Who's Sleeping With You?

Detailed Look Into The US Online Hotel Guest

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ADARA   HUDSON CROSSING

Though the hotel industry once again faces an uncertain business and consumer environment as it wraps up 2013 and approaches 2014, it does so armed with more tools available to help it succeed. At the forefront of these tools are an increasingly useful digital marketing and commerce landscape, led by mobile devices, and a growing volume of rich data from resources such as traditional and mobile websites and apps, guest profiles, and guest transactional data.

To better understand the hotel shopping and booking landscape, Adara, a global leader in helping marketers connect with targeted traveler audiences, commissioned Hudson Crossing, an independent, objective strategic advisory firm, to prepare this report exploring the profiles and behaviors of US online hotel guests. The report includes data provided by Adara and Hudson Crossing's proprietary research about US online hotel guests. Adara's data includes loyalty program membership, search and booking activity, and mobile device use. The data is provided by 60 leading travel companies around the world. Data in this report came from Adara's ecosystem of the more than 1 billion transactions the company processes each month, filtered for confirmed hotel Bookers who made hotel reservations between May 1, 2013 and July 31, 2013.[1]

Adara commissioned this report and provided Hudson Crossing with its data. The report, including its analysis and conclusions, was written by Hudson Crossing industry analyst Henry Harteveldt.

For more information about Adara and its services, please visit www.adaraglobal.com , or email sales@adaraglobal.com.

Executive Summary

Seventy-one percent of US online leisure travelers stay at least once a year at a hotel, making this a large, complex, and diverse market – creating a need for hotel teams to understand and act on market opportunities in a precise, nimble way.[2] Among the key findings in this report are:

This large market is young(ish), middle income, and brand agnostic. Marketing strategies, campaigns, and executions must be carefully targeted. Low brand loyalty means nearly every guest is a "free agent." Don't take loyalty members' business for granted: The majority stays at multiple chains throughout the year. Loyalty can't be demanded, it must be earned. Being relevant, customer-centric and focused in your marketing communications is critical and requires new approaches to reach your "free agents." Being data-rich alone isn't enough to help hotels succeed. Successful marketing and ad campaigns require actionable knowledge about your customers and their shopping and booking habits, to improve the effectiveness of your remarketing campaigns and convert more of your "free agents" into Bookers and loyal guests.

Mobile is the emerging channel of importance. Hotel guests are armed with smartphones and tablets, creating an expectation of immediate access and responsiveness. This also presents hotels with the opportunity to take advantage of mobile-based tools, such as geo-location, to extend offers fine-tuned to the guest's location. Travelers are spending hours each day on their smartphones and social media. Coordinated marketing campaigns across platforms are helping hotel brands to increase response rates by keeping travelers engaged through each stage of their trips, wherever they are: at home, at work or play, at the airport or in a cab.

Guests shop and book on either supplier or OTA sites – rarely both. Hotel Bookers tend to conduct between five and six shopping sessions before they book. Once they identify a hotel they like, they act quickly: Adara's data reveals that the vast majority of Bookers go from search to booking in the same day. This means hotels also need to act quickly by responding in real time to travelers' actions. "Big data" and high speed interconnected networks make it possible for Adara to serve a hotel ad within a minute of detecting a traveler has booked a flight.

There are tangibly different booking patterns on supplier and OTA sites. OTAs are an effective way to reach travelers who are more likely to consider last-minute "impulse" trips. Guests who book on hotel brand websites do so 25 days in advance, according to Adara, versus just 10 days on OTA sites. The different booking patterns illustrate how hotel brands have a longer pre-arrival window than OTAs in which to promote various ancillary product offers.

Data, the insights smart hotel professionals derive from them, and their ability to act on those insights, will play core roles in hotels' abilities to prosper during the next 12 to 24 months.

Who Is The 2013 US Online Hotel Guest?

With 88% of Americans having access to the Internet, the major differences between "online" and "offline" consumers have eroded. Even so, among the 71% of online travelers who are hotel guests, there are many useful demographic, behavioral, and attitudinal insights that need to be understood. In selling, marketing, and serving the US online leisure hotel guest, Hudson Crossing's US Travel Online Study, Q1 2013 of 3,594 leisure hotel guests shows we should:

Think young(ish). The average age of a US leisure hotel guest is 42. If that makes you think you need to focus your marketing on a middle-aged audience, you're only partially right. Truth is, the largest block of guests – 33% – are in "Generation Y," people between the ages of 24 and 36 (see Figure 1).
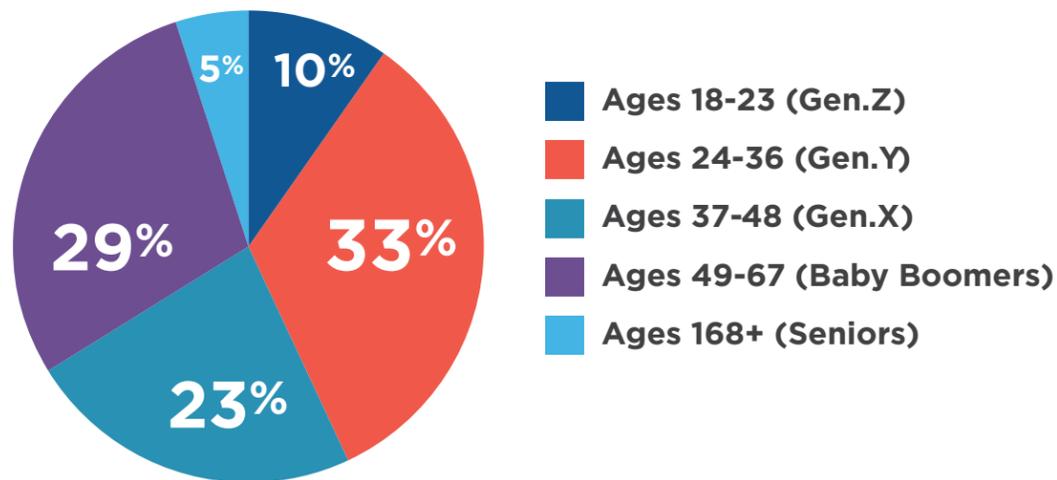
Figure 1: One In Three US Online Hotel Guests Belongs To Generation Y (24-36 Year Olds)

(Numbers may not total 100 due to rounding)
Base: US online leisure hotel guests (N=3,594)
Source: Hudson Crossing's US Travel Online Study, Q1 2013

Legend:
- Ages 18-23 (Gen.Z)
- Ages 24-36 (Gen.Y)
- Ages 37-48 (Gen.X)
- Ages 49-67 (Baby Boomers)
- Ages 168+ (Seniors)

One in 10 are ages 18 to 23. Baby Boomers (ages 49 to 67), the traditional audience focus for so much of the travel industry's marketing, are beginning to see their dominance diminish. As hotel guests become more demographically fragmented – and increasingly younger – hotel marketers must ensure they have the appropriate

abilities to target customers. The tools they will need include guest profile data, guest insights, and content management systems that can support dynamic, targeted content across all touchpoints, including email, call centers, advertisements and websites.

Think middle income. Respect the guest's wallet. Yes, US online hotel guests earn respectable annual household incomes ($78,200), and their incomes exceed that of the average traveler ($73,900).

> Most hotel guests earn relatively modest incomes, with 38% earning less than $50,000 a year.

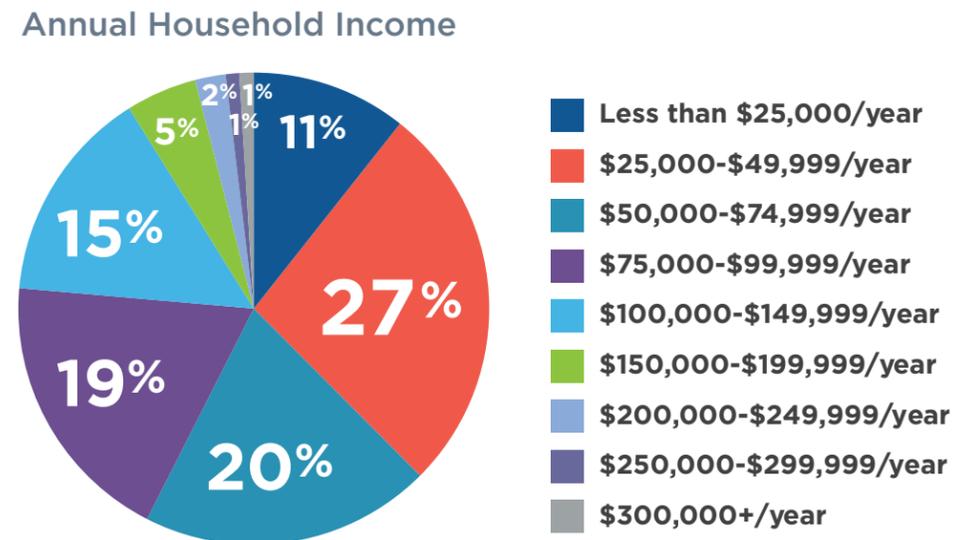However, most hotel guests earn relativelymodest incomes, with 38% earning less than $50,000 a year (see Figure 2).

Annual Household Income

Legend:
- Less than $25,000/year
- $25,000-$49,999/year
- $50,000-$74,999/year
- $75,000-$99,999/year
- $100,000-$149,999/year
- $150,000-$199,999/year
- $200,000-$249,999/year
- $250,000-$299,999/year
- $300,000+/year

Figure 2: Nearly 2 in 5 Guests Have Household Incomes Below $50,000 A Year

(Numbers may not total 100 due to rounding)
Base: US online leisure hotel guests (N=3,594)
Source: Hudson Crossing's US Travel Online Study, Q1 2013

Travel is one of many activities that compete for a guest's discretionary spending. In the wake of the 2008-2009 financial crisis, it's understandable that 55% of guests establish travel budgets, primarily

on a trip-by-trip basis.[3] What's more, about half of all guests let their travel budgets dictate their destination and hotel. If they need to scrimp, guests are more likely to cut back on lodging rather than airfare or rental cars.[4]

With budgets clearly an important factor for many, hotels must take steps to understand the guest to the fullest extent possible. Tap into your marketing agencies' and business partners' abilities to help you analyze where your guests live and how they live their lives. Track the destinations, properties, and rate types your website visitors shop, so that you can present more relevant messages in your marketing emails and on your digital channels for the shopper's next visit.

Think brand-agnostic. Two in five hotel guests feel loyal to any travel brand – a critical mass, but still a minority. Many hotel Bookers in Adara's dataset don't belong to hotel loyalty programs, making them "free agents" for each stay (see Figure 3).

Among Bookers who book directly with hotels, Adara estimates 40% belong to a hotel's loyalty program "elite" tier (and elites are all but invisible among OTA Bookers). But loyalty members aren't blindly loyal.

In an ad campaign that Adara facilitated for a leading global hotel client, Adara's analysis showed that 30% of all guests who saw ads for the chain and booked belonged to other hotel loyalty programs.

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Direct Booking

OTA

47%
13%
13%
13%
14%

1% 1%
2%
5%
92%

1. Non Member
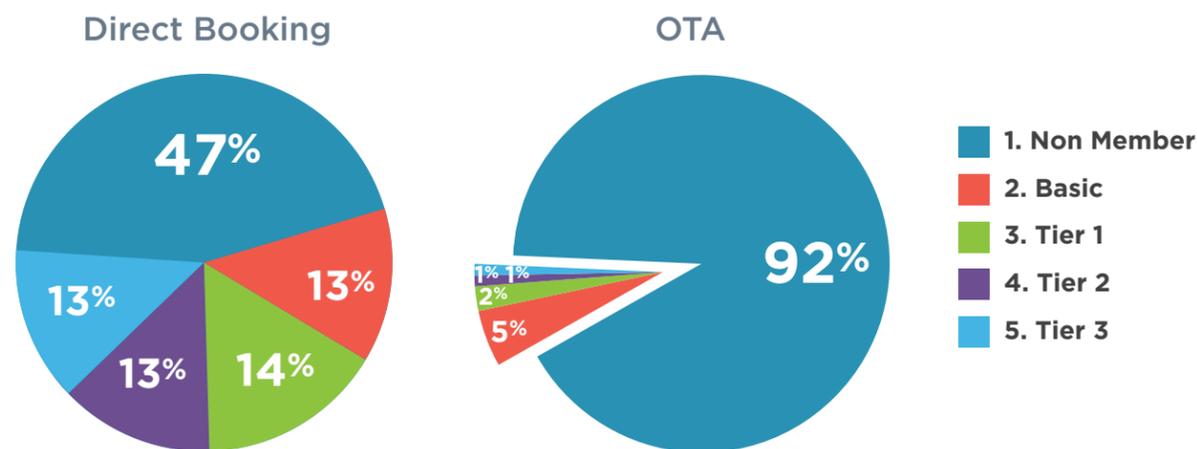2. Basic
3. Tier 1
4. Tier 2
5. Tier 3

Figure 3: Many Hotel Bookers Don't Belong To Loyalty Programs, Making Them "Free Agents" For Each Stay

Base: Hotel Bookers who don't belong to loyalty programs
Source: Hudson Crossing's US Travel Online Study, Q1 2013

%Converters who searched outside brand

Avg. # of Searches outside brand

28% (Basic)
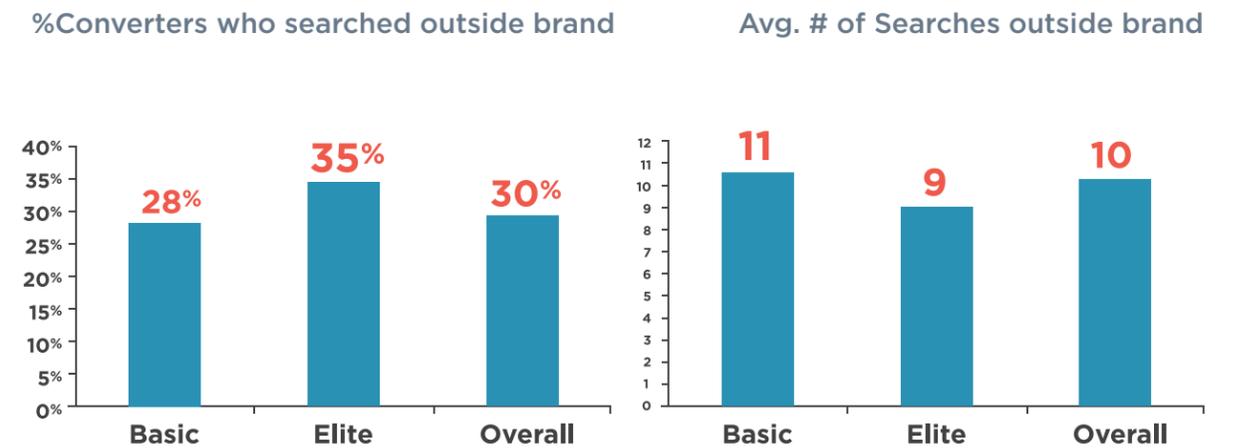35% (Elite)
30% (Overall)

11 (Basic)
9 (Elite)
10 (Overall)

Figure 4: Elite-Tier Hotel Loyalty Program Members Will Respond To Targeted Ads From Competitors

Base: U.S. elite-tier loyalty program members
Source: Hudson Crossing's US Travel Online Study, Q1 2013

What's more, these travelers were shopping around extensively before booking. Elites averaged nine searches outside the brand they booked; "basic" loyalty members averaged an eye-popping 11 searches.

Given the highly fragmented hotel brand landscape, travelers' brand agnostic behavior poses an enormous challenge to all hotel sellers. To help you better connect with guests, even if the guest chooses not to join your program, encourage them to create profiles on your digital channels. Software that can capture guest folio data, manage the customer relationship, and measure guest value will also be useful.

How can hotels connect with today's younger, fickle and research-focused bookers? These customers expect a personalized experience. It's time to borrow a page from the e-retailer's marketing playbook by using an integrated and data-driven approach. It's about providing the right message, the right deal, in the right place at the right time – in a coordinated fashion across multiple channels and devices.

Hotel loyalty program members are not so loyal.

2.5 times more likely
to take action if they see online ads from competitors

VIP Member

Mobile: The Most
Important Emerging Channel

Mobile technologies, including smartphones, tablets, and the emerging mix of wearable devices such as Google Glass and "smart watches," will be travel's most important technological gateway for the next three to five years. Mobile has created an expectation among consumers that they can, should, and will be continuously connected to the people and businesses that matter to them.

What is about to happen? A consumer mindset of immediacy and individualism. Several factors are converging that will allow this to occur. They include consumers' ability to customize their mobile devices (color, data memory, and apps), built-in sophisticated sensors that can determine a person's movement, physical location (including a floor in a building) and even air quality, and

Mobile technologies will be travel's most important technological gateway for the next three to five years.

consumers' cumulative experiences using various non-travel mobile apps and tools. As happens in everything from technology to theme park rides, consumers' experiences will build upon themselves. The result: Consumers will expect their mobile devices to fulfill a seemingly limitless number of needs..

The implications? Hotels, like all travel sellers, must strive to become mobile-centric businesses. To do this, they must ensure every aspect of their business can be supported through mobile devices and technologies – and that mobile channels can feed data and information to other channels as required. Mobile-centric travel businesses will be built on a landscape where:

Smartphones are standard. Two in three guests have a smartphone, with 78% of smartphones owned by travelers ages 18 to 48.[5] Among travelers between the ages of 24 and 36 (Generation Y), 83% carry a smartphone.[6] Nearly three in four hotel guests who earn $75,000 or more a year have a smartphone. Nineteen percent of guests who don't have a smartphone plan to buy one before February 2014 –
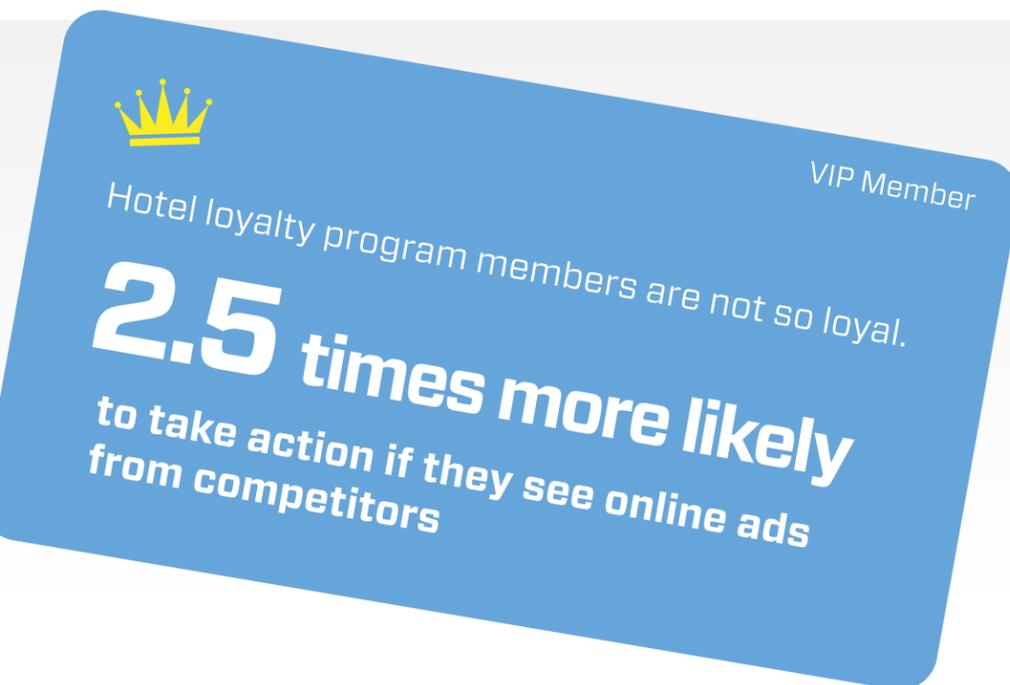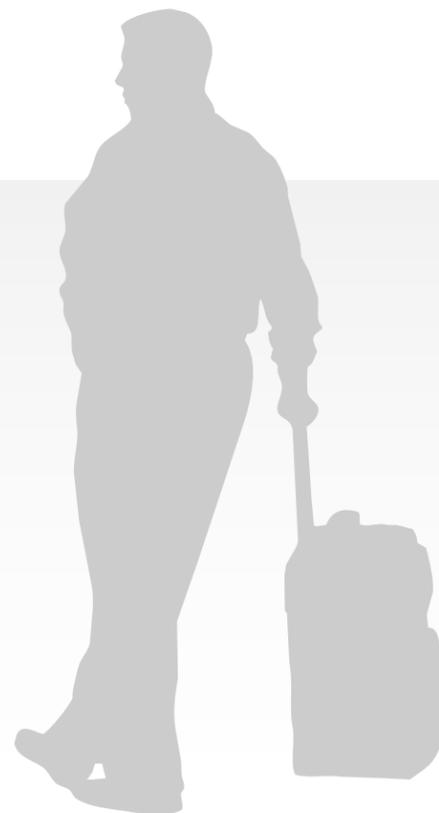
and one-third of the guests who have a smartphone plan to replace it with a newer device before February 2014 as well. These devices, which have as much computing power as Apollo 11, are a central focus in hotel guests' lives.[7] Given a choice between taking their smartphone or their spouse, partner, or best friend on a trip, one in four hotel guests would opt to bring their smartphone.

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Tablets are emerging. On average, 44% of the guests walking across a hotel's threshold will own a tablet device. Similar to smartphones, the younger or wealthier the traveler, the more likely they are to use a tablet.[8] Consumers use tablets and smartphones differently: Smartphones are more likely to be used, literally, on the go. Tablets, in contrast, are used when a person is away from his home or office, but has "parked" himself somewhere, such as a café or hotel room. Among tablets' greatest strengths are their high-definition screens and intuitive swipe and pinch-and-zoom navigation – great tools that can help you engage a guest in an immersive digital experience about your brand and properties.

Mobile devices become the guest gateway. True mobile-based booking – versus using a click-to-call link on an app or mobile-optimized site – is starting to account for meaningful amounts of digital traffic and revenue. La Quinta Inns & Suites states that mobile devices drive 23% of its digital traffic, and Choice Hotels International claims mobile produced 10% of its Q4 2012 online revenue.[9] Guests express optimistic interest in using their phones and tablets (tablets, by the way, more so than smartphones) to plan and book their hotel stays, and for

other aspects of their trips as well, including reserving destination services and activities and using their devices to pay for purchases (see Figure 5).

"How interested are you in doing any of the following activities from your smartphone/tablet device?"

■ Tablets
■ Smartphones

Base: US online leisure hotel guests who own smartphones (N=2,258) and tablets (N=1,587)
Source: Hudson Crossing's US Travel Online Study, Q1 2013
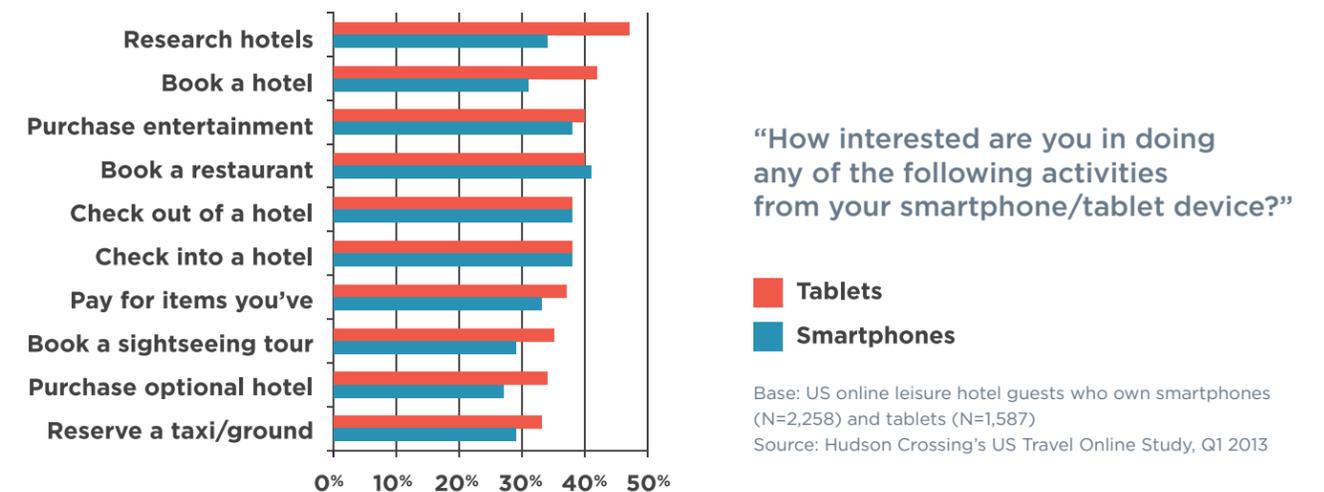
Figure 5: Travelers Express More Interest In Using Tablets Than Smartphones To Engage With Hotels

Contextual data, such as geo-location data, will play an important role. For example, a hotel can use a guest's location data to fine-tune a rate message. A close-by traveler doing a last minute availability search may want just a low room-only rate. A guest searching from a distant city may consider a rate that includes an airport transfer.

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Like mobile, social media and travelers are a natural fit. More than 9 in 10 travelers under 35 have social media accounts. Social media can help hotels drive efficient bookings and revenue. Adara, for instance, helped a hotel brand leverage the reach of Facebook to find and target in-market travelers for a cluster of hotels in a major US destination. Travelers were highly responsive to the messages on Facebook, enabling the hotel to exceed the campaign's established ROI goal by 30 percent.

Hotel Shoppers Prefer Either Supplier Or OTA Sites – Few Shop On Both

Channel use remains an important focus for hotel marketing and distribution teams, as they strive to capture the attention of the 123.3 million US hotel guests who are expected to research hotels online.[10] The hotel shoppers that hotels and OTAs compete for:

Prefer either supplier or intermediary sites – but not both. Based on Adara's data, just 4% of the Bookers who shop on hotel supplier "brand.com" shoppers also shop on an OTA (see Figure 6).

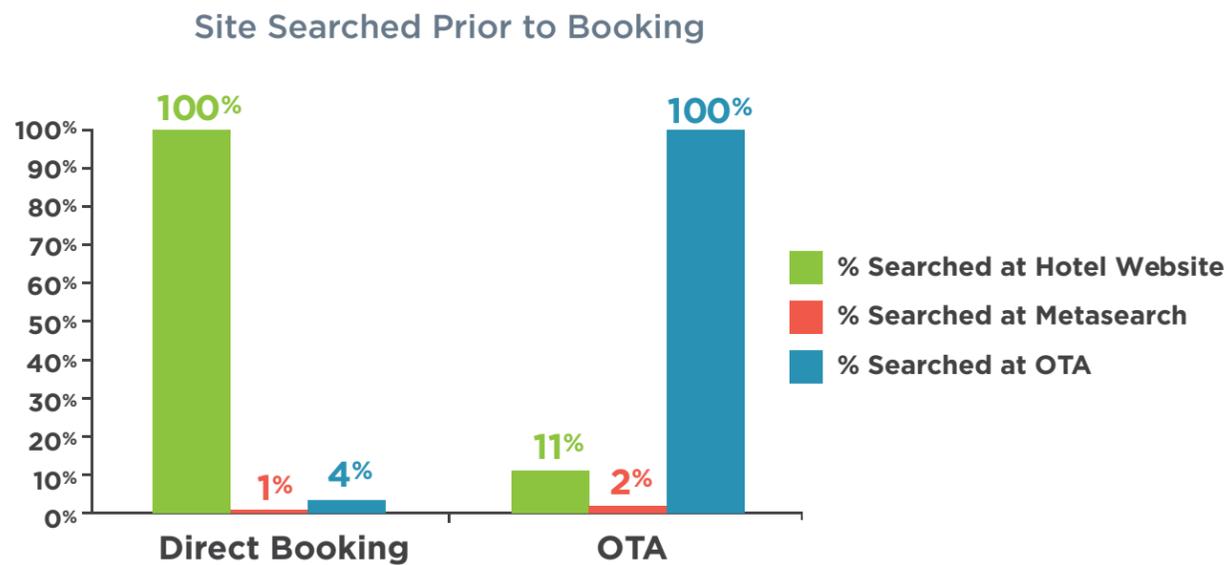## Site Searched Prior to Booking

Figure 6: Hotel Bookers Search Either On Supplier Or OTA Sites – Few Shop Across Both

Base: Hotel bookers who search on supplier or OTA sites
Source: Hudson Crossing analysis

Likewise, among OTA users, a minority – 11% – cross-shop on a hotel brand website. The message here? It's important to get in front, and stay in front, of the traveler. Brand users appear to be primarily brand users. Guests who learn of hotels via a third-party intermediary will likely stay with that intermediary to book. Does this mean every OTA warrants inclusion in a hotel's distribution efforts? Not necessarily. Hotels should only work with those OTAs that offer the best combination of reach and economics.

Shop around extensively. The typical guest who shops on a hotel website performs more than six search sessions across multiple hotel brand sites before choosing where to stay. OTA shoppers perform almost as many searches – around 5 – before they choose their OTA and hotel. Even loyal Bookers' will shop around within each category (brand or OTA) to get their expected sense of value. Bookers' extensive search volume reinforces the importance of having targeting and retargeting strategies and media plans in place. It's important to capture the attention of the shopper to encourage return visits. Creative may need to vary based on shopping sessions, but likely will start higher level (brand messaging), then go to property, and then focus on offer and product. As the saying goes, "your mileage may vary": Continuously test messaging, creative, and offers to determine what works best.

> The typical guest who shops on a hotel website performs more than six search sessions across multiple hotel brand sites before choosing where to stay.

It's important to note that all retargeting is not the same. Adara's experience with travel sellers shows the more data that's added to a remarketing campaign, the better the campaign performs. Messaging becomes more relevant when travel sellers leverage previous purchase history, recency of visit, geo-targeting and other data points, enhancing both campaign efficacy and performance.

It'll be especially important to remarket to loyalty program members. We previously saw how this audience can act in a rather mercenary manner, searching multiple brands and switching brands when presented with a compelling offer. Fortunately, loyalty program members – perhaps partially due to the increased attention they pay to

hotels – are also more likely to respond to advertising. Adara's analysis shows that hotel loyalty members who are presented offers as part of a remarketing effort are 2.5 times more likely to take action compared to a control group of loyalty members who did not see remarketing messages. What does this mean? Don't take your most loyal customers for granted. Like many other guests, they want to have offers presented to them. Present them with something relevant and they'll respond.

Act to book quickly. Though they conduct numerous searches, hotel guests do so in a compressed timeframe. On average, there is only a three-day window between when a traveler begins to search for a hotel and makes the booking. The majority of travelers – 67% for OTAs, 79% for supplier websites – go from "search" to "booking" in the same day (see Figure 7).

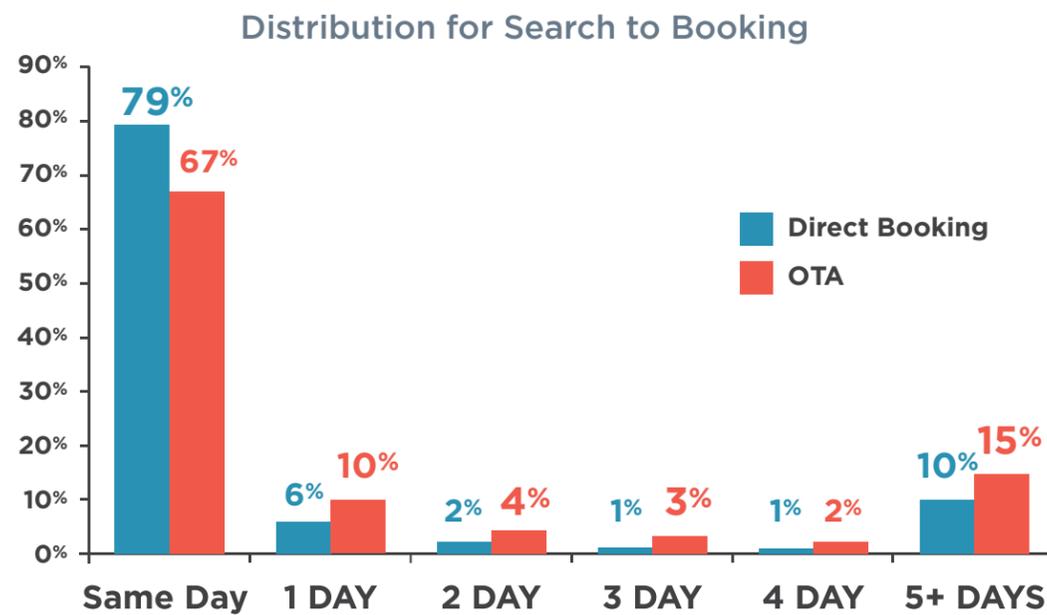### Distribution for Search to Booking

Figure 7: The Majority of Hotel Bookers To Go From Search To Booking in the Same Day

Base: Hotel bookers who search on supplier or OTA sites
Source: Hudson Crossing analysis

This is generally good news for hotel sellers: Once a search starts, you have a reasonably good chance that a reservation will soon follow.

On average, there is only a three-day window between when a traveler begins to search for a hotel and makes the booking.

At the same time, it indicates the necessity for nimble marketing efforts, such as advertising retargeting, if they hope to snag a sale during a relatively compressed shopping and booking timeframe. Speed of data becomes a critical factor. Instant data enables real-time marketing and dynamic creative, which perform better by targeting travelers with the most relevant and timely messages. Adara's ability to target a customer with hotel ads within one minute of the traveler's booking a flight itinerary enables hotels to immediately reach travelers on the move – and in the mood to book – through many channels, including mobile and social media.

Leading hotels have boosted campaign outcomes with dynamic creative that changes out prices and properties in line with recent search and booking data. That helped an international hotel brand exceed its booking goals by 56%, and reduce its cost per bookings over a 12-month period by 73%.

Hotels Bookers Favor Brand Websites
And Book Well Ahead Of Arrival

Hudson Crossing estimates 113 million US online leisure hotel guests will book hotel stays in 2013.[11] A typical US leisure hotel Booker is:

More likely buy travel online than the typical traveler. Leisure hotel guests are 9% more likely to be a Booker than the typical US online leisure traveler (see Figure 8).
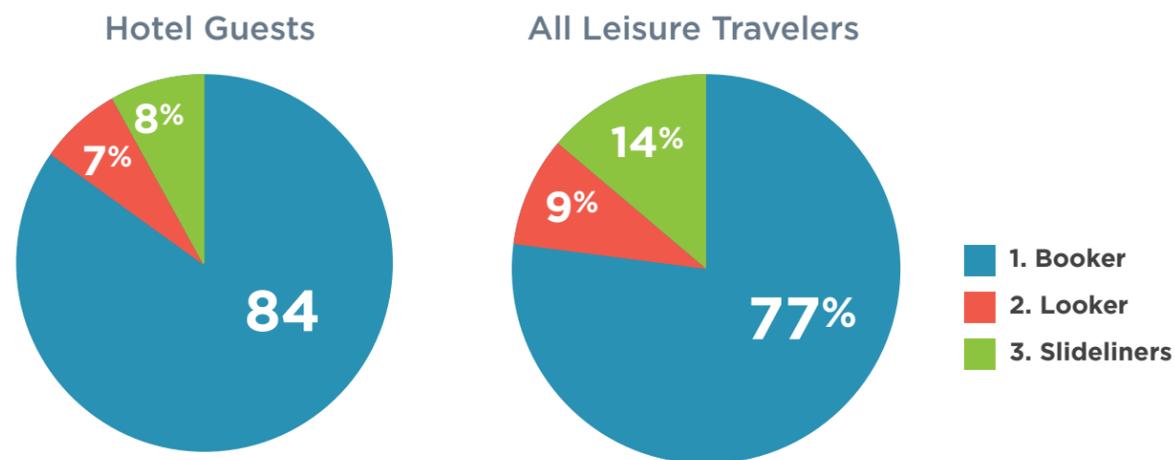
Hotel Guests

8%
7%
84

All Leisure Travelers

14%
9%
77%

- 1. Booker
- 2. Looker
- 3. Slideliners

Figure 8 : Hotels Guests Are More Likely To Be Bookers Than The Average Traveler

(Numbers may not total 100 due to rounding)
Base: US online leisure hotel guests (N=3,594) and US online leisure travelers (N=5,067)
Source: Hudson Crossing's US Travel Online Study, Q1 2013

The typical leisure hotel Booker researches 64% of his travel via digital channels, and books 67% of his leisure trips online. With a typical leisure

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hotel Booker averaging three stays a year, though, hotel sellers don't have a limitless number of transaction opportunities.

Marketing budgets are finite and must produce the best possible ROI. Whether they run on "general" sites, search engines, or within a seller's own website, accurate customer targeting, to ensure that everything from marketing messaging to destination suggestions to availability results is relevant, is of the utmost importance.

Supplier sites lead, but don't own, hotel booking. Leisure bookers' reported behavior illustrates that, while they use digital channels for most of their travel planning and booking, they don't use it for everything. Bookers continue to use offline channels such as the phone or front desk to book a critical mass of their stays. This is reinforced when we examine the various touchpoints US leisure hotel Bookers use to plan and book their trips. For trip planning, not surprisingly supplier sites and OTAs lead (see Figure 9).

Hotel's website
OTA
"Opaque" travel agency
Call the hotel's toll-free
Use metasearch
Call/visit a "traditional"
Use travel-specific special
Use a "traditional" travel
Use a CVB website
Other

0% 10% 20% 30% 40% 50% 60% 70%

"In the past 12 months, which of the following did you use to research your leisure/personal travel?

To book your leisure/personal travel?"

- Use to research
- Use to book

(Multiple answers accepted)
Base: US online leisure hotel Bookers N=3,034)
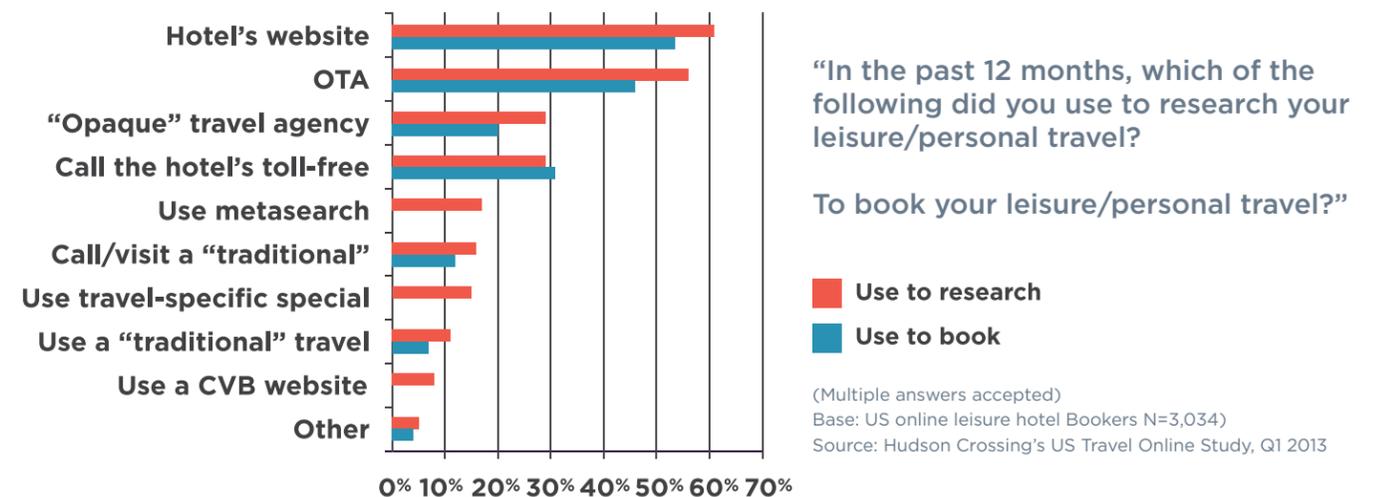Source: Hudson Crossing's US Travel Online Study, Q1 2013

Figure 10: Hotel Bookers Continue To Use A Mix Of Channels To Plan And Book Their Stays

Worth noting are the considerable number who visit "opaque" travel agency sites like Hotwire and priceline.com (29%), metasearch sites (28%), and sites that specialize in travel-specific special offers, like Travelzoo (15%).[12] Illustrating how leisure hotel Bookers will buy from the

touchpoint they consider to be most helpful and convenient – even if offline – we see that 31% call hotel toll-free numbers, 13% book through traditional agencies, and 8% book at the front desk.[13]

Likely to book further in advance on supplier sites than OTAs.

OTAs are an effective way to reach travelers who are more likely to consider last-minute "impulse" trips. Hudson Crossing's research shows there are 21% more hotel Bookers who take unplanned, unbudgeted trips on OTAs than using supplier sites.[14] OTA Bookers are also more likely to view themselves as being impulsive types of travelers.[15] Adara's data confirms this: Guests booking on hotel brand websites do so 25 days in advance, versus just 10 days on OTA sites. One-third of OTA customers book (via websites, not mobile) on the day of arrival – three times more than on hotel brand websites (see Figure 10).
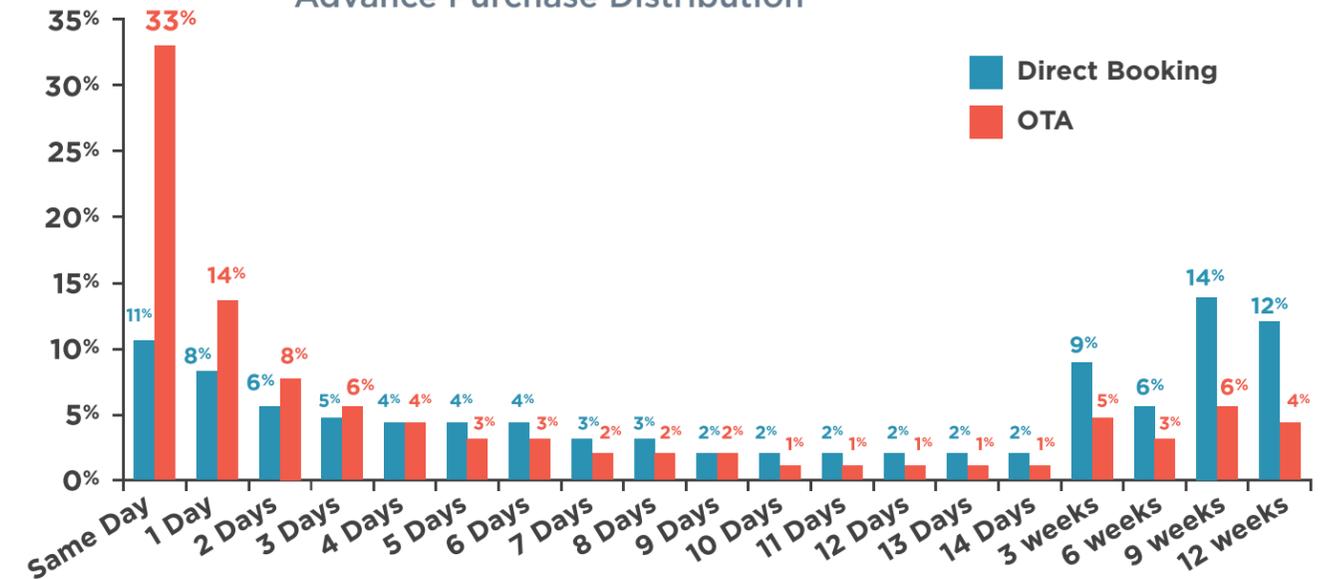
Advance Purchase Time
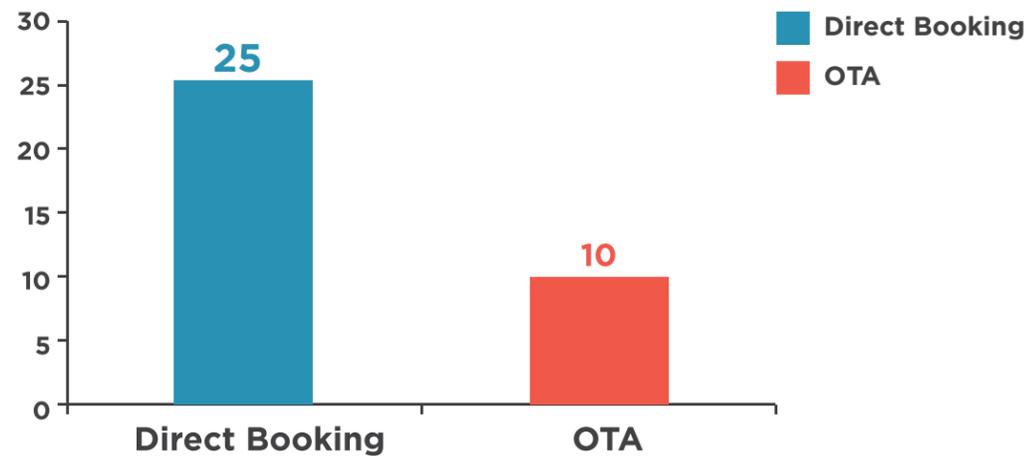
Figure 10: Three Times More Hotel Bookers Make Same-Day Reservations On OTAs Than On Supplier Websites

Base: Hotel Bookers who don't belong to loyalty programs
Source: Hudson Crossing US Travel Online Study, Q1 2013

Advance Purchase Distribution

Figure 10: Three Times More Hotel Bookers Make Same-Day Reservations On OTAs Than On Supplier Websites

Base: Hotel Bookers who don't belong to loyalty programs
Source: Hudson Crossing US Travel Online Study, Q1 2013

Beyond illustrating the need for different marketing campaigns and messaging, the different booking patterns illustrate how hotel brands have a longer pre-arrival window than OTAs in which to promote various ancillary product offers.

Hotel Stays Are Short, So Make Them Count

A typical guest is with you for a brief period of time. Fortunately, these short stays still offer the potential to generate incremental revenue as you help your guests enjoy their time at your hotel. As you evaluate your options and strategies, remember that guests:

Stay on average around two days. Adara's data shows that a typical OTA booking is for 1.8 days and, for suppliers, a nominally longer 2 days, again illustrating OTAs' use by guests as sources of last-minute, unplanned reservations. Nearly one in four travelers, though, stays for three or more days (see Figure 11).
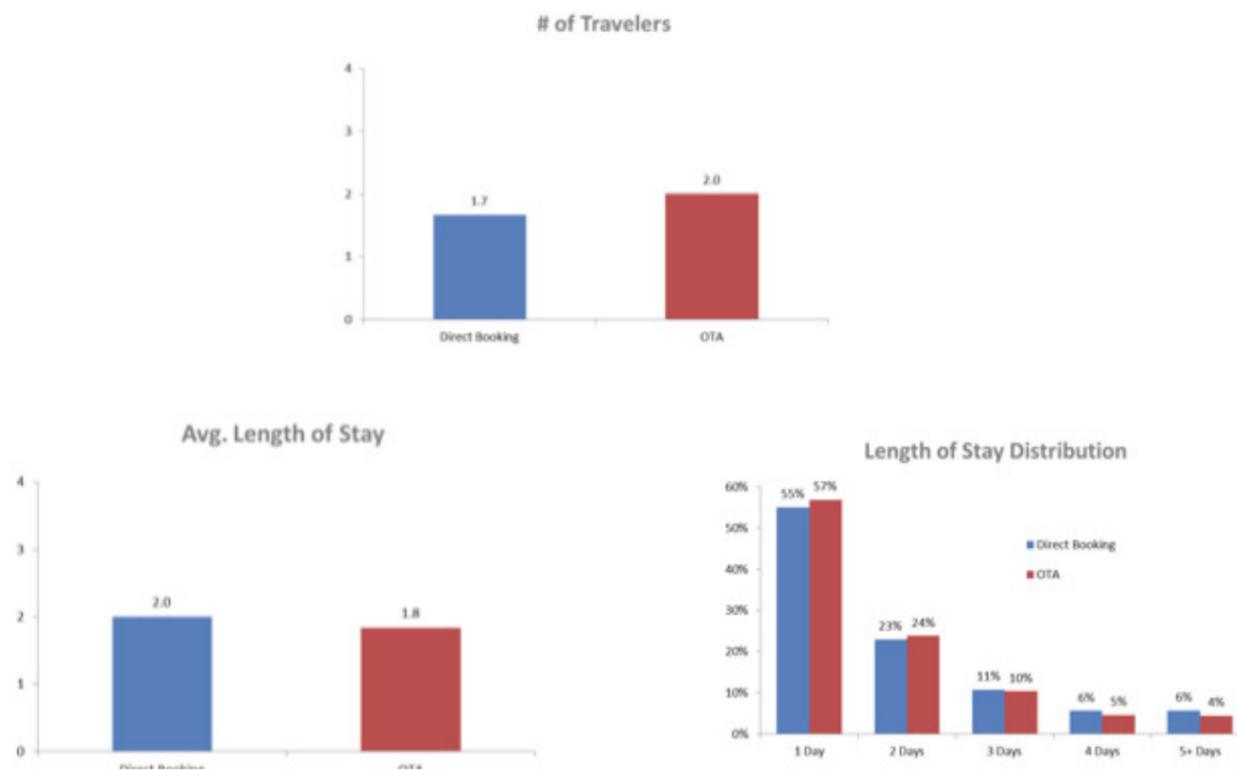
Figure 11: Nearly One In Four Guests Stay For Three Or More Days

With loyalty low and consumers' thirst for value high, it's important for hotels and OTAs alike to be ready to entice guests with relevant rate types and packages that will resonate with your guests. It's equally important to know whom to target with these offers, in order to improve conversion. Traveler profile and transactional data, and data from the traveler's broader interests, can help a hotel personalize an offer. For example, is a guest a "foodie"? An offer that includes a "chef's table" reservation may be appealing. Hotels that use this may be able to benefit from Adara's dynamic advertising unit (see Figure 12).

Figure 12: Adara's Rich Dynamic Ad Unit Offers Many Useful Features

This standard-size ad unit allows a hotel to dynamically create product and promotional messaging drawn from its own data sources, and combine it with real-time pricing for timely impact.

Are open to becoming your fans. Here's some positive news: Many of your guests are passionate about the hotel industry. More than 77% of guests consider the quality of a hotel's service and amenities to be important – in other words, the hotel isn't just a place to sleep and shower, it's something many guests want to actively experience.[16] This presents an excellent opportunity to engage travelers in your loyalty program. But just because you get people to join your program doesn't mean they'll be loyal to your brand or property: 61% of guests don't consider themselves loyal to any hotel property or chain.[17] Growing your loyalty program membership must be guided by encouraging the most relevant unaffiliated guests to join. Model your existing loyalty members, using data such as ZIP code, stay patterns, booking channel, rate types, and forms of payment, to determine your highest value guests, and then see who among your unaffiliated guests best matches the profile. Target them with relevant program-related messaging and offers (e.g., "join now and sample our elite status benefits") during their shopping and booking activity on your website, in pre-arrival communications, at check-in, and at check-out.

Always need something (so always be ready to sell them something). Hotel managers at midscale and higher hotels have multiple opportunities to leverage their properties' optional services to enhance their guests' stays. Trouble is, the industry is far from ready to do this. Asked to grade their readiness to sell optional products, hotel executives in a Hudson Crossing survey scored themselves 3.25 out of 5.[18] With short stays common, don't overload your guests with a flood of offers. Tap into your guest databases, such as your loyalty program or CRM, to understand whom to target and with what products. Consider using mobile-based marketing to break through the clutter and gain a sense of immediacy.

Examining Planning And Booking Activity For Nine Major Destinations

How alike, or not, are hotel shoppers by destination? Using Adara's data we examined travelers' behaviors when planning and booking stays for seven popular US cities (Chicago, Las Vegas, Los Angeles, New Orleans, New York, Orlando, San Francisco) and two key international destinations: London and Toronto. What did we learn? Differences, for the most part, are minor, and don't follow a consistent pattern.

New Orleans and Orlando attract more female Bookers.
Even though the online population of hotel Bookers is evenly split along gender lines, Adara's data shows that men account for around 7 in 10 hotel Bookers (see Figure 13).[19]
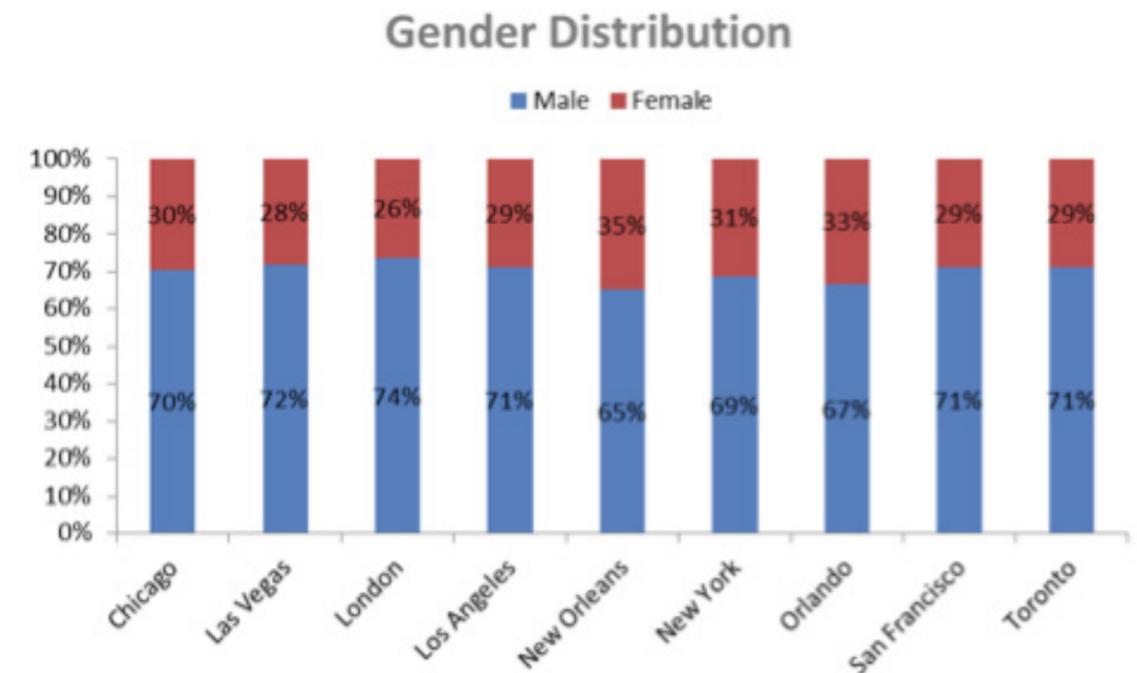

Figure 13: Men Generally Account For 70% Of The Bookers In These Markets

This holds true for all but two of the nine cities we examined: New Orleans and Orlando. What's special about these two cities? New

Orleans is a destination with many attributes and activities that female travelers enjoy – dining, entertainment, cultural events, and more. Its location and abundance of low-fare airline service also makes "The Crescent City" an appealing and affordable destination for "girls' getaway" weekends. Orlando, of course, is the US capital of family fun, with its numerous theme parks and other attractions. Women tend to take lead responsibility to plan and book their families' vacations.

New York and Orlando lead for most searches prior to booking. New York City is one of the most expensive US hotel markets, with an average daily rate of $360.25 at the end of September 2013.[20]

In their quest for value, and amidst the numerous choices of both branded and independent hotels, travelers conduct more than nine searches before finding a hotel to book in New York. That's one-third searches more than average.

In their quest for value, and amidst the numerous choices of both branded and independent hotels, travelers conduct more than nine searches before finding a hotel to book in New York (see Figure 14).
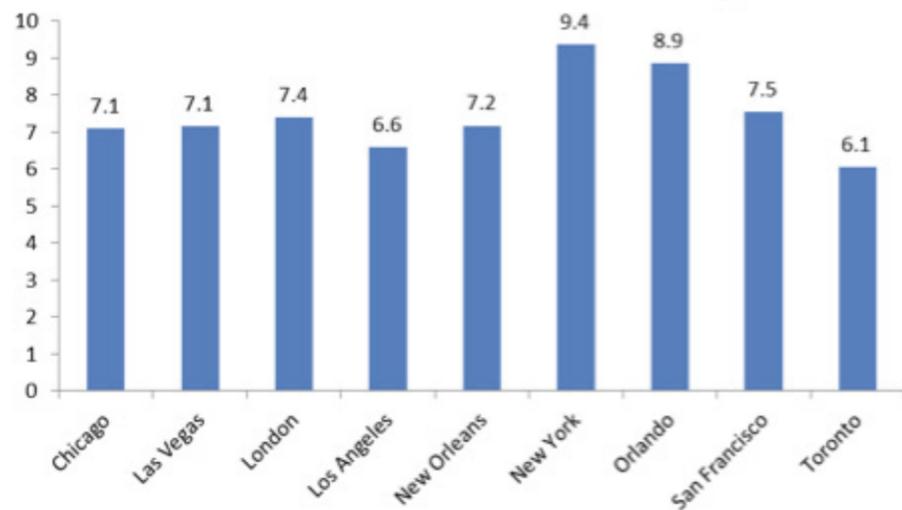

Figure 14: Guests Conduct The Most Searches For Hotels in New York, The Fewest In Toronto

That's one-third searches more than average. Orlando is just as overwhelming in its lodging options as New York, and averages almost as many searches. To aid the traveler, hotels must invest in tools that improve the shopping experience, such as buttons and sliders that dynamically update as options are chosen or de-selected. Hotels with above-average search activity may also want to promote their packages and other value-focused rates, using customer insights to help target and prioritize offers in the advertising and elsewhere.

Toronto has the shortest search-to-book "lag time," New York the longest. Guests who want to go to Toronto are very focused (see Figure 15).
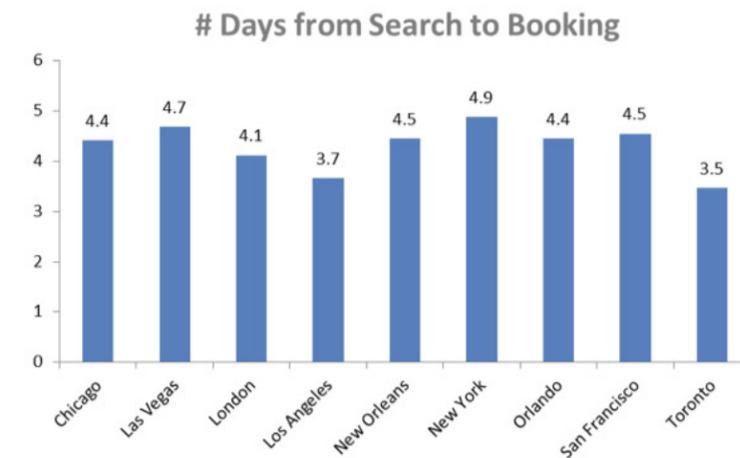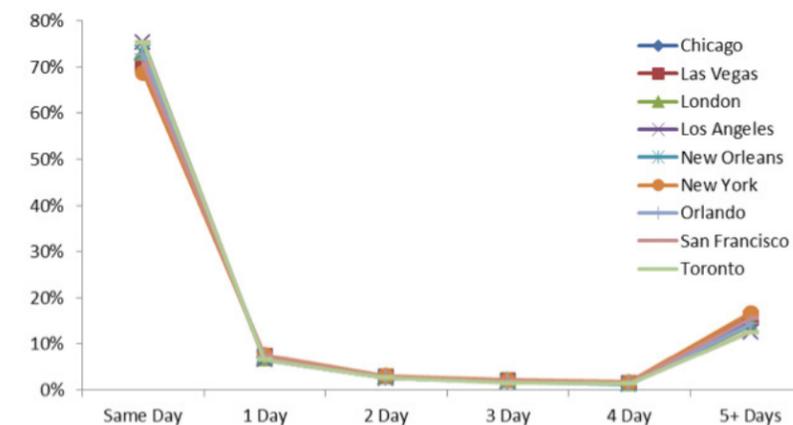

Figure 15: Toronto And Los Angeles Have The Shortest Windows Between Search And Booking Activity

Toronto captures a booking within just 3.5 days of the first search being conducted, the shortest of the nine cities evaluated. Toronto also benefits from a substantial block of guests who search and book in the same day, indicating that targeted, timely mobile ads may be helpful to attract "last minute" reservations. Consistent with the large number of searches conducted for it, New York City sees guests take almost five days to make up their minds between when they first search for a hotel and finally find a property that fits their needs. Guest retargeting will be helpful for these cities, not just on traditional websites, but possibly also on social networks such as Facebook, Twitter, and Pinterest, all of which are popular with travelers. Adara's ability to leverage customer shopping and booking data enables its clients to improve the timeliness of when they should run advertising messages on social networks, including high impact large advertising units and smaller reach-focused, frequency-driven ads on Facebook, and sponsored tweets on Twitter.

Massive variations by city in advance purchase times. Based on destination, guests book their rooms anywhere between three and six weeks ahead of arrival. Hotel revenue managers are experienced in managing their inventory and rates based on their booking curves. What hotels often overlook, however, are the numerous post-booking sales opportunities. A "story arc" envelops each guest's trip, creating within it numerous selling opportunities via the channels that make sense for the property and brand (see Figure 16).
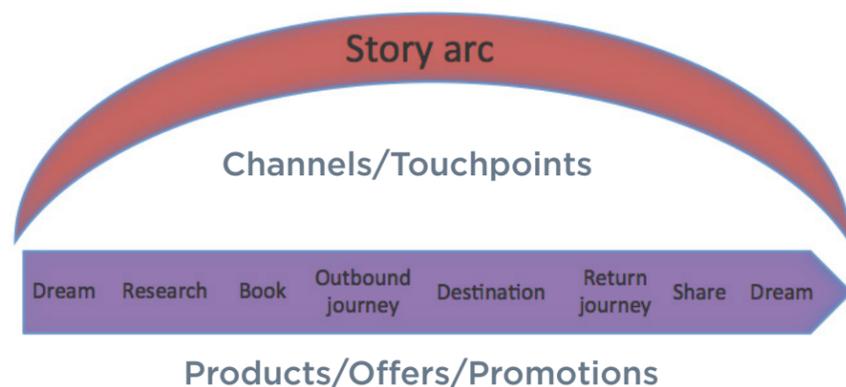

Figure 16: A "Story Arc" Of Merchandising Opportunities Spans Every Guest's Trip

Hotels can use this to extend relevant cross-sell and up-sell offers, which can include "direct" (brand and on-property services) such as upgrades, prepaid Wi-Fi, or spas services, and "indirect" (third-party) services such as area transportation, excursions, and entertainment tickets. When you target guests, look for clues that can aid your targeting, including who, if anyone, is part of the guest's traveling party (family, friend, or colleague), the type of payment being used (a corporate or personal credit card), and rate type (discount advance purchase – suggesting leisure – or negotiated corporate rate).

Travelers stay longer in these nine cities. In contrast to the global average stay of about two days, guests stay longer in every city but Los Angeles, with London and Orlando capturing the longest stays (see Figure 17).
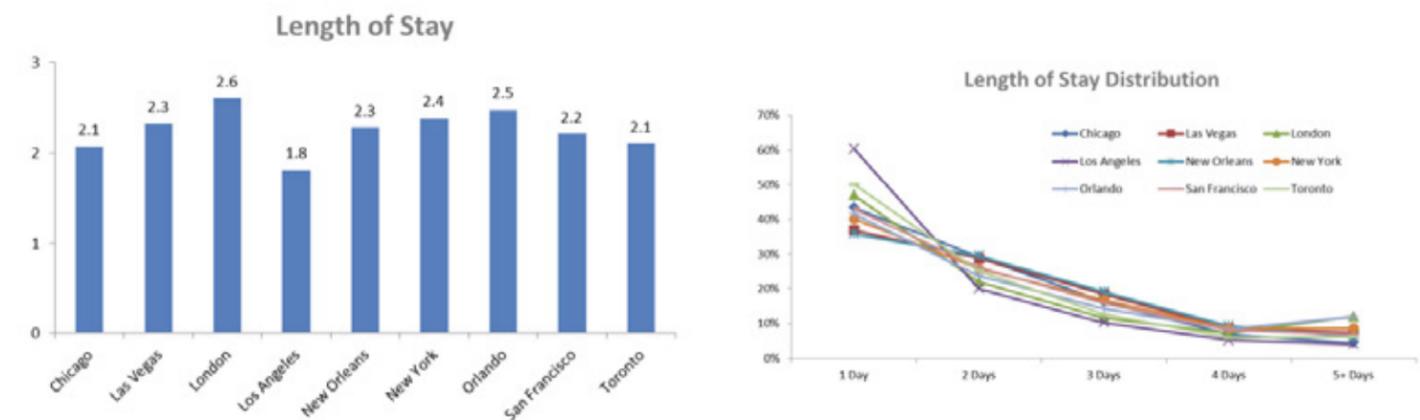

Figure 17: London And Orlando Capture The Longest Stays, Los Angeles The Shortest

Each stay's "story arc" presents many opportunities to extend cross-sell and up-sell offers for both "direct" and "indirect" services – but these services and offers (and their messaging) will need to factor each destination's length of stay. "Leisurely" activities may sell better in London and Orlando, where longer stays are more common, than

in Los Angeles, where a typical stay appears to be less than 48 hours. Since every hotel is different, hotel managers must anticipate ongoing trial and refinement will be required. Tracking the offers you extend, channels, advertising media and creative, and price points – and, critically, response rates – can provide the foundation to build a database that can become your "hub" for cross-sell and up-sell marketing.

Travelers trade up between shopping and booking. In our "Wal-Mart world," price is always an important consideration. When it comes to booking a hotel, travelers' behaviors show a considerable number are willing to trade up for better perceived quality and value. In almost every city, travelers are more likely to shop on select service (midscale) brands and book at full-service (upscale and upper upscale) brands (see Figure 18 and Figure 19).

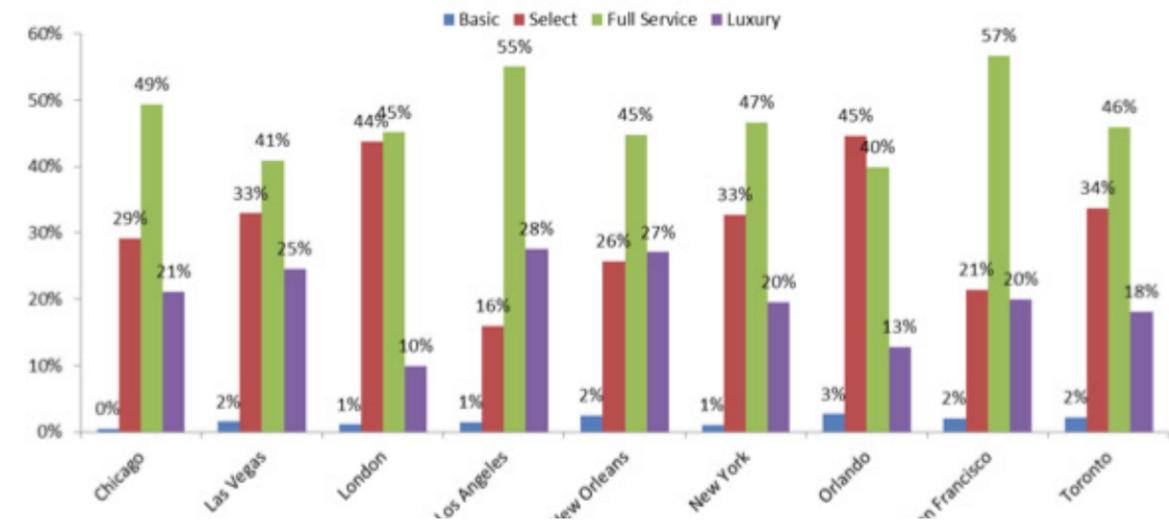Figure 18: Midscale Hotels Attract A Lot Of Hotel Shoppers

Figure 19: : Full-Service Brands Generally Capture The Most Bookings

In Chicago, for example, 42% of searches are for select service properties and 40% are for full-service hotels. Just 29% of reservations are made at select service hotels – an impressive 49% are made at full service hotels. Digital channels give guests the ability to compare not just rates, but all details about a hotel. To increase the possibility

Travelers are more likely to shop on select service (midscale) brands and book at full-service (upscale and upper upscale) brands.

of closing more shoppers, have an independent party audit your digital written and visual content. Sixty-nine percent of guests value written content when planning a stay.[21] Even more – 75% – say photography is important. Video appeals to fully 48% of US guests.[22] Hotels cannot afford to skimp on their creative content. All written copy – even mundane terms and conditions – must be detailed, free of jargon, and descriptive. Use professional-quality photography and video to entice the guest into exploring more of your site – an activity that can benefit booking conversions. Include helpful details, such as floor plans and room diagrams, on your website to increase guest understanding and confidence regarding your product.
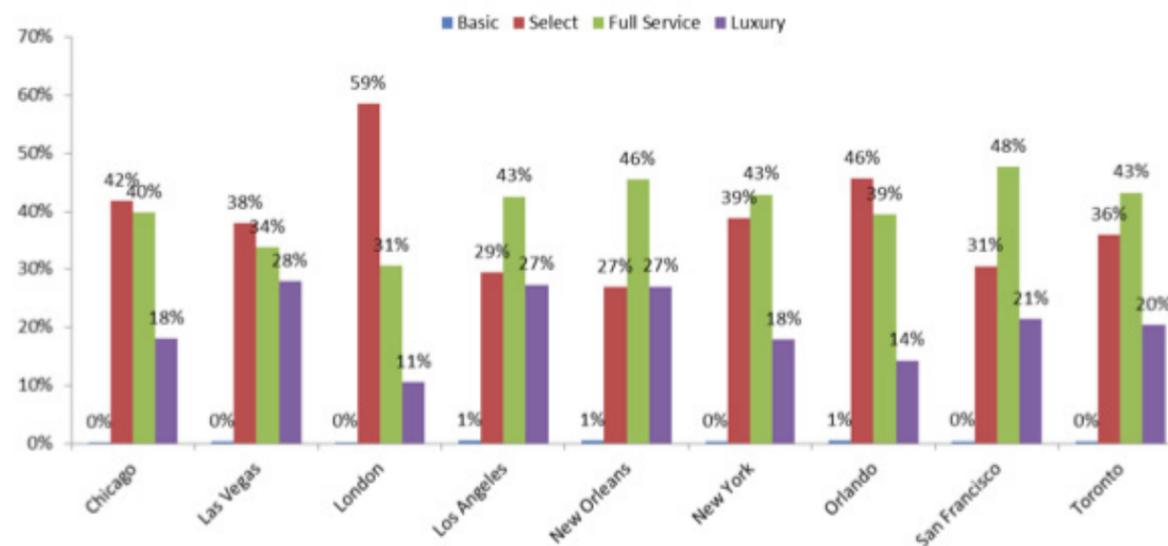
Implications: Customer Targeting Must Be A Top Priority For Hotels

The digital environment hotels in which will compete in 2014 presents a fascinating business and marketing challenge: 123 million guests who research online, 113 million who book, the majority of whom belong to at least one loyalty program – and yet low levels of brand loyalty. Booking patterns are distinct – for the most part, a guest is either a supplier- or OTA-based Booker. Each reservation represents a hard-fought victory for the distribution channel, brand, and property.

To succeed, a hotel must focus on its guest targeting – and guest remarketing – capabilities to attain its desired business, sales, and marketing objectives. Hotels are indeed fortunate that so many guests are "into" the hotel experience – but remember, guests' thirst for the new and different means guests routinely explore multiple options, shopping multiple sites before deciding where to book. Understanding the guest on every level possible isn't a "nice to have" for hotels – it is a key strategic priority in order to serve a guest who experiences high degrees of personalization

Understanding the guest on every level possible isn't a "nice to have" for hotels –it is a key strategic priority in order to serve a guest who experiences high degrees of personalization from the retailers, banks, and other organizations they interact on a daily basis.

from the retailers, banks, and other organizations they interact on a daily basis. Adara's analysis indicates that the travel brands that leverage additional customer data are able to significantly improve their advertising's performance. As an example, Adara learned that by adding four customer data points above a baseline set, an ad's performance would improve nine times compared to using only the baseline customer data.

The expanding option of hotels available contributes to a "let the best deal win" mindset among guests. That perspective, however, is subjective. "Best" means "most relevant." Brand marketing certainly has its place for many hotels, especially for those that are midscale and higher quality. Your digital communications and call center interactions must be informed by customer insights that can help you better personalize your messages, offers, and interactions. These insights can't be buried. Share them with relevant teams across the organization – including brand, eCommerce, marketing communications, sales, loyalty, pricing, and revenue management – to develop, or improve, your ability to effectively target guests. The use of detailed, actionable insights, planned and implemented in a thoughtful and deliberate manner, will play a core role in contributing to elevating your brand's or property's visibility within a traveler's consideration set, and in helping you attract and keep a disproportionate volume of business at desired rates and margins.

About Adara

A D A R A

Adara is a global leader in helping consumer brands find new customers using advanced precision-targeting technology powered by Big Data sourced from the world's leading travel and hospitality companies. Adara has partnered with many of the world's largest airlines, hotels, and travel distributors to help them monetize their website data while protecting consumer privacy, personal information and purchase data.

Adara's partners gain new revenue streams and the ability to deepen customer relationships through highly targeted marketing programs. Adara's unparalleled access to first-party data combined with proprietary technology enables advertisers to execute and optimize highly effective display, mobile, video, and social media ad campaigns. Adara was founded in 2005 and is headquartered in Mountain View, CA. For more information, please visit www.adaraglobal.com.

About Hudson Crossing

HUDSON CROSSING

Hudson Crossing is a strategy and execution advisory firm devoted to helping clients raise the financial performance of their assets in industries ranging from travel and hospitality to financial services and technology. Through its proprietary research and execution of bold ideas, Hudson Crossing's team of experienced operators bridges the gap between plan and performance, helping clients to achieve growth through innovation and by translating strategy into outcome. For more information about Hudson Crossing, please visit www.hudsoncrossing.com.

Endnotes

[1] Adara shared only aggregated data with Hudson Crossing; neither brand-specific nor personally identifiable data were provided. Adara aggregated hotel Booker data only from those client companies that allow this type of data sharing. As a result, the Adara data represents a subset of Adara's complete hotel booking ecosystem. The Adara data collection process was managed entirely by Adara to maintain client confidentiality; Hudson Crossing was never provided with direct access to Adara's data or data center.

[2] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[3] Among the US online hotel guests who establish budgets, 58% establish budgets for each trip they take. One in five set aside money each month for their travel budget, 7% set aside money on a quarterly basis, and 15% establish an annual travel budget. Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[4] Fifty-five percent of US online leisure hotel guests will allow their travel budgets to dictate where they go on a personal trip or vacation. Given a choice of saving on airfare, lodging, and rental cars, 52% of hotel guests said they would turn to hotels to save, 42% said they'd cut back on what they spend for airfares, and 6% would cut back on their rental car expense. Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[5] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[6] Unless otherwise noted, all US hotel guest data in this section is from Hudson Crossing's US Travel Online Study, Q1 2013.

[7] Among hotel guests who use a smartphone, 75% view their phones as an "essential" part of their lives. Source: Hudson Crossing's US Travel Online Study, Q1 2013

[8] Fifty-eight percent of Generation Y guests have a tablet, as do 54% of guests who earn $75,000 or more a year. Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[9] Source: HotelMarketing.com, "Mobile poised to become the dominant channel for hotel bookings," April 30, 2013 http://hotelmarketing.com/index.php/content/article/mobile_poised_to_become_the_dominant_channel_for_booking_hotels

[10] Source: Hudson Crossing analysis.

[11] Source: Hudson Crossing analysis.

[12] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[13] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[14] Thirty-six percent of US online leisure hotel Bookers who use supplier websites took an unplanned, unbudgeted trip in the 12 months preceding the study, compared to 40% of the leisure Bookers who purchased using an OTA website. Hudson Crossing's US Travel Online Study, Q1 2013.

[15] Forty-three percent of hotel Bookers who use supplier websites and 47% of OTA hotel Bookers consider themselves to be more spontaneous than other people they know, including their families and friends. Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[16] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[17] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[18] Source; Hudson Crossing interviews.

[19] Fifty-one percent of US online leisure hotel Bookers are female, 49% are male. Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[20] Source: HotelNewsNow.com, "STR: US hotels report weekly revPAR growth," October 3, 2013 (http://www.hotelnewsnow.com/Article/12374/STR-US-hotels-report-weekly-RevPAR-growth)

[21] Source: Hudson Crossing's US Travel Online Study, Q1 2013.

[22] Source: Hudson Crossing's US T