketing & advertising May 2012 to April 2013

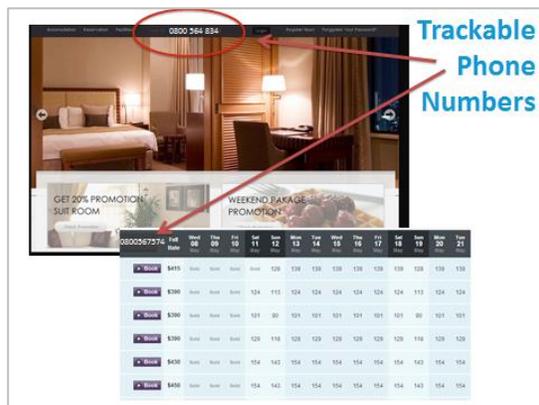
Miles worked with a New Zealand hotel and motel property group to fully measure their marketing and advertising results and sources of bookings. The group consisted of an apartment hotel, a budget hotel and a motel. Miles put in place a fully integrated measurement tool kit including a bank of individual trackable phone numbers for the web site, booking engine and all advertising – both online and offline (print).

The case study validated the huge significance of phone bookings to New Zealand accommodation and the value of investing in building your own direct business vs. relying on OTAs for bookings.

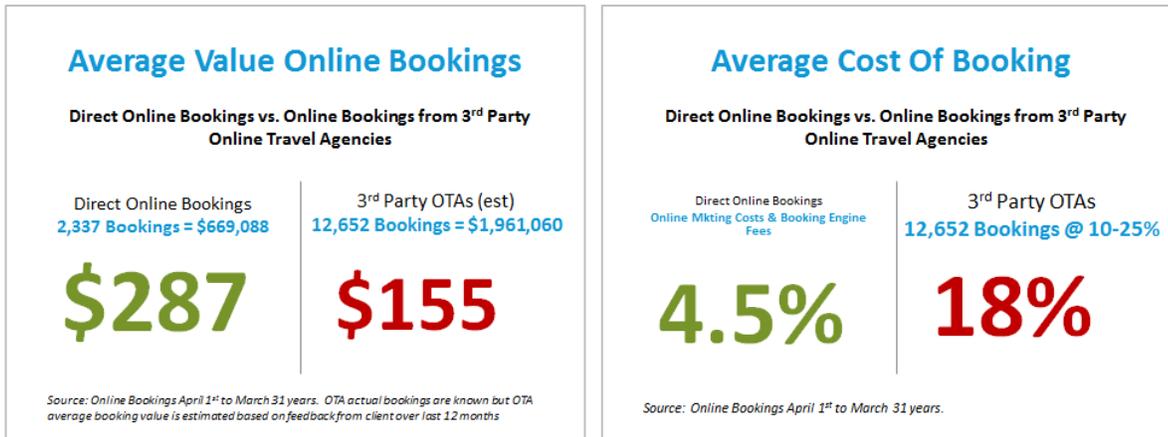
Key Findings:

1. Phone call enquiries from your web site can double (or more) the total number of bookings influenced by your web site. Trackable phone numbers are critical to understanding your business’ mix of total response.
2. Direct business is typically far higher value and more profitable than OTA business. In this case study, direct bookings from the web site were \$287 per booking, with OTAs averaging just \$155.
3. Emails sent from the hotel to past guests had an even higher booking value of over \$320 per booking.
4. Direct online bookings and phone bookings from the web site equalled the total gross profit from OTAs – but are a fraction of the cost - just 4.5% of booking value vs. an average 18% commission for the OTAs.
5. The Return on Investment for Direct vs. OTA business was starkly different. Comparing the cost of bookings vs. gross profit translated to an ROI of 14:1 for direct business vs. under 2:1 for OTAs.
6. Media advertising, including print still works. The Jasons advertising run as part of this test cost \$9,300 but generated over \$77,000 in estimated booking revenue – the bulk from phone calls.
7. The Jasons advertising generated an ROI of more than 4:1 – more than double that of the OTA business.

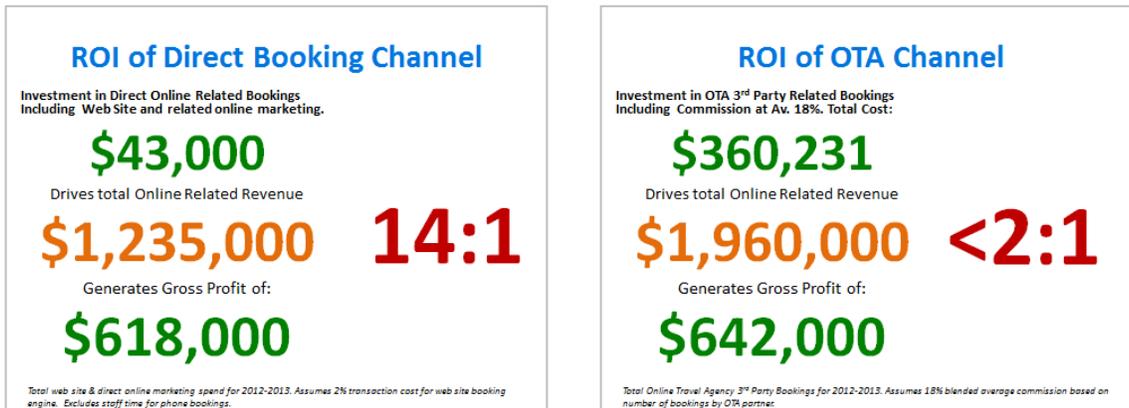
For the 3 properties the web site alone generated 9,795 phone calls from users looking at the web site. Given a conservative estimate of 1 in 5 of these calls resulting in bookings – the total value of bookings generated from the property group’s web site almost doubled to over \$1.2 million. This compared to OTA total bookings of \$1.96 million.



Very importantly the average value of these direct bookings was \$287 – almost double the estimated value of OTA bookings at just \$155.



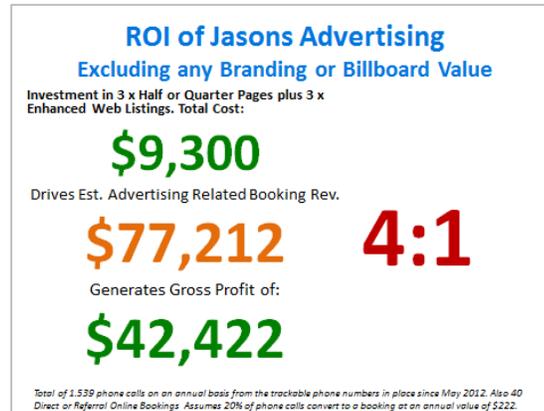
In combination, this translated to an estimated gross profit from the property group’s own web site of \$618,000 for the year – similar to the gross profit from OTA’s of \$642,000. However, OTA bookings came at an average cost of 18% - an commitment of over \$360,000 in commissions being paid during the year. Booking on the property group’s own web site cost just \$43,000 – including web site development, hosting and all online marketing plus booking transaction costs. These costs vs. results translated to a stark difference in the relative return on investment (ROI) of direct business vs. OTA.



While OTA business was modestly profitable it was far more marginal business with an ROI less than one seventh that of direct business. Factor in the benefits of direct business including the opportunity to build a long term customer relationship vs. the challenges of OTAs selling primarily by price – and the benefits of direct business is clear. They key takeaway for the hotel and motel group was to invest more heavily in building in their own direct business and reduce their dependence (and commission payments) with OTA partners.

Jasons Advertising Trial Results

As part of this comprehensive measurement, Miles put in place a range of trackable phone numbers for both Jasons print and online advertising. The 3 properties were each advertised in the Jasons 2013 Motel, Hotels and Apartments Guide with a half or quarter page and the 3 properties were featured the Jasons.co.nz web site with an enhanced listing. Unique trackable phone numbers results were combined with Google Analytics data from the Jasons web site.



The 3 detailed listings were clicked on and viewed almost 8,500 times on the Jasons web site. While there were 40 total online bookings on or referred from the Jasons site for the 3 properties the far greater value generated online was in the phone calls. The Jasons online advertising generated 450 phone calls alone during the year – translating to more than 90 bookings. The 3 print ads were part of a publication with an estimated readership of 450,000 which drove 1,089 phone calls during the year and an estimated 218 bookings and over \$48,000 in bookings. In total the advertising value was \$9,300 but generated an estimated \$77,212 in bookings and over \$42,000 in gross profit. Excluding any value for the branding value of the advertising – or its impact on other channels including walk in business the advertising had an ROI of over 4:1 – cost to gross profit. This was more than double the Return on Investment of OTAs – but again, well below the ROI of direct business.

SOURCES

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- ▶ Google Analytics www.Google.com/analytics