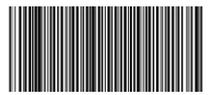


HOTEL Yearbook 2014

FORESIGHT AND INNOVATION IN THE GLOBAL HOTEL INDUSTRY

SPECIAL
EDITION ON

DIGITAL MARKETING



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to improve our
operational results

We need a plan
to optimize
demand

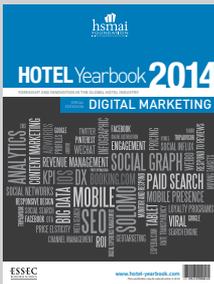
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HOTEL YEARBOOK 2014
Special Edition on DIGITAL MARKETING
www.hotel-yearbook.com

ISBN 978-2-9700896-2-9

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ORDERS
Copies of this publication may be ordered
online at www.hotel-yearbook.com
€ 14.50

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WELCOME

Dear readers,

Welcome to **The Hotel Yearbook 2014: Digital Marketing** – our first Special Edition covering this dynamically changing and vitally important topic.

As always, we have assembled a cast of many knowledgeable contributors who collectively can look at the developments in the digital marketing field from several different perspectives, and asked them, "What do you see coming down the line? What advice do you have for executives responsible for marketing hotels and hotel companies?" Read their provocative answers and practical recommendations in the few dozen pages that follow.

I'd like to thank all these authors for their time and for sharing their observations, predictions, and ideas. In particular, I'd like to thank the three interviewers who did such a great job eliciting insights from three of the most influential companies in our industry (if not on the entire planet):

- Emile Breure who interviewed Stephen Kaufer of TripAdvisor,
- Margaret Mastrogiacomo who interviewed Lee McCabe of Facebook, and
- Max Starkov who interviewed Rob Torres of Google.

I'd also like to thank our publication partner, the HSMAI Foundation, who helped with the conceptual planning of the publication, as well as inviting several of its authors to write for us, and assuring the distribution of the final publication to a wide audience of marketing professionals in the international hotel industry. It was an excellent collaborative effort, and we look forward to doing it again!

Meanwhile, I wish you a thought-provoking read.

Woody Wade | Publisher HOTEL Yearbook





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Fran Brasseur, CHSE, CHBA is the Executive Vice President of HSMAI and the Executive Director of the HSMAI Foundation. Her words of welcome to our new publication highlight the many ways her organization supports marketing executives wrestling with rapid changes in this dynamic field.



Keeping up in a digital world

The significance of digital marketing cannot be overstated in today's hotel and hospitality marketing universe. Research being conducted by the HSMAI Digital Marketing Advisory Board finds that a quarter of hotels surveyed are dedicating more than half of their marketing budgets to digital. A recent HSMAI University webinar with hotel marketing leaders found that success in 2014 likely belongs to those hotel marketers and management who emphasize the needs of their guests and tell a great story about their property regardless of the marketing channel or device their guests prefer.

The ability stay up to date on the tools, techniques, and channels available to today's marketer is paramount to success. So, in support of its mission to develop knowledge and insights for the future to fuel sales, inspire marketing and optimize revenue, the HSMAI Foundation is proud to be part of the first Digital Marketing edition of the Hotel Yearbook.

The Hospitality Sales and Marketing Association International (HSMAI) and its Foundation currently support hotel and hospitality industry sales, marketing, and revenue management professionals in many ways, with a particular focus on the digital side of marketing. Recent initiatives include the creation of the Digital Marketing Strategy Conference, which annually brings together the top thought leaders and industry professionals to foster discussion and share best practices. The conference goes hand in hand with HSMAI's Adrian Awards, which celebrate the best digital marketing work in the industry.

In addition, HSMAI made a commitment several years ago to keeping industry professionals on the cutting edge in digital marketing through the Certified Hospitality Digital Marketer (CHDM) program. The program is focused toward those who want to maximize online revenue through lead generation, customer engagement and loyalty, online brand awareness and product exposure, as well as those who desire to become more proficient in the myriad key digital areas as the importance of this field is rapidly growing in the hospitality industry.

Through publications such as this, certification, education, recognition, and advocacy, HSMAI and the HSMAI Foundation are your resources for inspiration. We hope you find marketing inspiration in this publication to fuel your sales and optimize your revenues through smart reputation management, CRM, revenue management, search engine optimization, social media and channel management. Be inspired.



Fran Brasseur

Resolve to be strategic in 2014

by **Christine Beuchert**  Member of the HSMIA Digital Marketing Council

That's the advice we are passing on from Christine Beuchert, Senior Director, Marketing and E-commerce Strategy at Milwaukee-based Marcus Hotels and Resorts. For Hotel Yearbook readers, she explains the reasoning behind five strategically vital marketing resolutions you should make this year.

Not long ago, many hoteliers believed the call center would remain the booking channel of choice, viewed Internet sales as purely incremental and thought social media was a passing fad. Clearly all wrong, but this thinking and lack of foresight damaged our industry. Had hoteliers embraced change by investing in robust websites, improving the online reservation experience and reserved discounted rates for their own websites, we might not be faced with the hegemony of Expedia and Priceline today.

Let's resolve not to make similar mistakes going forward! Rapid-fire change will continue in our industry, requiring strategic thinking and quick adoption of new tactics. Hotel marketers need to be responding to big picture trends in their strategic planning today. Here are five resolutions to work into your plan for this year:

Marketing resolution #1:

Invest more in paid marketing

Ongoing consolidation has left a handful of dominant OTA's (Online Travel Agencies) with a seemingly endless budget for online advertising. In addition, Google continues to shift hotel search results increasingly in favor of paid listings and meta-search, relegating organic search results to a small fraction of the page.

In response, hotels need to rigorously invest in paid search. This includes taking part in actively measuring and managing both search ads and bids, most often with the help of a

qualified digital agency. Instead of being relegated to a static marketing line item, paid search should be treated as a booking expense and a revenue-generating tool. Hotels that transition to an ROI-driven mindset often find that paid search campaigns are worthy of greater investment due to the lower cost of direct bookings and sales leads that provide favorable returns.

Marketing resolution #2:

Learn to love meta-search

Meta-search has come roaring onto the scene, and all the big players are there: TripAdvisor's Hotel Availability Check, Google's Hotel Finder, Expedia's investment in Trivago, as well as Priceline's purchase of Kayak. Customer behavior is changing as these products simplify and improve the hotel shopping experience, fueling growth in meta-search shopping. This change gives hotels the chance to compete for direct bookings, and all marketers should be learning how they can make the most of this opportunity.

Similar to paid search, ROI goals should dictate when meta-search campaigns are funded and they must be carefully managed in conjunction with the revenue management team and a qualified digital agency to maximize effectiveness.

Marketing resolution #3:

Invest in technology

Although personalized digital engagement is the new norm for many industries, hotel technology and support systems have failed to keep pace with customer expectations. Past guests



Christine Beuchert oversees branding and marketing strategies for the company's hotel and restaurant brands. Previously she served as corporate director of marketing, where she successfully led the company's implementation of aggressive promotions and online distribution to increase hotel revenues during the economic downturn. Beuchert has held several other marketing and e-commerce positions since joining the company in 2004, overseeing design and development of nearly 40 websites and launching the Marcus Rewards loyalty program. Prior to joining Marcus Hotels & Resorts, Beuchert managed southern U.S. marketing for Funjet Vacations in Milwaukee and was involved in online distribution and web marketing for Trisept Solutions in Milwaukee. Beuchert is a founding member of both the Milwaukee New Media Business Council and the Milwaukee Interactive Marketing Association as well as a current member of TEMPO Milwaukee, the Hospitality Sales and Marketing Association International (HSMAI) and InterContinental Hotels Franchise Owners group. Beuchert also has been actively involved in several non-profit organizations including the American Cancer Society, Junior Achievement, United Way and the United Performing Arts Fund. Beuchert graduated with a master's degree in e-business from the University of Wisconsin-Milwaukee and received a bachelor's degree in economics from the University of Wisconsin-Madison.

are often not recognized and must express their preferences again and again when they visit a hotel.

Technology that facilitates communication and helps hotels “connect the dots” should be sought out. By making two-way guest communication easy and by being responsive, hotels gain a competitive advantage in the form of improved service scores and positive word of mouth. Hotels can instill guest loyalty by recognizing guests when sending e-mail communications, during the booking process and their hotel visit, and through post-departure communications. Recognition means acknowledging past stays and preferences, and interacting with the guest based on this information. Fortunately, there are many new affordable technologies emerging that facilitate guest recognition, segmentation and communication. These technologies will aid hotels in cultivating strong relationships with their customers.

Marketing resolution #4:

Make mobile a priority

Consumer time spent on mobile and tablet activities (not including voice) have increased dramatically, and the smart phone is becoming the “computer of choice” for more and more travelers. This trend, combined with weak mobile websites and booking engines that are not mobile-friendly, will derail a growing number of consumers from booking direct with hotels.

Hotel marketers should seek out digital vendors that provide separate platforms for delivering terrific content and usability

on both mobile and tablet devices, and demand services that optimize e-mail messages, landing pages, and online booking engines for tablets and phones.

Marketing resolution #5:

Develop a plan for content creation and distribution

Google has made algorithm updates that have caused significant change to search results: news and social networking sites were elevated, sites with duplicative content were penalized, and the value of keywords was diminished. In essence, Google decided that “real voice” content—similar to what is found on social media—would rank higher than “marketing speak”.

Social media is part of the answer, but hotel marketers should focus efforts on content creation that Google will recognize as authentic: relevant information about hotels and their local area, written in a conversational format with related photos and video added. Deploying this foundational content on hotel websites and distributing content themes across social media and other platforms will differentiate hotel brands, contribute to search visibility and engage customers.

To summarize, these resolutions may seem simple, but they represent a real challenge for many hotel marketers. This is because each of them requires an element of investment in the future and likely an increase in spending. After years of tightened budgets and focus on immediate ROI, viewing future investment as a necessity is the final resolution all hoteliers need to make.

Magnificent meta-search?

by *Peter O'Connor* 

Whether we love them or hate them, we must concede that OTAs now effectively control the consumer search environment. What's more, they are also making extensive use of networks of affiliates and white-label sites to capture demand, writes Prof. Peter O'Connor of France's ESSEC Business School. The growing field of meta-search offers hotels an alternative, he says.

Most people agree that effective electronic distribution has become the key issue in today's hotel sector. Particularly for independent properties, being able to optimize their portfolio of distribution channels to deliver the maximum amount of business for the lowest cost has become the dividing line between success and failure. And for hotel chains, superior performance in the distribution arena has also become the key (and practically the only quantifiable) value added service that can be actively sold to hotel owners seeking franchises or management contracts. Put simply, for anyone running a hotel, superior performance in the distribution arena has now become a necessity rather than an option.

However, a key challenge is the domination of online distribution channels by the major online travel agents (OTAs). For the most part because of a lack of reactivity by the hotel sector to the developing Internet media, these global giants quickly took control over the sale of hotel rooms in the online environment, imposing their own conditions and business models on supplying hotels. Nearly always staying one step ahead of the game, OTAs now effectively control the consumer search environment, while also making extensive use of networks of affiliates and white-label sites to capture demand. While there is much debate about whether OTAs are good or evil, like it or lump it with few alternatives, hotels these days are virtually obliged to work with them, sometimes on unfavorable terms.

A viable alternative

An underused but very viable alternative is the growing field of meta-search. As the online distribution landscape becomes increasingly complex, consumers are (often without realizing it) increasingly turning to meta-search based solutions to navigate through the clutter. Such sites generally consolidate rates/inventory from multiple online sources, presenting users with a more comprehensive (yet at the same time more structured) view than could be obtained from visiting multiple individual distributor sites. And while many commentators focus on the ability of meta-search sites to help customers identify the lowest price, in reality they allow customers to sift through product listings based on whatever is important to them, be it price, distance from some landmark, or whatever. For example, airline-focused meta-search site Hipmunk allows customers to sort results by "hassle factor", giving priority to direct flights over those with multiple connections or long layovers, which are often cheaper.

But despite its potential, meta-search is under-utilized by hotels, not because of any insurmountable technical barriers, but often because of a lack of understanding of the business model, compounded by low conversion rates on our brand.com websites. Most meta-search websites today work on a CPC or CPA model, with the receiver of the customer paying based either on a per-click or per-acquisition (i.e. booking) basis, respectively. Typically anyone who offers the product for



***Peter O'Connor**, Ph.D. is Professor of Information Systems at Essec Business School, where he also serves as Dean of Academic Programs. His research, teaching and consulting interests focus on technology, distribution and e-commerce applied to the hospitality sector. Peter also serves as Editor-at-large of Hotel Analyst Distribution & Technology.*

www.essec.edu

sale, which in the case of a hotel includes its own website(s), any OTAs with whom it has distribution contracts as well as any tour operators who have online presences, can potentially be consolidated, displayed and sold by the meta-search engine. And, irrespective of the type of site, the ability of the subsequent landing page to transform the resulting traffic into bookings becomes key.

The challenge for hotels is that our websites typically suffer from low conversion rates, which throws the economics of using meta-search out of equilibrium. Even if they succeed in driving significant amounts of traffic through the meta-search channel, the fact that so few visitors get converted into actual bookings on hotel websites makes the channel expensive to use as a source of business, even when compared with the “expensive” OTA channels. OTA sites, in contrast, have invested heavily in optimizing their web presences with a single objective – to get any visiting customer to book. As a result, their conversion rates are much higher and their customer acquisition costs are much lower, allowing them to bid more and thus capture the lion’s share of the meta-search traffic. This in turn further increases hotels’ dependence on the OTAs as a source of business, placing them in an ever more uncompetitive position.

Hotels complain vehemently about their already large (and still rapidly growing) dependence on OTAs, yet for the most

part fail drastically to do anything concrete to combat this trend. Meta-search offers a relatively unbiased platform for collecting demand, one that will grow significantly in the future, and which is ripe for exploitation. The recent purchase of leading hotel meta-search Kayak by Priceline, and of competitor Trivago by Expedia Inc., as well as the increasing focus of Google on the concept with its HotelFinder product, are a testament to where online distribution is going and to the future importance of the meta-search concept.

However, to take advantage of this potential, hotels must first of all get the basics right. As with all businesses operating in the electronic space, the effectiveness and efficiency of their core website is key. Instead of offering pretty pictures, as is often the case with many of today’s hotel websites, these need to follow e-commerce best practices and fundamentally change in focus from just building image to selling. Only when this occurs will the potential of meta-search for the hotel industry be realized.

■

ESSEC
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Respond to reviews; it's a way for you to have a voice

TripAdvisor's **Stephen Kaufer**  interviewed by **Emile Breure** 

So says TripAdvisor's President and CEO Stephen Kaufer, who sat with us to talk about the company's recent accomplishments and plans for the year ahead. He was interviewed for The Hotel Yearbook by Emile Breure, former Online Marketer at Olery.



Emile Breure: *TripAdvisor has introduced a lot of tools for business owners in 2013. How are tools like the Property Dashboard, Review Express, and Widgets performing, and are they being embraced by owners as expected?*

Stephen Kaufer: Since launching TripAdvisor for Business in 2010, we have been leveling the playing field for the hospitality sector, ensuring that both large and small businesses can maximize their potential on the site and promote themselves to a global audience.

One of the key ways we do this is by offering products and services to business owners. The year 2013 was a big year for us in terms of launching services that are innovative in the space. We know business owners love data, so the Property Dashboard gives them a real understanding of their performance on the site and insights into how they can do more to benefit from TripAdvisor. Review Express lets owners take more control of their reputation by encouraging post-trip feedback, which is essential, considering how important online reviews are for travelers. Especially as we know that more than half of TripAdvisor users will not book a hotel that does not have any reviews, according to a recent PhoCusWright study.

These and other services have been well received by hospitality businesses who understand the value of reviews,



with 96% of hoteliers acknowledging that online reviews have an impact on bookings, according to our TripBarometer research.

TripAdvisor used to cite a Forrester Research study claiming an average of \$6 incremental booking for every \$1 spent on TripAdvisor Business Listings. Are there any updated numbers on ROI for hotels on Business Listings?

We have been working with Forrester Consulting since we launched TripAdvisor for Business and Business Listings in 2010 to measure the value of Business Listings for hotels and B&Bs around the world. The results of the nine case studies we have conducted as of August 2013 have been positive and have always shown good return on investment for Business Listings subscribers, though the results do of course vary depending on factors such as the type of property, number of properties included in the case study, and variety of average daily rates charged by the properties.

One of the more recent Forrester Consulting studies, evaluating the economic impact of Business Listings for The Ayres Hotel Collection (20 upscale boutique hotels in Southern California) revealed the following results:

- \$16.43 earned for every \$1 spent on Business Listings
- An overall ROI of 1,296%
- A very fast one-month pay back time

Ayres Hotels uses analytics software to track calls and click-throughs on its Business Listings contact details. 1,025 bookings/year across all 20 hotels are attributed to website click-throughs. However, 2,100 bookings/year come in via Ayres' Business Listings-dedicated 800 numbers. Ultimately, Business Listings calls lead to twice the amount of revenue (\$686,700) than clicks (over \$335,174) per year.

Similarly, a recent study for Italian B&B, mok'house, showed very positive results:

- €81 in incremental bookings for every €1 spent
- A very positive 6,815% three-year risk-adjusted ROI
- 18% conversion rate on email inquiries from Business Listings
- Time to recoup investment: one week

TripConnect was adopted in the media as the tool for smaller hotels to compete with bigger brands in the online space. Has TripAdvisor spotted this trend as well in their data?

TripConnect, which we launched in October 2013, allows small and independent hotels and B&Bs to participate in the meta-search functionality on the site, something that was previously only available to OTAs and large hotel chains. This

helps smaller accommodations to drive more direct bookings from their TripAdvisor page. And it's completely self-service, ensuring owners have total control.

Early adopters are already seeing great benefits, and we're receiving positive feedback from business owners who are already using the service.

Andy Cole of The Twenty One bed and breakfast in Brighton, England, who has been using TripConnect since launch, says, "It's fantastic for us to be able to have our availability showing live on TripAdvisor. If guests are specifically looking for a destination and dates, and we've got availability, we'll be showing it to them thanks to TripConnect.

"Now we're bidding on TripConnect, along with all the other local hotels and B&Bs, and online travel agents, so we can show our own website up there with the big boys. Every day I go into our management page and check how many clicks we've had. We process our bookings immediately as they come through and we've seen them increase. It's fantastic – a fantastic investment."

TripAdvisor tools for business owners seem to be tailored to individual business owners. Is there a plan for dashboards for larger brands?

We're always innovating and exploring new ways to ensure a great user experience for business owners on TripAdvisor, as we do for travelers. With the feedback we receive from owners, we continue to learn, test, develop and launch services that we feel set TripAdvisor apart and offer users of the site a great experience. Watch this space!

Hoteliers would love to see a link between online reputation and their CRM to even better serve their guests. What's TripAdvisor's view on this kind of partnerships with e.g. PMS systems?

There is no question that today's traveler is more informed – the growing sophistication of travel marketing has created more sophisticated travel consumers who cut through the hype and seek out independent opinions and reviews. It's essential for hospitality businesses to monitor what is said about their properties online and to respond where possible.

My recommendation is to engage in the platform, whether it be TripAdvisor or any other social media or user-generated content platform. Registering for your property on the Management Center on TripAdvisor is free for all business owners and serves as a great way to monitor and manage online reputation.

↓

Tools like the property dashboard and Review Express dashboard already go a long way in showing the link between a great online reputation and a successful business.

As with everything we do, we are always looking for new ways to deliver a great user experience for business owners, through new tools or services and through partnerships.

Let's talk about meta-search for a moment. Over the past year, booking a hotel has become more prominent on TripAdvisor, thanks to meta-search. Do you still see TripAdvisor as a travel planning site, or more as a place people go to shop for their travels?

Hotel shoppers grow, but, most importantly, we continue to strengthen our position in the travel planning funnel, making progress on a number of ongoing initiatives aimed at growing our community and user-generated content, amplifying our brand throughout the globe, as well as improving the TripAdvisor experience for users and partners alike.

TripAdvisor is the only meta-search engine not owned by an OTA, unlike Trivago and Kayak. This could be an advantage or a disadvantage. What's your view on this? Google Hotel Finder, Kayak, and Trivago are really good price meta-search tools, but they only cover that part. That's the furthest they take you. We have meta-search plus all the reviews, the photos, the room tips, the forums... If all you want is the cheapest price, there are other websites that can help you. But nobody travels with the sole purpose of seeing a hotel; they're there to see the destination. We help you plan your whole trip.

There are people who think meta-search will be around forever. Others say it's a trend. What's your view?

Helping consumers eliminate friction in their travel experience and using technology to make travel planning easy is here to stay. TripAdvisor continues to innovate and look for ways to best serve the customer—before, during, and after the trip.

Turning to reviews and content, although you once stated in an interview that your partnerships with Facebook and American Express are not primarily for getting more verified reviews, can we expect more of these partnerships (and thus more verified reviews) in the coming years?

The American Express program allows TripAdvisor to connect an affinity group within its community for the first time. Facebook integration lets travelers see the reviews and opinions of their Facebook friends and friends of their

friends when planning their travel on TripAdvisor. Both programs enhance the TripAdvisor experience for travelers and supplement the wisdom of the crowds on TripAdvisor, allowing them to get personalized, relevant insights from other travelers.

We want and allow travelers to post reviews regardless of whether they themselves booked or paid for the reservation. We have a lot of reviews on TripAdvisor, and some are reviews tied to a transaction and others aren't. We have many review content partnerships including Wyndham, Best Western, Accor, My Table, and Easy to Book. In Europe, for example, we entered into a partnership with European publishing powerhouse Axel Springer to create a new German digital travel magazine.

With the incredible amount of content and number of ratings per property, hotels are closing in on each other on the 5 point scale. Is TripAdvisor anticipating any differentiation in the 5 point scale?

Our 5-bubble rating scale is just one aspect of sharing a review and opinion on TripAdvisor. Members are able to rate a property by service and services. Travelers reading the ratings also take into account what the reviewer said, any helpful votes, management response as well as photos before making decisions.

TripAdvisor has begun to air TV ads. Why now? Are they achieving the desired results already?

Our TV ad campaign highlights a recognizable aspect of our user-generated content, our iconic bubble ratings. The ads kicked off in the United States at the end of September, concurrent to testing the original TV ad in targeted European and South American markets. We are seeing some positive signs from this campaign, but it is too early to gauge its overall effectiveness.

With the campaign we would like to show viewers the advantages of our new meta-search tool, which allows travelers not only to consult reviews and opinions of hotels, but also to compare prices. On the other hand, we would like to familiarize people with our services and encourage them to search for others' advice when planning their holidays. We haven't announced our plans for 2014 yet.

TripAdvisor recently acquired Tiny Post, Jetsetter, CruiseWise, Niumba, GateGuru, and Oyster. Some for content, others for the team or the technology. Can you elaborate on your plans for new acquisitions?



Interviewer: **Emile Breure**,
Online Marketer at Canal Company

All of our acquisitions are done strategically and are aligned with our mission. We can be proud of really successful accomplishments on company acquisitions. The latest one, Oyster, makes special sense to us since it possesses high quality images of a large number of hotels, and thanks to our visitors, we know that one of the most appreciated features on TripAdvisor is the number and quality of hotel pictures.

In this light, where are improvements needed and where are the current strengths of TripAdvisor?

Our key differentiators are our global scale and the 125 million+ reviews and opinions to guide travelers as well as the integrity of our content, knowing that 260 million visitors a month use our content to plan their trips.

Looking at the big picture, what's ahead for TripAdvisor and the online travel industry in general? Besides mobile, besides international growth, what do you see changing?

We think the next big revolution in travel is going to be about serving the traveler when they are in-market. And technology will be driving that change. The fun part is figuring out how we can harness this technology to re-invent how travelers not only plan, but have, the perfect trip.

Steve, you lead a big company. How do you manage to stay on top of things and keep the spirit of entrepreneurialism alive?

I think speed has a lot to do with it. I have a sign on my door that's been there for over a decade that says, "Speed wins". It keeps reminding me to go fast. To have a bias towards action. To never let something take longer now than it did a year

ago, or five years ago. To always push to solve more traveler problems faster. To deliver super high quality software, but not aim for perfection. To continue to measure projects in terms of days and weeks, not months.

I ask everyone at the company, how can we go faster? To ask themselves, "What can I do to make the project go faster?" Faster does not mean sloppy. Faster does not mean careless. Faster means thinking about how to solve the problem that is slowing you down.

Is there any general advice you would give a hotelier?

Take advantage of the marketing tools that TripAdvisor provides. Use the management response tool on TripAdvisor as a way to engage your customers who share their experience through reviews. Respond to both positive and negative reviews. I never understand why a hotel wouldn't respond to reviews. It's a way for you to have a voice, to show customers you care, and to share your message.

■

Steve Kaufer co-founded TripAdvisor in 2000 with the mission to help travelers around the world plan and have the perfect trip. Under his leadership, TripAdvisor has grown into the largest Web 2.0 company in the northeast and the largest travel site in the world. Steve now leads TripAdvisor, Inc., which includes 20 travel brands. Prior to co-founding TripAdvisor, Steve was president of CDS, Inc., an independent software vendor, and prior to that, was co-founder and vice president of engineering of CenterLine Software. The winner of the 2005 Ernst & Young Entrepreneur of the Year Award, Steve holds several software patents and has spoken at dozens of travel and high-tech conferences worldwide. Steve is on the board of directors at Glassdoor (www.glassdoor.com); CarGurus (www.cargurus.com); and the Caring For Carcinoid Foundation (www.caringforcarcinoid.org). He's a fan of his brother-in-law's robot sculptures at Lipson Robotics (www.lipsonrobotics.com). Steve has a degree in computer science from Harvard University.



Moving from revenue management to revenue strategy

by **Patrick Bosworth**  Member of the HSMIA Revenue Management Advisory Board and HSMIA Foundation Board of Directors

The hotel industry continues to see revenues bleeding away to intermediaries – and now to “metamediaries” as well. This wake-up call from Patrick Bosworth, CEO and co-founder of San Francisco-based Duetto, will help hoteliers see that they must take steps to strategically regain control of their net revenues – and they must do it now.

You don't have to be a professor of economics to realize the industry is nearing an inflection point. Industry-wide revenues continue to increase, but commissions paid to distribution partners are growing twice as fast. In some cases, customer acquisition costs are as high as 40%. If hotel owners can't regain control of their bottom line, one of the most lucrative industries could join publishing, music and the airlines on the list of industries forever altered by the Internet.

Revenue management—a field that is vital to the success of any hotel—is no longer enough. A new revenue strategy is critical for hoteliers to survive and thrive in this new world of not just intermediaries, but now metamediaries that are taking a bigger cut of the action. This strategy must integrate revenue management and marketing and take advantage of all the tools and technology available.

Times have changed

When Marriott took a page from American Airlines' yield management in the 1980s, the Internet barely existed. Expedia was still a decade from launching, Mark Zuckerberg was just a baby and Google was 20 years from changing the world.

Think about how customers booked hotels back then. Think about how it's done today. How many bookings today are processed or touched by others? Even the most profitable customers visiting the hotel's website to book are likely first

visiting other sites, more than 10 by some accounts, and many of those are getting a piece of the pie. In the case of Facebook and Apple, it's believable (check the patents), if not expected, that those sites will soon be even more involved in the hotel-booking process and taking more money from hoteliers.

Very little today constitutes a “direct booking,” and tomorrow, it will be even less. The Internet, cloud computing, open source software and mobile technology have changed the industry for good. The distribution and data science side of the business has become far more demanding, with new channels, social media and one-to-one marketing.

Yet many, if not most hoteliers today still use the same revenue management systems and strategy employed decades ago. Best-available-rate pricing is no longer acceptable when open and dynamic pricing is a viable option. Managing (and pricing) to meet budgets and mistaking inventory management for revenue management are costly mistakes that can't be made with today's thinning margins. If the right segments of customers aren't first understood and defined, and then yielded independently, money is being left on the table. Why don't most revenue management systems track customer behavior and take into account web-shopping data that could help get a clearer picture of price elasticity?



About Duetto

Duetto provides dynamic, intelligent revenue strategy solutions to the world's leading hotels, allowing them to maximize profits through superior, actionable data to better manage pricing, revenue and business mix decisions. Leveraging a cutting-edge, cloud-based architecture, combined with a feature-rich product set, Duetto transforms the way hotels price and sell rooms. Duetto has attracted many of the highest regarded investors and advisors from the hospitality and technology industries, including, among others, Thayer Ventures, Battery Ventures, Benchmark Capital, Altimeter Capital, Trinity Ventures, Lee Pillsbury, founder and Chairman of Thayer Lodging, and Marc Benioff, founder, Chairman and CEO of Salesforce.com, Mark Lomanno, former CEO of STR, Rich Barton, former CEO/Co-Founder of Expedia and Sam Shank, CEO and Founder of Hotel Tonight.

www.duetto.com

A new revenue strategy

The technology and tools used by hotels must change, but even more importantly, the overall approach to revenue generation must be reprinted. No longer can revenue management be done in a vacuum, separate from the marketing department that is tasked with stimulating demand.

A holistic and integrated revenue strategy must be used to combat the increasing commissions that threaten the livelihood of hoteliers. It must encompass sales, marketing, distribution, revenue management, loyalty and everything else that is a part of generating revenue. And revenue isn't even really the right ultimate goal anymore. It must be net revenue we talk about and strive for, because not all revenue is equal. The cost of acquiring that customer—the money being paid to intermediaries, now metamediaries and other marketing fees—is increasing exponentially.

Market intelligence gleaned from revenue management forecasts must serve as the starting point for proactive revenue strategies. How can marketing know how aggressive to be with offers and promotions when they don't know when they'll need them? If the promotions department is projected to fill 500 rooms in a month, are they filling them when demand is low or are they flooding the market with deals on days when it's not necessary? How much of an upgrade

should a loyalty program member receive for his 20 stays, and might that displace a customer willing to pay top dollar for that room that night? Data is available today that could answer those questions, but too often the departments that need it cannot get it, even when someone else within the organization has it.

The industry has changed, and continues to at warp speed. If hoteliers don't catch on, and up, they'll be forever left behind.



Social influx

by **Sanjay Nagalia** 

The path to purchase is increasingly social, says Sanjay Nagalia, Chief Operating Officer and co-founder of IDEaS Revenue Solutions. He argues that analyzing online guest sentiment is a critical element of making more informed pricing decisions.

You don't have to look very far to realize social media's importance in today's economy. Even in commodity markets, online sentiment can shift demand in 140 characters or less from one supplier to another. And in the hospitality industry, cultivating and nurturing your online reputation is critical for success.

The path to purchase is increasingly social, and hotels with a solid online presence and a unified brand are able to reach more customers in more places.

In 2014, the best social strategies mix content types and platforms; they connect with customers at all stages of travel and create a loyal customer base. An informed, engaged and connected social audience cultivates brand loyalty among your guests and drives one of the most important trends in social media sentiment: online reviews.

What once may have been viewed as a minor factor in pricing decisions has quickly become an increasingly important indicator for revenue managers. The global trend of reputation management has prompted several studies over the past couple of years exploring the link between online consumer behaviors and pricing decisions.

Our colleague, Kelly McGuire from SAS, went so far as to uncover a strong relationship between user-generated content

(ratings and reviews) and the quality and value perceptions of hotel room purchases. McGuire's research even ranks positive or negative review valence as having the most significant impact on purchase decisions, followed by price and then aggregate rating.

But what does this mean for revenue managers, who must constantly curate information from multiple sources in several formats in order to make the best price decisions?

The new social landscape

McGuire's study proves that consumers do not see price as the only indication of quality; rather,

they rely on reputation as one of the most powerful indicators of a hotel's value. So in addition to cultivating and nurturing a social audience, revenue managers must also seriously measure online activity and weigh it against their pricing decisions.

Savvy revenue managers know there have always been many factors that go into pricing: competitive landscape, market trends and long-term business plans, for example. And as the rise of social media continues, revenue managers should consider the medium as an additional data source to tap in conjunction with the information they've already been utilizing.



About IDEaS

Founded in 1989, IDEaS Revenue Solutions - a SAS Company, offers industry-leading pricing and revenue management Software, Services, and Consulting to the hospitality and travel industries. Headquartered in Minneapolis, MN with a global technology center located in Pune, India, IDEaS maintains sales, support and distribution offices in North & South America, the United Kingdom, Europe, Middle East, Africa, Greater China, Australia and Asia.

www.ideas.com

This is no easy task for the already-data-driven revenue manager. A review on one site may have more impact than another, or carry more influence depending on its visibility.

With the huge influx of information from social networks and review sites, it may seem difficult to filter the noise, and rate the quality of the information online. Revenue managers will need to implement the right tools to capture, measure and analyze the data in order to factor reputation into their daily pricing decisions. And with these tools come the opportunities to increase revenue opportunities.

The proper solutions and a robust social media strategy can cultivate a loyal customer base. This affords hoteliers the opportunity to communicate and connect with their customers, and also leverage those sentiments to make pricing decisions that drive incremental revenue for their properties.

Ultimately, the use of reputation management in pricing decisions will not only drive bottom-line revenue for hoteliers, but also empower revenue managers to realize the ROI of cultivating a social audience and a great online presence. And for a competitive industry that has always been focused on image and reputation, more tools and data to drive better revenue will be more valuable in the future.



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,



Lennert de Jong - Director of Distribution, CitizenM

Lennert has been involved in the (online) hospitality distribution industry since 1999, in business development, technology, strategy management, marketing & sales. Today, he is responsible for citizenM's commercial strategy, overseeing its ranking on booking.com, the profitability of its Facebook advertising, bounce rates on the website and the effectiveness of the company's sales teams. He is also responsible for the automation of citizenM's reservations processes, revenue management and the guest acceptance of the company's proposition.

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.

■

Google: Five questions for an industry innovator

Google's **Rob Torres**  Chair, HSMIA Americas Board of Directors, interviewed by **Max Starkov** 

As travel consumers increasingly move to the Internet to perform research and make reservations, Google becomes an even more crucial player in hospitality digital marketing strategy. With each innovation Google pioneers to make its search technology more intuitive and helpful, hoteliers and digital marketing professionals must make adjustments and continually create quality content across all channels: desktop, tablet and mobile. Max Starkov, President & CEO, HeBS Digital, recently posed five key questions to Rob Torres, Managing Director, Travel, at Google, to gauge his and the company's thoughts on the future of technology and digital marketing in the travel sector.

Max Starkov: *As far as the hospitality industry is concerned, what is your perspective on the most important technology or marketing developments happening in 2014?*

Rob Torres: Today's hospitality industry is a landscape of continual incremental innovation, all focused on improving the traveler experience and growing our industry as a whole. We believe in the fundamental ability of digital to drive both greater understanding and action as marketers engage with consumers on various devices.

Increasing volume and levels of connectivity are providing a wealth of valuable moments in which marketers can deliver a specific message to the target consumer. Mobile devices provide location-based information and so much more that can be used to create beautiful, personalized experiences. The emphasis of content over platform should also be top-of-mind for marketers, as consumers expect seamless brand experience across the digital landscape. New ad formats, such as TrueView and Engagement Ads in particular, are enabling travel marketers to produce brand content that users choose to engage with and marketers can measure in more meaningful ways than ever before.

Just as the hospitality industry has always strived to anticipate the needs of a traveler on-site at a hotel property, we are reaching a point when the leading brands should be able to anticipate traveler needs in the digital realm as well.

Every hotelier knows about Google – they're all well aware of the brand – but what should today's hotelier know about Google's hospitality offerings, and how can they best benefit from your services? In short, how can Google help hoteliers?

Google's digital marketing solutions help companies big and small grow their business – and hotels are the perfect example. It's important for hoteliers to understand that the travel consumers are very digitally savvy; digital provides the perfect platform to learn more about traveler behaviors, preferences, and actions. When hotel marketers are active online, they will both capture demand coming through digital devices as well as gain valuable insights to inform further decision-making and marketing strategy.

Search advertising with Google Adwords enables companies to be found at the moment that consumers are searching for them. Leveraging Enhanced Campaigns within AdWords lets marketers deliver the most relevant messages based on what consumers are looking for, where they are, when they're searching, and what device they're using.

It's also becoming increasingly important for travel marketers to understand and have an online strategy that extends beyond search, leveraging the power of engagement ads and video to influence and connect with consumers. YouTube, which reaches more 18-34 year olds than any cable network, provides the best platform on which to tell stories and engage



Interviewer: **Max Starkov**
President & CEO at HeBS Digital

With over 20 years of travel industry experience, **Rob Torres** serves as Google's Managing Director of sales and marketing for the travel sector. In this role, Rob oversees the strategy development and profitable growth of integrated marketing campaigns. His team serves some of the largest travel brands in the US. Prior to joining Google, Rob was Vice President of Strategic Partnerships at Expedia.com. During his seven year career at Expedia, Rob managed a team that had Global responsibility for 30 strategic accounts, generating gross bookings in excess of \$2 billion. Rob is active in the hospitality industry and community affairs. He currently serves chairman of the Hospitality Sales and Marketing Association (HSMIA) and is on the board of directors for the Association of Travel Marketing Executives (ATME), the US Travel Association, Fareportal, Regatta Solutions, the Adventure Travel & Tour Association (ATTA), and Sustainable Travel International (STI). Twice Rob has been listed among HSMIA's Top 25 Extraordinary Minds in Sales and Marketing. Rob holds a Bachelor of Science degree in Public Administration from the University of Southern California and a Masters of Business Administration from Georgetown University.

with active communities. Whether a hotelier is aiming to reach, build, or engage a target audience, YouTube provides the measurable means of doing that.

Meta-search marketing has become a very hot topic in hospitality marketing. How can independent hotels, resorts, inns and smaller properties take advantage of Google Hotel Finder/HPA?

Our goals are to help people planning hotel stays find the information they need to make an informed booking decision, no matter what device they're using, and to help hotels connect with potential customers. We're currently working with a limited number of hotel and OTA partners, and are always looking to make our services more comprehensive.

Hoteliers should also verify that their Google+ Local page information is up-to-date and accurate. Google+ Local pages are the one place for hotels to quickly and easily manage all of the information and photos that are displayed to consumers – whether they are looking for hotels on Google Search, Maps, Google+ or Hotel Finder.

We all know what digital marketing initiatives work today and generate revenues in hospitality: paid search, email marketing, online media and retargeting, content marketing and multi-channel marketing initiatives. Where do you see hospitality marketing going in the future? What are the

new digital marketing formats that will emerge as the clear winners in the future?

Today's traveler no longer perceives the on/off-line difference of just five years ago; the expectation is that all offline experiences will have some extension or connection to the digital world. Travel marketers need to evolve with the customer and be relevant and present where and when the need of the consumer arises, across all screens, at all times. Those marketers who align investment and focus on delivering content smoothly across various media formats, populated across any medium, will ultimately be the most successful.

In the near future, I think you'll start to see travel marketers developing a true appreciation of the multi-screen world. Brands will start to build beautiful, engaging offerings that take advantage of the unique characteristics of the various platforms. I think we will also see more marketers leveraging the brand-building opportunities of digital, with a trend towards more measurable brand engagement online with new ad formats like TrueView and Engagement Ads.



How to take advantage of a platform with one billion users

Facebook's **Lee McCabe**  interviewed by **Margaret Mastrogiacomo** 

“Platforms with the most reach matter the most,” says Lee McCabe, Global Head of Travel at Facebook. By this definition, Facebook’s platform matters a lot, offering an enormous platform of over 1.2 billion people worldwide. The Hotel Yearbook asked Margaret Mastrogiacomo, Director, Creative Strategy at HEBS Digital to find out on our behalf what’s new at Facebook from the perspective of a hotel industry marketing executive, and what’s coming down the line. Here is her report of their conversation.



Margaret Mastrogiacomo: *Lee, what are the most important upcoming changes to the Facebook platform that the hospitality industry should prepare for in 2014?*

Lee McCabe: When thinking that all travel and hospitality marketers are dealing with the same core issues—inspiration, conversion, and retention—what strikes me most is that every year, more and more people share and shop online. Importantly, they are increasingly doing so on their mobile devices. Those in hospitality can really benefit from this because the truth is that when people are on their phone, they are on Facebook, so there's a strong business case to be made for reaching them on Facebook. And when they are on Facebook, they are scrolling through News Feed. That in mind, combined with Facebook's large ad format and creative canvas make it prime digital real estate for hotels, airlines, online travel agencies, suppliers, etc. I encourage those in hospitality to utilize News Feed because businesses large and small have seen tremendous results by doing so. And because of Facebook's sophisticated targeting capabilities, those in travel and hospitality can now reach the right people at the right time with the message in the medium where they're spending so much time discovering what matters to them.

How do you think Graph Search has made an impact on travel marketing and social discovery? Do you think Graph Search will make a stronger impact on travel marketing in 2014?

Graph Search is one of those newer tools that we continue to hone. Although not yet available globally, the potential of perfecting searches relative to one's unique profile holds real, substantive merit to both people using Facebook as well as businesses capitalizing on Facebook to reach those people. But when you stop to think about it, tools like Graph Search are really about identity—finding what is best for someone in context, rather than on average. Large, people-based networks like Facebook, rich with data, fuel accuracy. In essence, real identity makes data more effective. And importantly, real identity plus Facebook's scale allow for the somewhat oxymoronic-sounding, yet accurately described “targeted reach”, which will continue to influence the degree to which those in travel can reach and engage with more of the “right” people who matter to their business. If you're traveling to San Francisco and want a recommendation on where to stay or where to eat, it's exciting to think that tools like Graph Search enable you to get the right information just for you. This kind of accuracy wasn't possible even a couple of years ago and we look forward to continuing to improve the efficacy of this and other tools that help people and businesses.



With the elimination of Sponsored Stories, and Facebook moving towards social context stories about social actions friends have taken, how can hotel marketers take advantage and prepare for this shift?

At Facebook, we're committed to best serving our clients as well as the 1.23 billion people around the world who use our platform. Central to this includes building innovative products that have utility and bear significant results, which stems from constantly talking to and learning from businesses across the globe. We know marketers want to see growth and they want to do more with less, but it's important to remember that business is based on people, so we're working closely with those in travel and hospitality—and across industries—to improve products that help make your ads as valuable to your customers as organic content. It's important to clarify, however, that from a business standpoint, Facebook offers so much more than social gains. Of course, friend recommendations matter. In fact, travelers are 80% more likely to book a trip from a friend liking a Page on Facebook than they are from responding to a traditional advertisement. That said, from where I sit, with more than one billion people spending time on our platform, vast amounts of data, and rich targeting capabilities, thinking of Facebook solely as “social” media is misleading. It can also prohibit real growth in travel and hospitality, particularly in this largely digital ecosystem.

What are some ways hotel marketers can better leverage Facebook mobile in 2014?

Invest. The bottom line is that platforms with the most reach and best targeting matter the most. Marketing is still marketing—on mobile or on desktop. Leveraging Facebook mobile means you can leverage sophisticated targeting to reach people where they are spending their time. Last year was actually a really important year. Not only did people in the US spend more time online than watching television, but more people logged into Facebook via their mobile device than they did on their desktop. This represents real change in consumer behavior and it makes good business sense for marketers' activities and investments to reflect this change. A recent study actually found that people have their phone with them for all but two waking hours of the day, so reaching them on their phones—in News Feed, in particular—enables marketers to strategically reach all the people who matter to their business. Facebook has literally all of the people who matter to you, where they discover what matters to them, every day, everywhere. That's a remarkable value proposition for marketers of all kinds.

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Interviewer: **Margaret Mastrogiacomo**,
Director, Creative Strategy at HeBS Digital

Oftentimes, hotel marketers have a limited budget to invest in a Facebook marketing strategy. With a limited budget, what are your top three Facebook marketing recommendations?

First, I encourage hotel marketers to focus their efforts on reaching people where they are spending their time. It's easy to do the same thing year after year and for businesses to allocate resources similarly year after year. But because people are now "always on", businesses would really benefit from a shift in resources that falls more in line with how and where people are spending their time.

Second, growing your business in this predominantly digital environment isn't a job for just a small team dedicated exclusively to social marketing. To a considerable extent, large, digital platforms like Facebook often get grouped into "social" marketing. But social marketing is really just marketing. Facebook is a highly efficient and highly effective mass media tool, so it's strategically advantageous to acknowledge—in theory and in practice—that platforms like Facebook should be key and integral components of a business' overall marketing strategy.

Third, and tactically speaking, utilize Facebook's creative canvas in News Feed to drive inspiration. Curate high-quality content that reflects your brand, and put people at the heart of your story. Businesses should really take the reins here and leverage the power of people on Facebook to influence consumer behavior.

How should a Facebook marketing strategy differ between an independent hotel and a multi-property hotel brand?

While independent hotels and multi-property hotels operate differently, they both face issues of conversion and retention; they want to book people and they want people to come back, season after season. With 1.2 billion people using Facebook worldwide, marketers representing both types of hotels can expand their reach with sophisticated targeting based on rich profiles of authentic identity. Utilizing Facebook's rich targeting capabilities to personalize messages means that marketers can use our products and News Feed to make their business personal again. MGM has done this really well. They have an always-on strategy and mobile has played a big role. For example, they saw 5X+ return on ad spend using Facebook's Custom Audiences. In a privacy-safe way, this tool matches an organization's e-mail database with Facebook's rich data to help put "heads in beds." By inspiring people via promotions and offers on Facebook, MGM also

saw 3X ROI. These kinds of results are no different for smaller, independently run hotels.

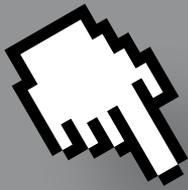
Where do you expect Facebook to be 24 months from now? How will this shape and change the way consumers plan travel online?

In any industry really, smart marketing is about reaching people where they are spending their time. That's nothing new. With large, people-based, digital platforms rich in data like Facebook, smart marketers can market even better. And as a result of this predominantly digital environment, travel and hospitality marketers now have more and better opportunities to influence every stage of travel—from sharing to researching, booking and reflecting. It's important to remember that travel is highly commoditized and people have more choices and are conducting more research before they book. The average person actually visits 20+ websites before booking. This not only means that differentiating your business from that of your competition is tough, but reaching the right people, at the right time, with the right message is key to conversion and retention. As mobile use continues to increase, having a strong presence on this medium is absolutely essential to staying relevant and top of mind. Facebook's rich data and sophisticated targeting combined with 945 million people using the site Facebook every month means marketers have never had greater opportunity to ensure people book with you – and keep coming back, season after season.



Lee McCabe is Head of Travel for the Global Vertical Marketing team at Facebook. A major part of his role is helping Facebook's travel partners reach existing objectives by connecting, engaging, and influencing consumers on the Facebook platform. Before joining Facebook in October 2012, he worked for Expedia in multiple roles. Most recently, he was Senior Director of Market Management, where he was responsible for Expedia's hotel supply relationships and strategy throughout Canada and West USA. Lee started with Expedia in 2007 and played a key role in developing partnerships with the leading chains and independents across Asia Pacific. Lee spent three years as the PSG Director for Oceania and the previous 9 months as acting VP Asia Pacific.





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

Marketing to Chinese travelers? Leverage social media!

by **Jens Thraenhardt** 

The arrival of the Chinese traveler is the hospitality industry's story of the century. China is exploding as an outbound source of hotel guests: 2013 saw 97.3 million Chinese people making trips outside the country (inbound travel arrivals hit 55.7 million). Jens Thraenhardt, founder of Digital Innovation Asia, explains that the hotel industry needs to tap into a different set of social media to communicate with this burgeoning target audience.

Here is a small sampling of notable happenings from a very eventful 2013 in Chinese tourism:

- The number of outbound trips from China continued to increase, boasting more than 18% growth in the first nine months of 2013, despite the constraint of an ongoing corruption crackdown.
- Chinese travelers surpassed their German counterparts to become the world's biggest traveling spenders, notching up more than US\$102 billion in 2012 compared to just US\$84 billion by German travelers.
- Chinese travelers became the most numerous overseas arrivals at many global airports, including LAX, where they placed 5th just two years before.
- China's broad Tourism Law went into effect on October 1st, 2013, ushering in momentous changes in tourism operations, and resulting in sudden shifts in traffic, shopping habits and travel preferences.
- In April 2013, President Xi Jinping himself noted that in the next five years, China will probably have over 400 million traveling abroad.

Chinese netizens intend to travel in 2014, with 51% of 3,000 people surveyed planning to take three trips or more this year, according to an online survey by Ctrip.com, the leading Chinese online travel agency (OTA). Some 95% of respondents said they would either increase or keep their budget the same for trips this year. A third of them plan to spend at least 10,000

yuan (US\$1,600) on a trip, according to the survey.

Some of the trends that ChinaTravelTrends.com, in collaboration with Dragon Trail, China Outbound Tourism Research Institute (COTRI), and Digital Innovation Asia are seeing, include the following:

Going it alone

Individual tourism will represent a larger percentage of overall Chinese overseas travel. As the effects of China's new Tourism Law percolate throughout the industry, the prices of group tours have increased, drastically reducing the cost differential between group and individual travel. We therefore expect to see an increase in independent travelers as Chinese tourists become more comfortable with booking and traveling on their own or with friends and family. We may also see fewer large bus tours as VIP groups shrink, with the average group now smaller than 10 people, in most markets.

Raising the bar

What seemed to work easily for brands in attracting and engaging Chinese travelers last year won't work this year, as consumers' sophistication and preferences are evolving rapidly. Virtually all tourism destinations and luxury brands have begun to target Chinese travelers in some fashion, making the competitive landscape more and more crowded in attracting this very influential tourist—the era of low-hanging fruit has passed. Brands and tourism destinations need to



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innovate faster than competitors in providing compelling service and experiences for Chinese customers. The product development mantra “Ready, fire, aim” comes to mind.

Thinking outside the box

Chinese tourists will expand the depth and breadth of desired tourism destinations in 2014. Following the explosion of interest in visiting Yellowstone National Park and other destinations outside the traditional New York-Los Angeles-Las Vegas-San Francisco bubble during the summer of 2013, we expect to see increased tourism from China to lesser-known destinations like Spain, Portugal, Prague, Texas, and Brazil during 2014. The current “first wave” of Chinese outbound tourists is growing more sophisticated as better and deeper sources of information are reaching them. If you are a destination or brand, you need to make sure that you stay in the mix.

Considering alternatives

Chinese consumers are increasingly open-minded and curious in their brand selections. While we will surely see continued interest in the top-tier luxury brands, some of which have achieved near-ubiquity in China, we are also seeing Chinese consumers looking further afield for subtle, high-quality products. With all indications that the government crackdown on corruption will continue, at least through the first half of 2014, we expect this trend to accelerate.

Making the connection

Tencent's WeChat, the innovative social network that is rapidly evolving beyond its WhatsApp-like roots, will become a compulsory social media application for luxury brands seeking to connect and build loyalty with Chinese tourists. With more than 600 million users in China, virtually every overseas Chinese tourist has a WeChat account and uses it daily to communicate with friends while traveling. WeChat allows brands to engage in a more personal conversation than they can with Sina's Weibo. If you are not looking closely at WeChat, then you are already trailing far behind your most important customer.

With a population of 1.4 billion, an Internet population of 591 million (to put that into perspective, the entire US population is just 313 million!), the Internet and social media become the most vital channels to communicate to Chinese consumers.

But the road to the Chinese consumer is not an easy one. Outside of the censorship regulations and the fact that the government employs over 2 million people to police the Internet, the media landscape is complex, difficult to navigate and, for many, inaccessible.

China has built up its own digital universe, yet paradoxically is keen to bring Western brands into the fold and have big, global brands advertise and have presence on local digital platforms

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and channels. This is down to perceived reliability and brand attributes not necessarily seen on a local level. When marketers and media specialists are used to the likes of Google and Facebook, clearly there are challenges in, first, recognizing what is what in digital media in China and then, second, how to use these platforms effectively.

So let's have a look at what is what. If you want to reach consumers through...

Search

Then Google is not the answer! Google is blocked in China, so Baidu is where you need to have a search presence. It's the 5th most popular website in the world, with in-market share in China of over 70%. And you'll need an expert; language structure on PPC is very different to Google, and for SEO, the Baidu spider is not as powerful as the Google bot and therefore does not crawl deeper than three levels within website structures.

E-Commerce

Alibaba-owned Taobao.com is China's equivalent of Amazon or eBay. Its half-a-billion users make it the country's most popular e-commerce site.

Video

Again, YouTube is blocked in China. The equivalent is YouKu. It is the world's second-largest online video platform behind YouTube, boasting 200 million mobile users and averaging 14 million unique users every day. Interestingly, Fremantle Media International signed a deal with YouKu in July 2013 to stream popular shows on the platform, including X Factor USA, America's Got Talent and American Idol. As to be expected, there is less user-generated content on YouKu and tightened copyright policies than other video platforms.

Instant messaging

It's Tencent, not WhatsApp or Windows Messenger, in China. QQ, their Skype-like flagship service, has nearly 170 million users, and its new WeChat platform has added near 400 million more registered users via mobile devices.

Social

Facebook and Twitter are popular ways for travelers to share their locations, pictures, and adventures with their social media networks. Chinese tourists are no different. In fact, Chinese tourists are 50% more likely to post a photo or tweet an experience than their western counterparts. The main difference, though, is that it's not happening on Facebook or Twitter; it's happening across China's now global Chinese social media channels.

To date, Facebook has failed to make any in-roads into China. The Chinese government blocks it with no apparent interest in changing this anytime soon. And even though Facebook users in China are slowly increasing again, it won't be an important and relevant communication channel to reach Chinese consumers. So what is the equivalent? Surprisingly it is instant messaging app WeChat that has filled the Facebook void. WeChat has 236 million monthly active users, which makes it only second in popularity in the world after WhatsApp and ahead of other platforms, Line, Kakao Talk, Tango and Viber. While WeChat is a smartphone-only messaging app, outside of free text chat and voice/video calls, it allows the user to create a profile and share moments with friends, much like a social network. Its focus on introducing mobile payments, a social games service and expanding globally mean that we could see the platform really give Facebook a run for its money in the next couple of years.

In China's developing online environment, Chinese social media have an unusually influential role and high rate of engagement with netizens. This is due to China's history, censorship laws, and the ease with which people can now access the Internet with mobile technology. Chinese Internet users tend to trust social media content more than their western counterparts – not only recommendations from friends and family in their social networks, but also brands that are actively engaged on social media.

And where is all this happening? There are over 600 million Chinese users online, and these networks are the leading social media platforms:

1. Sina Weibo: With over 500 million registered users, Sina Weibo is currently the leading platform for Chinese netizens to connect with their favorite celebrities, friends and brands. Mostly popular in Tier 1 and 2 cities, Sina's network ensures very high engagement among trendsetters.
2. Tencent Weibo: Tencent Weibo is also a very popular tool Chinese netizens use to communicate. While it is not as mainstream as Sina's version, it has deep penetration among China's fast growing Tier 3 and 4 cities. Both Sina and Tencent are often compared to Twitter, but they have additional features, like the ability to post personal messages and updates, upload photos and videos.
3. RenRen: Often erroneously referred to as the "Chinese Facebook" because of its similar design, RenRen is the number one social network for students and teens in China. It currently counts over 160 million registered users.

4. WeChat: Known as “Weixin” in China, WeChat is the nation’s most popular instant messaging and voice multimedia service. With almost 300 million registered users, it is fast becoming the standard for how users connect directly with their peers. Interestingly, WeChat is growing in popularity outside China as well, with a reported 100 million users.

Social media have become a major resource for bookings and marketing in the West, but hotels aren’t using the same tools in the market they’re most desperate to reach. Expect a major boost for the hotels that are the quickest to adapt.

One piece of good news for companies targeting Chinese social travelers is that they are the most “fervent fans and the most likely to follow several brands,” taking an interest in hotels, airlines, and other travel-related brands. However, they won’t necessarily do this for nothing; they’re looking to get discounts and special offers.

Shangri-La Hotel Group is doing a fantastic job of engaging Chinese customers online and providing them the means to learn about and book Shangri-La properties throughout the country.

The brand has the largest following on its Sina Weibo and Youku accounts of any hotel brand, a highly rated Chinese iPhone app that hosts competitions, and the only iPad app in the Chinese iTunes store in Chinese.

Hotels that cater to Chinese travelers on the ground with language-native staff and culturally-sensitive amenities should be doing the same online.

Marriott is the only brand to accept local UnionPay credit cards. None of the brands included in the study accept the two most popular Chinese payment solutions: fapiao and Alipay. Sina Weibo has a hotel booking application, Hotel Assistant, but none of the brands use it on their main page.

Chinese online booking sites like Ctrip and Qunar are doing a better job of online advertising than hotel brands. Hotels are also missing a major opportunity to capture the outbound international Chinese market: 18% of hotel sites do not translate their international property pages into Chinese, and 29% require booking completion in English.

Tripshow.com (developed by Dragon Trail Interactive) aggregates visual content posted by Chinese travelers on social media sites such as Weibo and Wexin (WeChat), and allows travel and tourism as well as shopping brands to engage with these travelers to run campaigns and execute innovative Social CRM activities.

Almost 100% of global hotel brands are on YouTube, but only five hotel brands update accounts on their YouKu, and just one is on Tudou (owned by Youku). Watching videos is the number one online activity for the more than 500 million Chinese on the Internet.

Hotels are far behind retail brands in creating a presence and platform to engage and serve Chinese customers online.

As per any approach to digital media strategy, knowing and understanding media outlets on a local level is an imperative. China is perhaps harder than many other markets because as a marketer, not only do you have to source the most appropriate platform, you then have to figure out how users respond on those platforms. China is a huge, fragmented country. What appeals in one city may not in another, so having access to local knowledge on the ground is a pre-requisite to any activity – hence the recent moves we’ve seen from the bigger global agencies acquiring local digital ad shops.

And let’s not forget, the East is also coming to the West. There will increasingly be lessons for Western marketers to learn and keep on top of the adoption and use of Chinese digital platforms that are increasingly becoming more and more popular outside of China.

Some final tips to keep in mind when looking to market to Chinese consumers:

1. Don’t underestimate knowledge about your product – do understand where the knowledge comes from – and try to influence it.
2. Don’t target “the Chinese market” – do decide carefully which segments of the market are resonating with your offer.
3. Don’t miss out on personal presence – do travel to China, attend fairs, meet, talk, dine.
4. Don’t think Facebook – do use Weibo and WeChat in the Chinese way.
5. Don’t think websites alone – do think posts and User Generated Content, especially photos.
6. Don’t think English – do communicate in Chinese not because of necessity but out of respect.
7. Don’t think discount – do think additional services and treats for the same price.
8. Don’t think not worthwhile – do understand that niche markets in China are still big.

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Creating meaningful relationships with digital experience management

by *Michaela Papenhoff* 

Do you have a DX (digital experience) strategy in place? According to Michaela Papenhoff, building successful guest relationships – the kind that lead to brand loyalty and repeat business – will depend more and more on getting this right. Her company, Düsseldorf-based h2c GmbH, offers advice in developing a DX approach that works.



The hotelier's opportunity to get in touch and build true guest relationships throughout the entire customer journey has never been greater than today. Over the next few years, guests will increasingly turn loyal towards hotels that provide superior on-demand (personalized digital) experiences as opposed to rebate-focused brand loyalty.

Taking advantage of this massive opportunity requires the right strategy, supporting technologies and a thorough "trial and error culture" in the organization. Analyzing cross device (desktop, tablet and mobile) interactions throughout the customer journey is a complex task, but it is becoming even more important with the growing consumer base using multiple devices for the same purpose. Over the next two years, understanding the consumer's behavior and having the right DX (digital experience) strategy in place will be key requirements for identifying the best moment for both engaging in guest conversations and driving sales via personalized offers.



© h2c GmbH - Cross Device Interaction throughout the Customer Journey

In future, hoteliers must predict consumer preferences based on guest stay history, social media data and guest satisfaction surveys for returning a customized offer. That is why digital hotel platform solutions, capable of providing personalized offers, will become more and more mission critical for hotels in the short to medium-term.

Ask yourself the following questions:

- To what extent is my DX strategy implemented?
- What is missing based on the user behavior in my target markets?

- Which experiences have been gained, what changes need to be done based on lessons learned?
- Which technology platforms/modules are available, and which ones are suitable for my needs?

In general, the industry's awareness of DX strategies and implementation challenges is very high. However, hotels that have fully implemented a digital platform, covering all touch points of the customer journey, are hard to find. Digital platforms must be fully integrated with the hotel's IT infrastructure. For large chains, system integration is not a big concern, because they usually employ proprietary systems, which they fully control. Smaller chains are often challenged with integration issues as they typically maintain a leased (central) system environment, offering little potential to put pressure on vendors for fulfilling their business requirements. The reliance on affordable vendor solutions remains high.

Some hotel chains have started to work with WCMS (Web Content Management System) providers, replacing their home-grown own content management system over the next months. The first priority of those chains is enhancing their website channel, while serving other touch points of the Customer Journey will follow. Small regional chains are more likely to engage with start-ups and continue to work with best-of-breed solutions rather than full integration models (as these often do not scale due to lacking IT and financial resources).

Based on h2c's regular industry research, we recognized that personalized content offers for non-loyalty program members are not yet on the roadmap of most chains. While large chains are offering basic personalized content for their loyalty club members via login on their websites, small chains are more likely to use out-of-the-box vendor solutions that may not fully integrate into their existing landscape, although they do provide sufficient value to customers. Software solutions for improving the DX and embracing all customer touch points are not highly developed yet, but a number of vendors have started programming and beta-testing.

As innovation often plays an important role for increasing consumer demand, companies embracing Digital Experience management will gain a stronger competitive positioning versus those that do not. Although quite an ambitious goal for hospitality companies, their business is truly the ideal platform for increasing customer retention and improving guest communication via intelligent and well-balanced personalization strategies. The most important issue hotels needs to resolve is: Which level of personalization do clients expect and really honor?

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It is essential to determine the level of personalization tactics prior to rolling out a digital platform. Hoteliers must be cautious about providing too much (offending, intimate) customer interaction. Consumers appreciate Amazon's and eBay's achievements, but we have not seen these strategies implemented by the hospitality industry yet. Consumer behavior analyses are the basis for starting such a project. The lines between permission-based marketing and "spamming" are blurring. Therefore, the guests' needs and desired experiences must all flow into the planning process for enhancing and integrating the respective hotel systems.

Some hotel chains have implemented leading Web Content Management Solutions (WCMSs), but rolling-out a Real Time Decision Engine (RTDE) for returning personalized offers is in the very early stages. However, when implementing a DX strategy, this must be considered—and hopefully there will be vendors out there with a solution not only for large chains.

For building a competitive and successful DX strategy, make sure you consider the following key points:

- Split the project into phases! It is unrealistic to implement a digital experience strategy for all customer touch points and tightly linked to your CRM strategy "in one go".
- Allow enough time for analyses, learning, and adapting. The employment of the right skill set (from both inside the organization and outside experts) is crucial.
- Base your vendor (e.g. WCMS, RTDE) decisions on your identified requirements. Make sure you have summarized them in a specification/RFP document, including future needs over the next 2-4 years.
- Ensure deep integration with your existing systems. This is a key factor to implement a successful DX strategy—only then you will be able to provide valuable offers to your guests.

Don't forget to determine the "leading system" which defines your business rules. This will help you to employ the right set-up and find the most suitable vendors.

■

*Building on over 20 years of hospitality experience, including front desk, reservations, sales development and public relations at international hotels chains, **Michaela Papenhoff** early recognized the initial stage of electronic distribution and the great potential of global marketing. Michaela founded h2c GmbH in 2001. The International Executive MBA at the Rotterdam School of Management/Erasmus University strengthened her skills in marketing, finance, leadership development und change management. The beginning of her career started with a professional hospitality education program.*



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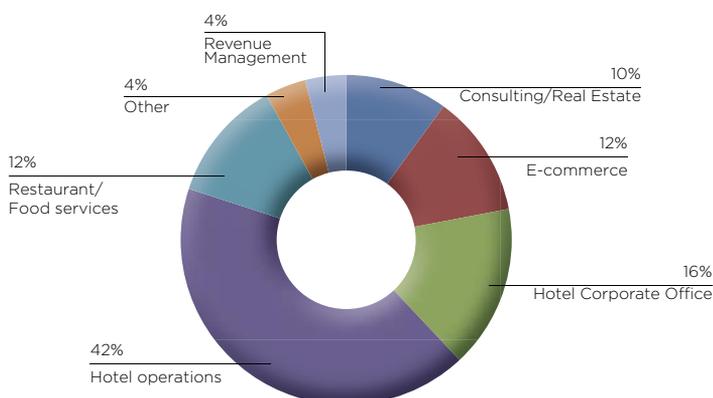
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2014 is the year for predictive analytics in hospitality marketing

by **Loren Gray**  Member of the HSMIAI Digital Marketing Council and HSMIAI Americas Board of Directors

The amount of data available to us to make marketing and revenue-optimizing decisions is staggering – and getting bigger all the time, writes Loren Gray, Director of E-commerce at Ocean Properties Ltd. Hotels, Resorts & Affiliates. How can you make sense of it all? Enter predictive analysis.

Imagine if I told you that you could spend just the right amount of funds, to market to exactly the right person, on precisely the right medium, at the most optimum time of interest with the perfect offer tailored just for them. What a great future it would be, right? Well welcome to the real world of hospitality marketing for 2014 with predictive analytics.

2014 will be the year we get to reach our guests in ways never seen before, and in so doing reach out and convert those who want our product and services only imagined a year ago.

It's not science fiction; in our hands at this very moment is the ability to predictably optimize every dollar we spend in marketing and in so doing forecast our revenues more accurately.

I'm not referring to current methods of revenue forecasting that use unconstrained demand, elasticity, linear regression and trend analysis all founded on rate resistance and historical occupancies. That's a lot of math to create probabilities on data that's not really the driving force of a guest's purchase decision for revenue creation. In fact we base a lot of how we currently do our revenue forecasting on the presumption that a lot of things unrelated to our product will repeat themselves, in our case historical occupancy and rate, rather than who is buying and why. But in today's world of 2014, we know that there is so much more at play and that simplistic

two-dimensional diagrams like "funnels" and simple single item cause and effect models are not a highly accurate means to determine revenue. Fading are the days of controlling our rate as a means of moderating demand, diminishing more to just an influence of it. Yet they are still being used as the fundamental basis of our revenue forecast predictions.

Enter the world of data and predictive analytics. I'd say "Big Data" but it's already an overused term by some to simply scare us into believing it's an uncontrollable monster. To be realistic, we already use data – large, vast amounts of it. We have guest data from our PMS systems, online traffic from our web analytics, our social metrics from our social platforms and our marketing data from our advertising platforms. Not to mention consumer sentiment, competitive set metrics and a host of industry data sources. There, I just listed all the ingredients needed to create my opening claim. It's not that data is a mystery to us – we use all the things just mentioned – but rather, we do not connect the "dots" between the "silos" of data we have at our fingertips in ways that can guide our marketing efforts.

I would like to refer to my fellow hoteliers, who know the guests they serve, where they are from, seasonally when they arrive, how long they will stay, what they like to do while they stay, what they paid to stay, what they like about us, how they traveled to us, and who they brought with them. After all, we're



in the hospitality business; we learn from our guests so we can better serve them. So why not take all that knowledge and translate that into actionable marketing strategies, by creating a predictive marketing model to best reach our guests from what we know about them?

Being lucky

It is said that there is no such thing as luck, simply a heightened awareness of the perception of opportunity. I would like to extend that thought a step further; let's take our knowledge and create that opportunity.

To make my point, I'd like to use a non-industry example. I want to predict where lightning will strike. Random, right? But let's apply what we know about lightning's behavior to improve our "odds" for success. We know it occurs more often around rain; we also know it tends to strike elevated items that are grounded and conductive. So it's safe to say we can improve our "luck" of getting lightning to strike a certain location if we stand in an open field on a hill holding a metal umbrella in a thunderstorm, yes? So rather than simply walking out on any given day in the hopes of getting struck by lightning, compared to our example we have substantially improved our chances for a successful prediction.

So, too, is marketing with the use of predictive analytics. Knowing who our optimum guest profile is demographically,

and knowing the channels to best reach them at the peak of their potential interest in our product, at exactly the highest price they would be willing to spend, can substantially improve our "luck" in generating optimum revenue. By "fishing where the fish are", we moderate our costs for acquisition, focus the attention of our future potential guests with a better converting custom offer before most of our competitors are ever seen. So rather than hoping we show well should they find us, we find them with what they are looking for. All the data we need to create these predictive models is available to us now, if we just connect the dots...



***Loren Gray** is Director of E-commerce for Ocean Properties Ltd., the 4th largest privately held franchise hotel operator in North America. Since 2001, he has been working with Ocean Properties, Ltd. in an ever expanding role, starting as General Manager of several brand- and non-branded resorts, to regional responsibilities in sales, and ultimately to Director of E-commerce for all of Ocean Properties' 130+ property portfolio. Loren came up through the ranks in the hospitality industry, working in Food & Beverage, hotel operations, and general management, and has also owned and operated several hospitality ventures.*

Moving targets: Reaching meeting planners with targeted content

by **Eric Eden** 

One of the capabilities that digital marketing allows hotel marketers is an unprecedented level of precision when targeting prospective guests – not to mention the potential users of other hotel services, such as meeting space. Virginia-based Cvent is a company that helps hotels reach exactly these meeting planners. Eric Eden, cvent’s Vice President of Marketing explains the advantages.

Today, we’re all looking for personalized online experiences with search results, advertising, and content tailored to our own individual preferences and needs.

Gone are the days of producing blanket advertising for too wide an audience, which predictably fails to hit any meaningful target or produce a substantial ROI.

Little wonder.

Without making a concentrated effort to place your hotel directly in front of a niche group of transient travelers and meeting planners, your expensive marketing attempts are guaranteed to fall on deaf ears.

Targeting benefits

In just a few years, targeting technologies have become a marketer’s MVP, making it easier to reach customers based on the digital breadcrumbs they leave behind.

It started with basic behavioral targeting and now includes other types of segmenting, such as business demographics, lifestyle preferences, site retargeting, social graph targeting, and CRM retargeting.

By targeting your audience thoughtfully, you can strategically use advertising spend to only close your most valuable clients. And the benefits only get better: increased bookings, less opt-outs, and stronger hotel brand awareness among a tightly defined audience.

Best part? Even your clients benefit.

Ad targeting is a rare win for everyone, and actually simplifies and improves your customer’s experience online. Because of all the new and robust targeting technology today, your content will only be presented when it is relevant, interesting or valuable. In an instant, you’ll go from intrusive to useful.

Effectiveness of target advertising

But does it work? According to a study by the Network Advertising Initiative, target advertising secures an average of 2.7x as much revenue per advertising as a non-targeted, “run of network” ad. Plus, targeted ads are twice as effective at converting those who click on the advertisements into actually buyers.

Simply put, your marketing budget shouldn’t be squandered on wasted clicks from people who don’t fit your criteria.

Targeting in action

Targeting has changed the face of everyone’s online experience. Many of today’s relationships – both personal and professional – are started online. And, many wouldn’t start off successfully without the help of personalized and targeted results. Think Match.com or responding to electronic RFPs.

Targeting is the name of the game online, and you’ll find it everywhere. Most notable in the travel sector is TripAdvisor’s suggested hotels feature, which includes both a separate window and sidebar touting hotels similar to the one you typed in.



cvent

About Cvent

Cvent, Inc. (NYSE: CVT) is a leading cloud-based enterprise event management platform. Cvent offers software solutions to event planners for online event registration, venue selection, event management, mobile apps for events, e-mail marketing and web surveys. Cvent provides hotels with a targeted advertising platform designed to reach event planners looking for suitable venues. Cvent solutions optimize the entire event management value chain and have enabled clients around the world to manage hundreds of thousands of meetings and events.

www.cvent.com

Here are other major brands bringing value to their customers through targeted content:

Amazon

This retail giant maximizes the up-sell with product suggestions that you'll see in almost every second of the purchasing process. Their suggestions are automatically generated from a simple recommendation system based on product purchase history, other items in the customer's virtual shopping cart, items they've liked and rated, and what previous customers have purchased and viewed.

Groupon

From day one, Groupon has capitalized on just one form of targeting: by location. And today it is the ultimate success story in the use of geotargeting with their location-based coupon database, where coupons, deals and promotions are brought directly to the consumer, wherever they are.

Facebook

Talk about hyper-targeted. Businesses have the unprecedented access to Facebook users, which number in the billions and can target based on information in a user's profile, such as location, age, gender, interests and even relationship status. Because of this powerhouse of personal details, Facebook receives 90 percent of their revenue from advertising.

LinkedIn

LinkedIn's target strategies and options are well-suited for the

LinkedIn audience: they focus on professional affiliations, instead of personal interests like Facebook. Options include job title, industry, company size, seniority, age and LinkedIn groups.

Cvent

Much like other media offering the benefits of targeting, Cvent touts measures that help hoteliers and other suppliers market with laser-sharp focus to meeting and event planners. Hotels have the opportunity to appear as a suggested venue during the planner's RFP submission process alongside other venues that are similar in location, size and hotel rating. And most recently, suppliers can now access Cvent's organizational, demographic and historical data to create targeted sales promotions to market to planners looking for deals.

Moving forward

Ad targeting and tailoring your content in a way that is personal and thoughtful will help you win the battle for revenue online, build relationships with your buyers, and boost your hotel's brand awareness with both leisure travelers and group meeting planners. But don't relegate targeting moves just at the beginning or end of the buying cycle. It's paramount to incorporate targeting in all stages of the purchasing process and across the highly used platforms that your audience frequents.

Now with sophisticated targeting capabilities available to every hotel, whether large or small, targeted advertising should top your marketing strategies in 2014.

14 recommendations for hotels in 2014

by **Kelly McGuire**  Member of the HSMAI Revenue Management Advisory Board

To wrap up this special edition of *The Hotel Yearbook*, we thought we would take a big picture view and put digital marketing in the wider context of this year's many challenges facing marketing decision-makers in the hotel industry. Kelly McGuire, who leads the Hospitality and Travel Global Practice for SAS, put together this comprehensive list of action items for us. Good luck!

Here are my 14 actions that our analytic hospitality executives should put on their "to do list" in 2014. Five are higher-level – helping you to build that strategic analytic culture we've been talking about. The remaining nine are more tactical – but they will help you stay on top of trends I've been tracking that I think will have a major impact on the industry in the years to come.

1 Think more strategically: This is probably something we say to ourselves every year, but it's easy to get bogged down in day-to-day analyses or job tasks. It is important to take time to think strategically about where you and your team are, and where you want to go. Do you understand your organization's business strategy? Do your goals line up with this business strategy? Do you have an opportunity to take on a project that will demonstrate your commitment to the organization's business strategy (and get you some positive attention while you are at it)? Build these activities into your plan now so that they stay on your radar when you get slammed.

2 Encourage cross-departmental decision making: We've been talking about integrated revenue management and marketing for a while now. With digital marketing coming into the forefront and the recognized value of review and ratings data across multiple departments,

cross-departmental thinking will be even more of a focus in 2014. If you haven't established regular communications with your counterparts in other departments (think marketing, operations, finance, revenue management), you are behind. You should already be bringing your best information to the table, and making decisions as a team. Next step – integrated data and analytics to automate some of that routine decision making. On that note...

3 Develop a common business language: Many companies have started data visualization projects to pull together data from across the organization and provide "single version of the truth" reporting for executives and managers. These projects will fail without first establishing a cross functional team to come to agreement on definitions of key metrics, data access and data acquisition rules. You would be surprised how much disagreement there can be about even the most "core" operating metrics. I think we'll see much more focus on data management in 2014 as these initiatives get underway.

4 Carefully evaluate new data sources: There are plenty of new data sources out there – more every day. It can be tempting to gravitate towards all that is new and shiny, but adding new data sources can be time-consuming and resource intensive. You need to fully understand what



the data is and how it can contribute to decision making. Can the data enhance or augment existing analyses or business insights? Do you have resources available that can understand the data and be able to use it in analyses? What actions could you take with insights gained from that data source? If the answers to these questions aren't clear, then it's probably not worth the effort at this time.

5 Tell a story with your data: If you want to get your point across to a wide range of personas within your organization, you have to think carefully about how you use data in your presentation material (this includes both presentations and written materials, by the way). Rows upon rows of numbers, mathematical formulas or complex graphs will not grab the attention of any but the geekiest of audiences. Instead, distill all that information down into the couple of "pictures" that makes your point with the most impact. Wrap that in a compelling set of real-world, relevant examples, end it with a solid call to action, and you'll get the attention you need from your peers and executives.

6 Build an accurate guest profile: We've been talking about this for a while now, but along with your other data management efforts, focusing on building an accurate guest profile is the crucial first step to many other initiatives that will keep your company profitable in 2014 and beyond.

The technology is here, and most companies have started to collect this information – but it's time to focus on augmenting that profile with as much actionable information as possible.

7 Use ratings and reviews beyond "monitor and respond": The hospitality industry has recognized the importance of ratings and reviews in many aspects of our business. We've gotten good at the "monitor and respond" processes. Now is time to think about other ways that this data can be used – including integrating it with internal guest satisfaction measures. We should be looking at augmenting guest profiles with activity from social channels. In addition to price influences, there are other opportunities to forecast trends and anticipate issues using these sources, like predicting service problems or forecasting PR effects.

8 Watch distribution costs: The buzz in the industry lately is about the rising cost of distribution. This will rapidly become a problem for the industry as more players move into this space. We need to start managing this more closely – and finding opportunities to drive guests to more profitable channels. This leads me to my next set of items:

9 Leverage the mobile presence: As more and more activity moves to the mobile device, hotel companies need to carefully evaluate their mobile presence, and leverage that channel not just for bookings, but also as an engagement tool. Hoteliers should think creatively about how they can provide value through their mobile app, or risk losing consumers who prefer the integrated mobile experience they can get from a third party, like an online travel agent.

10 Understand how your website is performing: As competition heats up for the online consumer – between third party distribution channels and meta-search (and so on, and so on), how does your website stack up to the competition? Is it easy for consumers to find it? To navigate through it? Does it effectively represent your brand? Does it show up in search?

11 Evaluate the cross-channel experience: I talked about mobile and web, but there are many channels through which a potential guest can reach you. Are you delivering the same experience through all of these channels? Does the brand look and feel the same (adjusting for channel demographics etc., of course)? Are they recognized or treated the same through all channels? Consumers are using multiple points of contact during the booking process, so the experience needs to be consistent across all of those points of contact.

12 Simplify the booking process: Closely related to no. 8 & no. 9 above, we need to be sure that we are making it as easy as possible for our guests to do business with us. This is not always the case. Is the booking link buried in the page? How hard is it to find the exact product/price they are looking for? How many screens do they have to go through to enter their information? Are fields labeled carefully? The easier the booking process, the more likely they will be to complete their transaction, and use your site next time as well! (And hold your booking engine provider accountable for ensuring that the booking process is as efficient for the customer as possible!)

13 Start on the path to personalization: As you've worked your way through items 8-11, think about strategies for personalizing the guest experience. With all the data that you collect at each interaction point, and an accurate and complete guest profile, you have the opportunity to predict what content you should surface at each interaction point that will encourage them to take the action you desire. You don't necessarily have to "know" who is browsing your website or mobile device. You can use what you observe about them to predict the right content to surface, and then update their profiles once they identify themselves. Personalization doesn't stop at the website either. You have an opportunity to provide personalized service at every touch point on premise as well – surfacing key pieces of information about the guest, and analytically-driven recommendations of what to offer or recommend. If you are not already thinking about how to set up your organization for this, you should start. Personalization provides an important opportunity for you to differentiate your brand in a vastly commoditized marketplace.

14 Re-evaluate your loyalty program: The loyalty program is the best way to capture information about guests, and ensure that you are recording all of their activities with you. As long as you are taking the time to update guest profiles and evaluate the guest experience, take the opportunity to see if the loyalty program is doing everything it could be for you. Mike McCall, Research Fellow at the Center for Hospitality Research has done some work in this area that could guide your thinking. We've talked to Mike before, on the impact of enrollments in customer loyalty programs, and his thoughts on how to leverage the explosion of customer data.

So, there's your year all planned out!



Kelly McGuire leads the Hospitality and Travel Global Practice for SAS. In this role, she is responsible for driving the offering set and setting strategic direction for the practice. McGuire works with product management, sales, alliances and R&D to ensure that SAS solutions meet the needs of the market. She also works closely with IDEaS Revenue Solutions, a SAS company, helping to integrate IDEaS revenue management solution with SAS' Customer Intelligence solutions. She has 20 years of experience in the hospitality industry. Before joining SAS, McGuire consulted with Harrah's Entertainment on restaurant revenue management strategies for their major markets. Prior to that, she was a senior consultant at Radiant Systems. She also worked for RMS (Restaurant Revenue Management Solutions) providing menu item pricing recommendations to major chain restaurants. McGuire has a BS from Georgetown University and a MMH and PhD in Revenue Management from the Cornell School of Hotel Administration. Her research has been published in *The Cornell Hospitality Quarterly*, *Journal of Pricing and Revenue Management* and the *Journal of Service Management*.



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2014

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MAR
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MAR
17 **Social Media & Mobile Strategies for Travel**
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MAR
26 **Web In Travel (WIT) Middle East**
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APRIL

APR
7 **Online Revealed Canada**
Toronto - ON, Canada

APR
23 **WIT Indonesia 2014**
Jakarta, Indonesia

MAY

MAY
15 **WIT Japan 2014**
Tokyo, Japan

MAY
19 **PhoCusWright Europe**
Dublin, Ireland

MAY
22 **Travel Distribution Summit Europe 2014**
London, United Kingdom

MAY
27 **Travel Distribution Summit Asia 2014**
Singapore, Singapore

JUNE

JUN
16 **HSMAI's MEET West 2014** 
San Diego - CA, USA

JUN
18 **Cvent Corporate Meetings Summit 2014**
Las Vegas - NV, USA

JUN
23 **HSMAI Revenue Optimization Conference (ROC)** 
Los Angeles - CA, USA

AUGUST

AUG
12 **5th Annual Hotel Data Conference**
Nashville - TN, USA

SEPTEMBER

SEP
3 **HSMAI's MEET National** 
Washington D.C. - VA, USA

NOVEMBER

NOV
11 **REVENUE Strategy Summit 2014**
New York - NY, USA

NOV
11 **The PhoCusWright Conference 2014**
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2015

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FEB
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