

Social influx

by **Sanjay Nagalia** 

The path to purchase is increasingly social, says Sanjay Nagalia, Chief Operating Officer and co-founder of IDEaS Revenue Solutions. He argues that analyzing online guest sentiment is a critical element of making more informed pricing decisions.

You don't have to look very far to realize social media's importance in today's economy. Even in commodity markets, online sentiment can shift demand in 140 characters or less from one supplier to another. And in the hospitality industry, cultivating and nurturing your online reputation is critical for success.

The path to purchase is increasingly social, and hotels with a solid online presence and a unified brand are able to reach more customers in more places.

In 2014, the best social strategies mix content types and platforms; they connect with customers at all stages of travel and create a loyal customer base. An informed, engaged and connected social audience cultivates brand loyalty among your guests and drives one of the most important trends in social media sentiment: online reviews.

What once may have been viewed as a minor factor in pricing decisions has quickly become an increasingly important indicator for revenue managers. The global trend of reputation management has prompted several studies over the past couple of years exploring the link between online consumer behaviors and pricing decisions.

Our colleague, Kelly McGuire from SAS, went so far as to uncover a strong relationship between user-generated content

(ratings and reviews) and the quality and value perceptions of hotel room purchases. McGuire's research even ranks positive or negative review valence as having the most significant impact on purchase decisions, followed by price and then aggregate rating.

But what does this mean for revenue managers, who must constantly curate information from multiple sources in several formats in order to make the best price decisions?

The new social landscape

McGuire's study proves that consumers do not see price as the only indication of quality; rather,

they rely on reputation as one of the most powerful indicators of a hotel's value. So in addition to cultivating and nurturing a social audience, revenue managers must also seriously measure online activity and weigh it against their pricing decisions.

Savvy revenue managers know there have always been many factors that go into pricing: competitive landscape, market trends and long-term business plans, for example. And as the rise of social media continues, revenue managers should consider the medium as an additional data source to tap in conjunction with the information they've already been utilizing.



About IDEaS

Founded in 1989, IDEaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management Software, Services, and Consulting to the hospitality and travel industries. Headquartered in Minneapolis, MN with a global technology center located in Pune, India, IDEaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia and Asia.

www.ideas.com

This is no easy task for the already-data-driven revenue manager. A review on one site may have more impact than another, or carry more influence depending on its visibility.

With the huge influx of information from social networks and review sites, it may seem difficult to filter the noise, and rate the quality of the information online. Revenue managers will need to implement the right tools to capture, measure and analyze the data in order to factor reputation into their daily pricing decisions. And with these tools come the opportunities to increase revenue opportunities.

The proper solutions and a robust social media strategy can cultivate a loyal customer base. This affords hoteliers the opportunity to communicate and connect with their customers, and also leverage those sentiments to make pricing decisions that drive incremental revenue for their properties.

Ultimately, the use of reputation management in pricing decisions will not only drive bottom-line revenue for hoteliers, but also empower revenue managers to realize the ROI of cultivating a social audience and a great online presence. And for a competitive industry that has always been focused on image and reputation, more tools and data to drive better revenue will be more valuable in the future.



DRIVING BETTER REVENUE

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to improve our
operational results

We need a plan
to optimize
demand

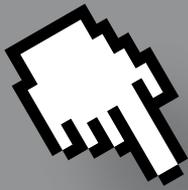
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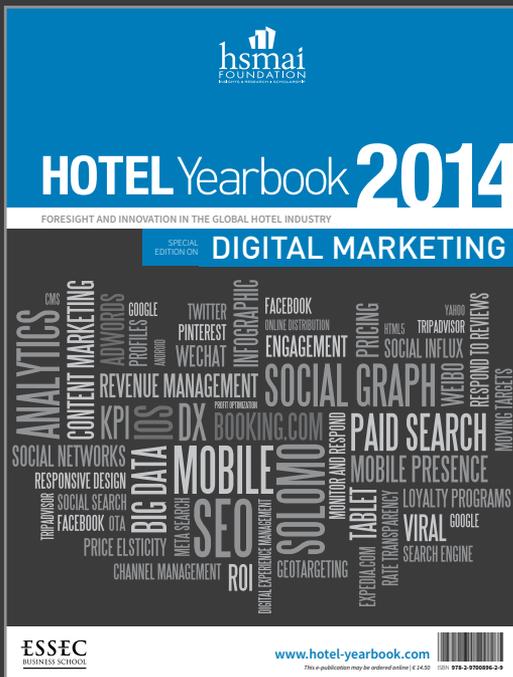


Additional recommended reading

Reputation Management	Search Marketing	Social Media
Hotel guests read 6-12 reviews before booking, says new TripAdvisor survey	Metasearch OTA channels - the who, what, why and how of the newest (and potentially, most lucrative) online distribution channel	Google, Facebook, TripAdvisor tout benefits hotelnewsnow.com
Exclusive advice for hotels from Google, TripAdvisor, Facebook and Twitter	9 Not-to-be ignored trends for hotel distribution in 2014	5R's of digital marketing and social media engagement: renew, review, repute, replace and respond
A year in review on hotel reviews	Here's how Google search will change after a three-year battle with European regulators	Hotel social media strategies in 2014: painfully authentic, help not hype, and 24/7 coverage
Hotels: if your online reviews are negative guests won't consider you. Period	The top ten questions to ask your paid search vendor	Hotel marketing cannibalization: is your hotel website traffic eating itself?
The circle of trust by Ben Jost	How metasearch is shifting the balance of power	14 Hotel marketing trends for 2014 [infographic]
Travelers now read hotel reviews in a revolutionary new way: Weta-Reviews™ summarize everything said about hotels	The digital direction: hotel marketing budgets and a digital 101 for hotels	4 Smart ways to optimize your hotel's social media strategy



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