



February 2014

# THE DIGITAL DIRECTION: CONTENT MANAGEMENT AND THE MARKETING COMMUNICATIONS OF TODAY

*PART II OF A TWO-PART SERIES*

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## The Evolution of Digital Marketing and the Significance of Earned Content

*This article is Part II of a two-part series analyzing the landscape of digital marketing for hotels and motels in 2014. Part I reviewed the fundamentals of digital marketing and why it is vital hotels understand current trends. Part II investigates the future of “earned content,” or user-generated content, marketing.*

Part I of this series identified digital marketing as a major component of hotel’s marketing strategies and an important mechanism for future growth within the industry. As potential guests and loyal customers identified the internet as trustworthy, efficient, and safe, the opportunity for marketing towards consumers via the internet became tangible and indeed, vital to growth. As the national economic recession hit, digital marketing in particular was maintained as an economical, effective means to reach customers; while more traditional marketing methods may have been foregone, digital marketing has prevailed as the most effective means to allocate (limited) resources toward and ensure a return on investment.

How to continue achieving a return on investment in 2014 is another story. This article aims to discover how digital marketing is segmented, what research has been done on quantifying the impacts of digital marketing, and how the evolution of user-generated content, or earned content, is affecting the hotel industry.

### The Facts

Digital marketing is segmented into three categories: **paid content**, **owned content**, and **earned content**. Paid content includes marketing efforts that a hotel purchases, such as pay-per-click advertisements and use of OTAs (online travel agencies). Owned content includes a hotel’s website and social media pages. Earned content, the most elusive of the three and out of the hotel’s direct control, includes user reviews and media coverage. As digital marketing cemented itself in budgets and strategies, paid and owned content were the priorities; however, as consumers have increased sharing their opinions (and listening to others opinions), earned content has grown as an absolutely vital aspect of how a hotel’s image is perceived. The facilitated access to guest experiences by potential guests means that today, 92% of guests check online reviews of a hotel before they book.<sup>i</sup>

**FIGURE 1: SKIFT IQ HOTEL BRAND STATISTICS, AS OF DECEMBER 2013**

Name	Twitter Follows	Facebook Likes	Youtube Views	Instagram Followers
Four Seasons Hotels	96,157	206,089	1,656,537	25,991
Marriott International	280,380	176,653	410,005	5,332
Loews Hotels	24,297	33,392	67,211	1,409
Hyatt Hotels	33,458	310,088	5,592,257	0
Shangri-La Hotels and Resorts	11,986	1,118,468	624,951	3,333
Fontainebleau	23,366	114,716	87,788	16,040
Sandals Resorts	40,451	302,191	1,307,745	7,547
Hilton Hotels	114,119	1,163,844	1,132,878	3,272
W Hotels	20,278	149,015	52,889	35,117
NH Hotels	16,629	83,531	46,333	3,520
Ritz-Carlton	64,641	468,184	226,234	0
DoubleTree by Hilton	54,360	232,624	9,790,763	1,626
Sheraton	9,695	268,712	172,058	2,826
Fairmont Hotels	70,354	105,208	290,353	3,620
Room Mate Hotels	90,299	33,825	124,380	0

Source: Skift.com

The indispensability of earned content is recognized across the board; not only do users appreciate the importance of reviewing feedback and eventually sharing their feedback (whether it be through written reviews, uploaded pictures, real-time tweets, or posts on a Facebook page), but hotels understand the need for maintaining their credibility responding to and managing these opinions. According to a report by Bain & Company, guests “who interact with companies through social media spend between 20-40% more money with those companies than other customers,” not due to paid content advertising but because they felt more comfortable spending with a brand that reached out to them.<sup>ii</sup> TripAdvisor, one of the primary user-content websites in the industry with more than 32 million users and 75 million reviews and counting, is a reputable source for monitoring trends in how earned content is viewed.<sup>iii</sup> The most recent TripAdvisor TripBarometer Report provides substantial data on the perceived uses of earned content. The results are unsurprising for the most part, and underline the fact that we

all already knew: maintaining a positive reputation online is a must, and utilizing positive earned content to further market a property is an achievable goal. According to the 2013 TripBarometer survey, 93% of travelers worldwide say that online reviews impact their booking decisions and identify online reviews as a top three booking factor along with price and location. Accordingly, 96% of businesses surveyed said online travel reviews are important to generating reservations (75% reporting 'very' important).<sup>iv</sup>

What unsurprising qualitative information was gathered by TripAdvisor was reinforced by a Cornell University Center for Hospitality Research study in late 2012. The study used a regression analysis to compare a property's earned content status (measured by ReviewPro's Global Review Index (GRI), which is an algorithmic product that scales hotels based on online review websites and OTAs) to its penetration levels in occupancy, average daily rate (ADR), and revenue per available room (RevPAR). In order to compare the effects, the study used Smith Travel Research data for each property studied and its competitive set, and calculated penetration levels with known data, which allowed the author to regress changes in GRI against how elastic changes in occupancy, ADR, and RevPAR proved to be. The study's results are below.<sup>v</sup>

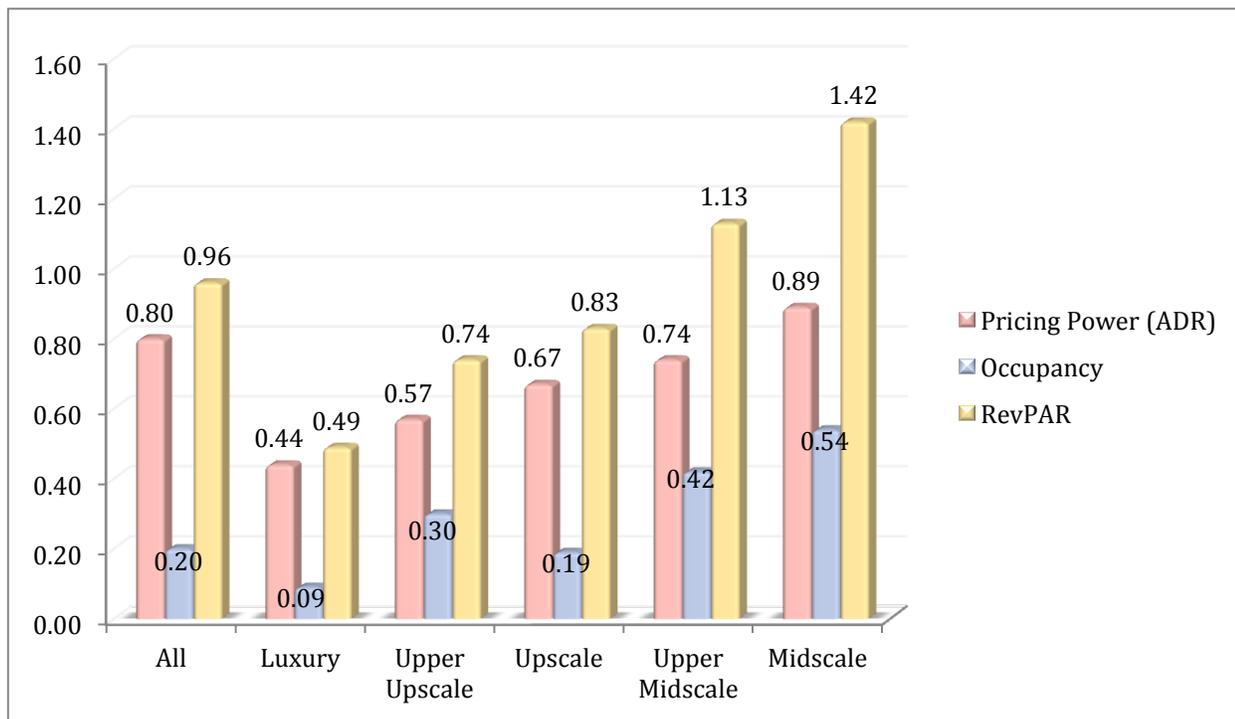
### GRI Elasticity

The results of the study indicate quantifiable results of what was historically only qualitative. Cornell's study found that defining ROI on earned content is possible. According to the study:

- Positive earned content affects RevPAR the strongest: a 1-point increase in online score correlates with a .96% increase in RevPAR;
- Positive earned content affects ADR much more than it affects occupancy, thus giving hotels more capabilities to translate positive online reputations with higher prices;
- If a hotel increases its "score" on an earned content website by one point (for example 2.8 to 3.8), the hotel can increase its price (ADR) by 11.2% and still maintain the same occupancy or market share.<sup>vi</sup>

These conclusions have given industry experts a tangible justification for focusing on earned content and provide indications of how successful digital marketing

FIGURE 2: CHR REGRESSION ANALYSIS RESULTS ON ELASTICITY OF RATE, OCCUPANCY, AND REV PAR



Source: Cornell Center for Hospitality Research

strategies can sustain revenue growth. While the importance of digital marketing and the need for earned content management are evident, the hotel industry is diverse, complex, and constantly evolving. We have interviewed numerous sources widely considered industry experts in this field, gaining perspectives on how hotels should proceed, where leaders see successes and failures, and what this means for marketing as a profession in the hospitality sense.

### The Brands

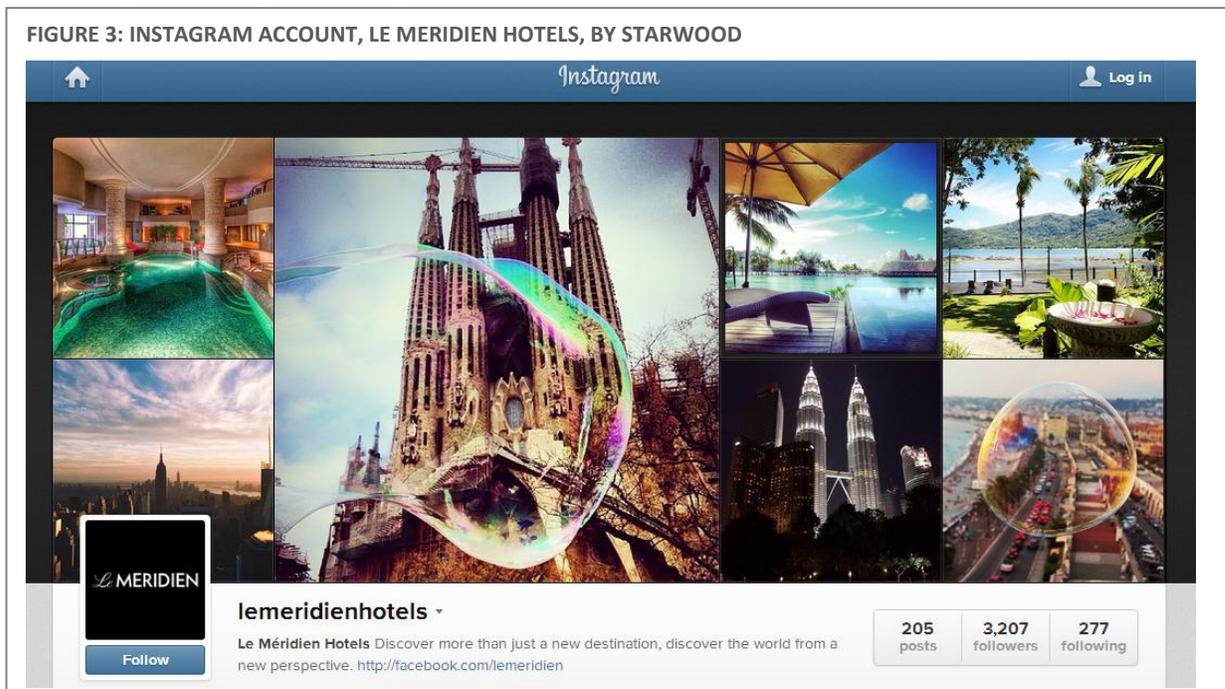
To see how hotels have transitioned to valuing earned content within the digital marketing spectrum, we look at some industry leaders who have done well to utilize social media, earned content, and user experiences to grow their companies and brands.

- Starwood Hotels & Resorts, recognized as a success story in creating and benefitting from digital marketing, has lately shifted their marketing towards engaging through online interaction and utilizing Millennials in order to further attract young guests. Understanding the need for brand loyalty, earned content is supported in a brand-unique fashion in order to engage the specific demand segment that is most strongly attracted to each brand. For example, Starwood’s Meridien brand has staff that manage a brand-specific Instagram account

and focus solely on uploading content that is appealing to younger, leisure travelers. Starwood’s loyalty program, Starwood Preferred Guest, has a mobile app accessible through tablets and smartphones that allows guests to give real-time reviews as well as book reservations.

- Kimpton Hotels have long been accustomed to engaging guests on a personal basis and utilizing guest experiences as a major motivation for property and corporate staff to improve operations. Kimpton has hired a social media manager for their corporate office; regional marketing directors are supplemented nationwide by a “social squad” of operations staff that double as social media ambassadors for their properties. According to Kimpton, there is at least one social media ambassador per property, usually more. These staff have the duty of engaging guests before and during their stays, and engaging them following any post-visit comments. At the corporate level, Kimpton has a Guest Engagement Team whose role is to ensure that earned content results are positive. This team works closely with directors of operations, marketing directors, and communication directors to convey guest

FIGURE 3: INSTAGRAM ACCOUNT, LE MERIDIEN HOTELS, BY STARWOOD



opinions to the entire company. Kimpton representatives do not foresee any specific growth in the marketing budget for 2014, but it is true that Kimpton has always given priority to user-generated content.

### **The Online Reputation Manager**

Another interesting perspective on the benefits and weaknesses of earned content comes from the specialist, or the Online Reputation Management (ORM) company. According to Greg Bodenlos, Marketing Manager at Revinate, an ORM industry leader that provides services for over 23,000 hotels and restaurants in the industry. Revinate offers properties traditional marketing services, such as private surveys sent via email, but also more state-of-the-art, earned content services that are the future of digital marketing efforts; these include a social media dashboard, a ticketing system (which alerts a hotel's department heads of specific reviews relevant to them, and requires direct follow up), and a sentiment analysis matrix. Bodenlos explained the matrix compares a hotel's overall sentiment, calculated through reviews, to those of its competitive set. ORMs like Revinate, ReviewPro, and Digital Alchemy provide solutions for hotels to engage customers through their social media, to utilize reviews to improve service, and to monitor the digital landscape in an efficient and timely fashion.

The digital marketing universe is a continuously evolving process, and the key is to have eyes keeping watch on it moving forward.

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## About the Authors



**Erin Bagley** is an Analyst with HVS's New York office, specializing in hotel valuation and consultancy. She joined HVS in 2012 and worked with HVS Caribbean on consulting assignments and in conference planning in conjunction with her post-graduate studies. After completing a Master of Arts in Public International Management at Sciences Po (Institut d'Etudes Politiques de Paris) she joined HVS full-time. Since then she has conducted valuations, feasibility studies, and other consultancy assignments across the United States, and continues to organize the HVS Caribbean Investment Conference. She also has a Bachelor of Arts in International Affairs from Boston University.



**Leora Halpern Lanz** has served as HVS's Director of Marketing since 1999 and is responsible for coordinating the global marketing, external promotion, public relations, and social media efforts of HVS' worldwide office network and comprehensive hospitality services, global conferences and exclusive data and research. Additionally, she coordinates the internal communications for the firm and contributes to the production of the firm's weekly e-newsletter, website and intranet. Her efforts have earned her awards and accolades from the prestigious Hospitality Sales & Marketing Association International (HSMIA) including being named as Hospitality Sales & Marketing Executive of the Year in 2010, and awards from HVS itself. Additionally, excerpts of her articles will be included in the American Hotel & Lodging Educational Institute's Sales & Marketing textbook, 6<sup>th</sup> edition, scheduled to be released in March 2014. Leora also directs HVS's Marketing & Communications which provided branding, marketing communications, public relations and digital/social media advisory. Her specialties include media training, position statement development, press relations and alliance/relationship strategies.

## About HVS

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**HVS Marketing & Communications** assists hotels and hospitality organizations with strategic branding and communications advisory, to include: digital marketing and social media; development of internal and external position statements; content creation and story-telling for audience engagement and connections; press relations; "branding" and "solutions" sales training.

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<sup>i</sup> TripBarometer, TripAdvisor 2013.

<sup>ii</sup> Revinate, SOP 4.0

<sup>iii</sup> Chris Anderson, "The Impact of Social Media on Lodging Performance," Cornell Center for Hospitality Research, November 2012.

<sup>iv</sup> TripBarometer, TripAdvisor 2013.

<sup>v</sup> Chris Anderson, "The Impact of Social Media on Lodging Performance," Cornell Center for Hospitality Research, November 2012.

<sup>vi</sup> Ibid.