

LODGING

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Soft Market?

Online Strategies Add Hard Cash to the Bottom Line

With current indications of an economic slowdown, the time has never been better to reexamine your Internet presence. As consumers self-book through hotel sites and other online channels, the percentage of bookings made over the Internet continues to surge—brand website bookings growing by over 23% in 2007 alone. Hotels that fail to maximize their online technology strategies will likely see bookings dwindle, as the battle for market share gets tougher in the months ahead and more competitors encroach on online revenue streams.

When a soft market forces action, the temptation is great to cut rates or dump distressed inventory through third-party channels. Neither option is viable if you want to continue driving profitable market share. The best choice for building new and steady revenue in a weakening market is leveraging high-performance technology to ensure cost-effective performance over your competitors.

Here are six best practices for using online distribution and marketing technology to generate demand and convert it into revenue.

1. Integrate central reservation systems and revenue optimization strategies.

Because inventory is your prime asset—and most perishable product—you need strategies that maximize its potential. Implement an effective, integrated central reservation system (CRS) solution that uses competitive intelligence data, channel management, and marketing services in the rate-setting process.

Develop effective revenue management (RM) strategies across all reservation channels, but be wary of relying only on historical information. The right solution should perpetually fine-tune your inventory to match your rate strategy to optimize both rates and property utilization. Effective RM solutions will also maximize online potential by aggregating and offering your hotel inventory and negotiated rates to the consortia and RFP decision-maker market before their deadlines occur. This optimized rate information will also reach thousands of travel agents who provide a steady source of high ADR bookings.

2. Implement online intelligence as part of your online strategy.

Next-generation web marketing intelligence tools can help you maximize your most profitable Internet revenue sources, determine your hotel's 'shelf position' online compared to your competition, and proactively manage your consumer review ratings and consumer-generated content across travel sites. These tools can provide answers to these questions, which will drive your strategy and where you spend your marketing dollars online:

- Are my keywords helping capture and convert my target guests?
- What is my placement on Google and Yahoo searches? And how does that compare to my top competitors?
- What page do I appear on in relevant searches on key travel sites including Expedia, Orbitz, or Travelocity? Who appears before me (and will likely get the booking?)
- What are consumers saying about my hotel online on travel sites?
- How is my hotel rating changing over time? Is my reputation consistent across sites and time?

3. Implement a 360-degree online distribution marketing plan.

Create and align a comprehensive marketing distribution solution to be more competitive online and drive long-term revenue—from best-available rate guarantees on your home page to preferred placement on the GDS. In a soft market, don't cut your marketing budget; concentrate and reallocate spending where it delivers the greatest returns. Implement online advertising to increase your visibility with travel agents and consumers globally and reach decision-makers at the point of sale.

Keep customers interested with a high-usability website design that provides compelling, easy-to-navigate pages with clear call-to-action statements and localized, value-add information. Smart operators have already recognized the need for an all-inclusive suite of website content management tools enabling them to easily control their Internet content from anywhere, with browser access. This suite should include search engine optimization, and campaign tracking and ROI reporting tools that track metrics like unique visitors, click-through paths, and keyword search returns. Online efforts should also include pay-per-click and linking strategies. By following an integrated online marketing strategy consistent with best practices, you can expect to increase demand for your property and boost website visits by up to 100%.

4. Choose dynamic web booking engines over HTML.

Your hotel can implement web booking engines that offer good merchandising and single-screen navigation booking to increase revenue per stay, encourage upsells, and enhance customer experiences with better revenue performance than HTML booking engines. By transitioning to a single-screen booking engine, you can expect to increase website conversion by up to 50%. Booking engines should be integrated to offer member guests the opportunity to self-manage their membership and account retrieval information from any browser location to engage the shopper by making it simpler to book faster.

5. Create time-sensitive revenue strategies.

Capture incremental revenue dynamically, online, at the time of bookings with revenue strategy applications designed to improve your property's asset value. For example, you can increase your revenue—as well as margins—when you set up your reservation systems with the capability to offer add-ons such as spa appointments and golf packages on a dynamic webpage designed to provide customers with multiple value-add experiences.

6. Manage channels on one platform.

Proactive channel management solutions will enable you to update rates, inventory, and restrictions across multiple third-party sites from a single, web-based platform. The goal is to increase sites managed, while reducing time spent managing extranets and having the software flexibility to perform calendar or batch updates, not just individual updates. This will enable your sales team to focus on creating new opportunities rather than managing old ones.

In a soft market, when booking cycles shorten and markets become saturated with online shoppers, these five best practices can help you execute the most profitable tactics, measure tactical results, and refine your online strategy as needed. Online technology suppliers who want to help hoteliers achieve maximum results online must also be willing to invest extensive time in evaluating existing system needs and developing clear implementation plans that deliver sustainable growth.

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