

Digital marketing: the Waterloo of the hotel industry?

by **Lennert de Jong** 

The array of digital tools available to us in the hotel industry is staggering. But they must be chosen carefully, says Lennert de Jong, citizenM's Director of Distribution and Business Development, if they are to support your strategic business model. That means that hotel companies first need to take a good hard look at themselves, understand which model they represent, and then choose the tools that will do this model the most good. Provocative advice from an industry upstart.

It has been an interesting last 15 years in the hotel industry. We've seen the guest join the information revolution, and seen hotels completely failing to understand it, and thus creating a gap for companies such as Expedia and Booking.com. While hotels are still worrying about a new competitor in town, the state of the economy and the new menu in the restaurant, others have taken charge of SEO, SEA, display marketing, retargeting, conversion optimization, Facebook advertising, meta search and many more disciplines.

The big question is, can – and should – a hotel really care?

In a fragmented industry, where the majority of hotels are individually owned and managed, where websites are built by “a friend who learned HTML”, and where there is neither education nor scale for experts, how can these difficult and specialist tasks be done?

Do the chains get it? No, they have gone asset light, and are purely riding the loyalty scheme wave to the hotel owners. They fight for repeat customers who are willing to ignore a mediocre, non-customer centric approach, in exchange for points or tier.

Owners and asset managers will take charge of their data and marketing, and look for companies that can deliver value to them in such areas as digital marketing, analytics, conversion optimization; and they will force brands to deliver a genuinely good experience for the guest. The guest has all

the information and validation on his screen, and doesn't need a star classification or brand guidance in order to make a purchase decision.

I believe that there is hope in this Waterloo scenario. It could come from a couple of different angles, even from what the hotel industry at large considers the enemy. A company that is growing extremely fast is Buuteeq. They provide hotels with the most cost effective e-commerce platform, analytics, and marketing tools, and give individual hotels the power that a big brand could have. Another company that could make its way into becoming a hotel marketing platform is Booking.com, launching more and more white label initiatives that benefit from their marketing machines, languages, conversion optimization techniques, etc.

My recommendation for hotels is to really look at who you are and what you are best at.

Are you a little chain of hotels, a company that clearly understands its target audience? Get some experts in, and take control of digital marketing yourself. Use the OTAs where you need to attract expensive first-time customers, and use your own acquired skills to harvest the more low-hanging fruit.

Are you an individual, non-branded hotel that is being overrun by the OTAs at the moment? Get a specialized firm like Buuteeq or WIHP in, and buy the product off the shelf. You will have limited success in getting new customers in first time direct,



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but with the right tools you can attract the overflow from the billboard and target repeat guests.

Are you an owner or asset manager of a portfolio of hotels? Organize your own digital marketing efforts, and start tracking the cost of distribution of each channel, comparing chain fees, OTA fees, advertising – and make a call. Is it really the best decision to get that loyalty program in, or is a combination of OTA and best practice, well executed digital marketing better? I can guarantee you that the latter will bring more to your bottom line.

I believe, though, that two elements overlay any strategic decision:

- 1) Get it right for the guest. Your hotel performs 24/7 with the curtains open, and every moment with the guest counts. A hotel can be successful with its digital marketing, but if the receptionist is rude, the WiFi is slow (or paid), and the coffee is bad, the hotel will not win, and it will lose traction in this extremely visible world.
- 2) Measure and take advantage of (small and big) data. There is no other industry in which you could present a situation to 20 experts and they all respond differently, except for our industry. One hotel could lower its price and you get 20 different responses. Can you imagine this in stock trading, flying an airplane or driving a car? What is the real difference?

The hotel industry at large still fails to properly report (future) detailed performance, with PMSs not containing the right data,

or simply failing to unlock the data, Revenue Management Systems focusing on market segments (not understanding channel or cost of distribution) and accounting systems fragmenting the real costs of distribution between different departments, or even hiding it below GOP.

Only with all data on screen can you properly navigate and make decisions. Forget market segments, and start tracking return on advertising spend, net channel contribution, conversion percentages, impact of GRI score on booking pace, price sensitivity and even the weather forecasts, news feeds, etc. Companies to watch out for are startups such as OTA Insight, which tracks all the information that the OTAs are not sharing (yet), and Snapshot, a tool that unlocks and manages data from all kinds of different sources and puts it right at your fingertips, as an owner, GM, or revenue manager.

It's time to kill the Excel sheet and use the cloud like our customers do every day. This way, there is a chance we will make a peaceful end to what could become the hotel industry's Waterloo.

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We need a strategy
to improve our
operational results

We need a plan
to optimize
demand

We need a solution
to forecast
accurately

We need to
Drive Better
Revenue

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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

