

PUT ON YOUR GAME FACE

Maintain ROI and Attract Guests, Even in a Down Economy



By Robert Post | President and CEO | TravelCLICK Inc.

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Despite the steady drumbeat of depressing global financial news, it's important to keep some perspective on the hotel industry. People are still traveling. The volume may not be as high as a year ago and less is being spent per trip, but there is still business to be done.

When times get tough, the temptation for many hotels that are frozen by fear is to pull in and wait it out. Nothing could be more damaging. As you wait, your competitors attract more business. It may be natural to panic and react by slashing rates, dumping inventory to third parties to buy occupancy, or by cutting back on your marketing spend—but these actions can destroy your pricing power, devalue your property in the eyes of consumers and travel agents, and create downward pressure on your profits.



First, realize you won't fix things with short-sighted solutions. Be responsible with your discounting. Price indicators for Q1 2009, showed a 20 percent drop in rates—remember that it took the United States six years to regain pre-Sept.11 average daily rate (ADR) levels—that's a long-term impact to your brand and profitability as a result of a short-term tactic. Discount by using strategies that drive demand but don't lock you in. Consider targeted reductions for specific need periods, offers with defined boundaries, short-term corporate discount deals, or targeted marketing efforts that use an effective lead rate strategy. All can yield short-term results but not sacrifice the long term.

Next, remember that cutting back on your marketing spend will only mean you won't attract those who are still traveling. Be

cautious in your marketing decisions, investing in strategies that are measurable and help drive direct demand. Go for strategies that deliver higher ROI than traditional offline marketing and are flexible in a fluctuating marketplace.

Finally, instead of cutting back, combine strategies. The more proven marketing tactics that are used together, the greater the ROI. Based on TravelCLICK's study of over 300 PPC clients in 2008, even though the overall ROIs were pulled down from the recession, the lift from a layered approach was significant.

These online strategies are measurable. You can see the direct impact on traffic, clicks and conversion. As you combine strategies for best results, consider the following:

1 Search engine optimization(SEO)
Over 80 percent of consumers begin at a search engine like Google when researching products and services online. No one disputes that what Google has christened "the Golden Triangle," the top left corner of a search results page, gets the highest density of eye traffic and delivers 100 percent visibility for the first three search listings. If you are not there, chances are you won't get the business. Understand your Web analytics, including top-performing key words, entry pages and paths. Continuously update your hotel site to improve SEO.

Average ROI Lift		
Aggregate PPC customers	790%	
PPC and SEO customers	910%	+120
PPC, SEO and interactive booking engine	970%	+180

Source: TravelCLICK

2 User-generated traveler reviews
Traveler reviews are a point of influence for more than 50 percent of travelers, according to PhocusWright. Bottom line, travelers trust other travelers, so integrate user-generated reviews and ratings with your Web site. The impact can be up to a 77 percent increase in Web traffic, 56 percent reported improved conversion rates, and 41 percent higher-order values (Enquiro: eConsultancy and Bazaarvoice, 2007).

Knowledge is Power Series

Source: Hospitality Upgrade, August 2009

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3 Pay-per-click (PPC) advertising

With less travel being booked, and competition keener for each booking, you can't afford not to use PPC. Consider rich digital media such as video in your ads. It can almost double your click-through rates. PPC advertising, combined with SEO, can bring hotels a 22 percent conversion rate increase over search alone. The synergy of these two channels makes an impact—giving shoppers confidence and hoteliers greater ROI. Keyword-driven PPC ads are also the perfect opportunity to promote compelling lead rates—"as low as \$129/night"—to specific audiences. Lead rates will drive traffic to your Web site, push rates higher through increased demand, and provide the opportunity to upsell. The next evolution, behavioral advertising, can convert at a significantly higher rate than contextual advertising—in most cases, over 100 percent higher, but clickthrough rates are lower. Because interest is higher, you need fewer ad impressions to generate a conversion.

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4 An interactive booking engine

Investing in an interactive, single-screen booking engine that lets guests design their stay brings an even higher ROI. Hotels can merchandize services and amenities, plus upsell rooms. Conversion rates are higher and stay values often greater as guests add upgrades.

5 Social marketing

This is an interesting area and as social marketing develops, hoteliers will have a clearer picture of how to market to these communities and drive ROI. But for now, the key to ROI is to define your hotel strategy, implement it consistently, and customize a relevant message to the target audience. Consider, for example, fan specials that can leverage the viral power of networks such as Facebook and YouTube to drive Web traffic.

Yes, times are tough, so it is exactly the time to think strategically and not be impulsive. Price to market conditions, but be consistent with your value proposition. Invest in measurable, cost-effective targeted marketing that delivers customized messages and makes an emotional connection with buyers. You can be successful—despite the market—by doing more, not less. It's a tough game and it's time to put on your game face. ■



Robert Post is responsible for TravelCLICK's overall strategic direction. He is a business veteran with over 20 years of executive experience in the travel and hospitality industry, as well as in home security and defense electronics. Bob joined TravelCLICK as Chief Financial Officer in May 2004, where he contributed to TravelCLICK's growth and strong financial performance.

Before joining TravelCLICK, he was the principal of Pconsulting LLC, an independent business consultancy to Fortune 500 and fast-growth companies. He is also a former executive of MICROS Systems, Inc. and Westinghouse Electric Corporation.

Bob is also a board member of Avatech Solutions, a systems integrator for CAD/CAM solutions, and Sinai Hospital of Baltimore, a nationally recognized teaching hospital. In 2007, he was recognized with the CEO of the Year Award from the Illinois Information Technology Association. Bob holds a BS in Accounting from Duquesne University in Pittsburgh, Pennsylvania.

Bob has served on TravelCLICK's Board of Directors since May 2005.

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