

SiteMinder + Skift Present:

# Online Marketing and Distribution Strategies for Independent Hotels



Independent hotels compete in an industry that's dominated by massive marketing budgets from chain-affiliated brands to online booking sites and Google. For independents, an online marketing and distribution strategy that integrates best practices across direct- and third-party-channel bookings, search, inventory management and guest incentives plus considerations of the mobile traveler and the social web is key to capturing and retaining guests. This paper provides an overview of each of those elements, and looks toward what integrated approaches mean for hoteliers.

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# Executive summary

The demands of online marketing and distribution are evolving for hotel operators of all kinds. For independent hoteliers, though, the scale and scope of industry competitors in major chains, online booking sites and Google can be a daunting challenge.

One strategy for meeting this threat that does not work to the advantage of the independent hotel, evidence shows, is cutting prices. To address ways to reach and convert new and loyal guests without going that route, independent hotels are better off creating an integrated online marketing and distribution strategy.

In this effort, the balance that independent hotels can strike between direct and third-party (indirect) bookings is a critical consideration. While travelers are showing a greater tendency to book directly, hoteliers can't ignore the advantages of reaching thousands of consumers in the indirect channel space. Technology, such as channel management tools which let hoteliers discover and have some control over third-party sales opportunities, can help marketing leaders not only identify and focus on key OTAs for conversions, but also discover new indirect channels they might not otherwise have found or had access to.

But only if those hotels are visible to the traveler. Visibility is an important challenge that independent hoteliers face. Experts say that independent hoteliers need to employ a number of responsive tactics.

Independent hotels must negotiate with their online travel agency (OTA) partners, demanding that the OTAs no longer bid against their own client hotels on the same property keywords and hotel names for which the independents have to pay in the form of cost-per-click. Hoteliers should also recognize the organic-search advantages of OTA placement, however.

Proactively, some hoteliers are bringing metasearch functionality to their direct channels. In addition to this they stand to capture consumers by offering one-to-one marketing, recognizing loyalty and affirming the consumer's desire for more and varied room options during the direct-booking experience.

Hotels must approach the social web in a balanced fashion or risk suppressing organic conversations. They would also benefit from innovative tools that allow them to find fresh communities aligned with and expressing interest in their location and offerings.

Online strategies can represent a complex array of requirements. However, an integrated online marketing and distribution strategy can help bring together these many components into a more workable whole. Elements such as channel management tools are already creating revenue-driving results. Combining technology with the other approaches touched upon above will drive improvements and returns from search, website, new markets, incentives and social-media word-of-mouth.

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## About Skift

Skift is a travel intelligence company that offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Skift is the business of travel.

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# Introduction: online marketing and distribution in the hotel space



Source:  
Getty Images

For much of the hospitality industry's history, hoteliers could count on third parties to supply a steady stream of guests. Hotels incentivized this dynamic: They offered lower rates to travel agencies and the like, and the agencies leveraged those rates to fill rooms (and also make their own profits). This system developed alongside global distribution system (GDS) technology until a major change around the turn of the century.

With the rise of online travel agencies (OTAs) and metasearch engines, the rate-finding equation shifted – and in a sense democratized the online travel landscape, in that travelers could search much of the rate ecosystem for themselves. While OTAs and metasearch engines could create reservation volume, this change came with significant commissions and fees that hotels needed to pay for the service those third party sites provided.

Key elements of reaching online travelers became more complicated. Online marketing now included attention to the differences between direct (hotel websites) and third-party or indirect (OTAs, etc.) bookings. It demanded attention to web-based advertising, from early display to algorithm-driven programmatic; and to reputation management in the rising ecosystem of online review sites (TripAdvisor and the like). Social media also came into play. All of these components came with their own demands for expertise and the budget to hire proficient managers.



The equation, perhaps as it always had, relied upon sizable budgets that allowed chains and properties to address all the online factors listed above. For independent hotels this wasn't necessarily something new, but it was something newly amplified. To compete with major brands in the online space, the learning curve and the financial considerations could prove daunting.

"Independent hotels are struggling," says Sara Honahan, revenue manager at CLC World Resorts and Hotels, which operates two independent properties in the United States, in Florida. "In a lot of cases it can look like you just can't compete with the major brand name.

"Overall, the issue is brand awareness," she says. "The major chains are out there, throwing marketing dollars everywhere and partnering with these major OTAs ... and it's very hard, as an independent. The marketing, the presence and the visibility of the major brand is just a constant when it comes to competition."

In this position paper, experts in the independent hotel space consider ways counter that effect. If independent hoteliers stand to compete for new and better access to travelers – increasing their properties' visibility to consumers and then capturing conversions – the emerging strategy is likely to be one that rewards and emphasizes integration. An integrated online marketing and distribution approach can drive conversion, new acquisitions and loyal repeat guests – resulting in lower costs and a more profitable (and more property-specific) distribution of inventory.

This paper looks at the scale and scope of the possibilities in the realm of integrated online marketing and distribution strategies for independent hotels. We have solicited ideas from experts in both the hotel industry and in third-party sectors that are creating the thought leadership, best practices and the tools that help independent hoteliers get their names – and their rooms – to more travelers, more of the time.

# Online distribution, marketing, and independent hotels: key challenges, key approaches



Source:  
Flickr/Thomas Hawk

Globally, the hotel industry represents some \$762 billion in annual revenue, for all types of hotels combined.<sup>1</sup> It is an ecosystem that experts predict will grow even further: in 2015, some 41% of global travelers are expected to spend more on hotels than in years prior, while 26% will spend at least as much on rooms as in prior years.<sup>2</sup>

For hoteliers, that's a considerably positive forecast, and most, in a recent poll, said they expect to see occupancy rates benefit in coming years.

However, global revenue and predictions, positive as they may be, do not fully represent the challenges that independent hotel leaders such as Honahan, in the introduction to this paper, describe.

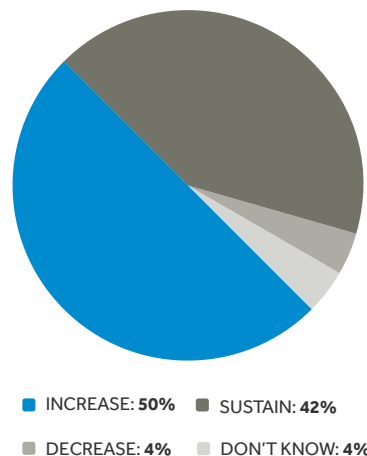
That is, for hotels without the massive resources and legacy-level visibility of major chain names, capturing reservations requires new tools and tactics. Key steps in that process include **(a.)** raising traveler awareness of what an independent property can offer; and **(b.)** better competing for travelers' reservations.

Historically, one strategy has been discounting room rates. In some cases, independent hotels discount them so deeply that profitable revenue is negatively affected.

"I wouldn't even imagine how a small indie, in say, Arkansas, can compete except for pricing," Honahan says. "And then, you really do displace your revenue by placing low rates to attract that consumers."

## HOTEL ROOM RATES

Hoteliers Predicting Room Rates:



Source: TripAdvisor (2015): <http://www.tripadvisor.com/TripAdvisorInsights/n2580/tripbarometer-2015-global-global-travel-economy>

Additionally, research suggests that simply discounting rates, even though consumers are looking for discounts, may not even work very well for independents.

Furthermore, given the speed at which OTAs and metasearch engines work, the first property to lower its price is likely to see the demand bump that its change creates last only moments. Then it will rapidly decline as other displayed rates change in response.<sup>4</sup> This effect again cuts into the property's ability to balance revenue with the cost of acquiring the traveler customer.

So, how can independent hotels better compete?

It is almost certainly not by discounting inventory. For independent hoteliers, the approach to attracting new guests and creating new relationships with them works better when the hotelier can leverage multiple channels and strategies in an integrated way. The following sections illustrate key opportunities for that kind of result.

### Direct and third-party bookings: balances and innovations

Recent evidence suggests that consumers are not ignoring the option of booking directly at hotel websites. In 2014, one major hotel chain reported that it booked more than 50% of its rooms directly, via its own central reservation system.<sup>5</sup>

Statistics like that suggest a significant advantage, available to any hotel, that equates to more direct revenue and less to pay in volume-based commissions and referral fees to third-party channels — GDSs, OTAs, and metasearch engines being prime examples in that segment.

There is no question, however, that the indirect-channel ecosystem also allows hotels to supply their inventory to additional online consumers. But the advantages of added volume and wide-scale reach are counterbalanced by what typically happens to revenue in the indirect-booking process.

- While the cost of getting a traveler to act on an offer can differ from one third-party platform to another, many hotels report 12%–15% as a common percentage paid for customer acquisition along indirect channels. (It's important to note that rates can increase or decrease depending each hotel's strategy and spend in the indirect space.)<sup>6</sup>

- A back-of-envelope kind of calculation puts a finer point on the implications of third-party-channel commissions and fees: For example, if a hotel is working with \$1 million in room revenue along third-party channels, then the cost of doing business could run as high as \$150,000.

- Depending on the size and type of hotel, third-party-channel commission costs have been on the rise. A recent Hospitality Asset Managers Association study showed that hotels have seen commission-rate upticks between 10% and 72% over a three-year period.<sup>7</sup>

#### HOTEL RATE REDUCTIONS AND INDEPENDENT HOTELS

Factors Leading to Direct Bookings at Independent Hotels:

LOWER RATES	53.3%
BETTER SELECTION OF AMENITIES	11.6%
PACKAGE DETAILS (SPAS, DINING, ET. AL.)	10.1%
DISTRUST OF THIRD-PARTY SITES	12.2%

Source: Skift/SiteMinder Google Consumer Survey (2015)

Despite what consumers say about rate reductions, statistics tell us that demand is a trickier equation than sentiment might suggest.

Regarding the following chart, when elasticity is measured at 1, it means that price and inventory are changing in a one-to-one proportion to each other; the farther away from a measurement of 1, the smaller the inventory change in relation to the price alteration. Independent hotels show the least change in demand when prices are changed.

#### HOTEL RATE REDUCTIONS AND DEMAND

LUXURY	-0.50%
UPPER MIDSCALE	-0.45%
MIDSCALE	-0.32%
UPPER UPSCALE	-0.26%
ECONOMY	-0.15%
UPSCALE	-0.09%
INDEPENDENT	-0.08%

Source: HSMIA (2012): Retrieved at [http://www.owners.org/Portals/1/Documents/NDP/DCA%20Full\\_Part1.pdf](http://www.owners.org/Portals/1/Documents/NDP/DCA%20Full_Part1.pdf)

#### GLOSSARY: HOTEL TYPES

##### Independent hotel:

A single hotel property not owned by a larger chain. Independent hotels can also belong to a larger grouping, such as a collection of independently-managed properties under an umbrella name. A key element of the definition, according to Michael Tall, president and chief operating officer of Charlestowne Hotels, is the following: "If nobody has the ability to enforce anything upon you [referring to brand mandates and standards]... then you're independent."<sup>3</sup> Independent hotels can choose to present themselves as brands.

**Chain hotel:** A hotel company composed of multiple properties managed by a central leadership component that hands down brand mandates and standards that each property then enacts. Some chain hotels manage a portion of their properties under the main brand name while a portion of their properties operates under collection names as well. Some chains are *hard brands*, such as Marriott. Some represent *soft brands* — the Luxury Collection hotels, for examples. Hard brands tend to follow chain mandates completely; soft brands can at times operate with more flexibility in terms of the customer experience they create.

"Particularly in the United States, there's been a legacy of GDS," says Fig Cakar, managing director for the Americas, at SiteMind-er (the company creates channel management, direct booking, and flat-rate GDS solutions for hotels of all types and sizes). "Because of the infrastructure, the cost of the GDS subscription can be very, very prohibitive for independent hotels, which is why I think channel management has become an increasingly-viable solution."

Channel management tools allow hoteliers to address, and in key ways automate, their inventory placement, pricing, and control across numerous third-party channels. It is one way independents can improve revenue and work with more accuracy in the indirect space.

"You can drive the channels from which you want to increase volume," Cakar says. "You control promotional offers, focus on partnerships with key and regional OTAs ... and really help drive incremental bookings, even in markets that are not the property's traditional base."

Markets along the lines Cakar suggests include China, via Ctrip; Russia, via Ostrovok; Brazil, via Despegar.com; and India via MakeMyTrip.

Also key to optimizing revenue is amplifying a given independent hotel's reach when it comes to direct bookings. Consumers, according to analysts, are looking for direct options. (Undoubtedly, consumers of the kind driving the direct-booking effect noted at the start of this section.) The following charts illustrate ways that traveler behavior is breaking out along these lines.

Independent hoteliers would do well to focus, in particular, upon the friends/family statistic in the above chart. If nearly 30% of positive reviews stem from that guest dynamic, strategies around the *kind* of experiences hotels create emerge — onsite services and off-site destination recommendations that dovetail with the types of offerings one friend or family member

#### HOTEL BOOKINGS TRENDS (2014–15)

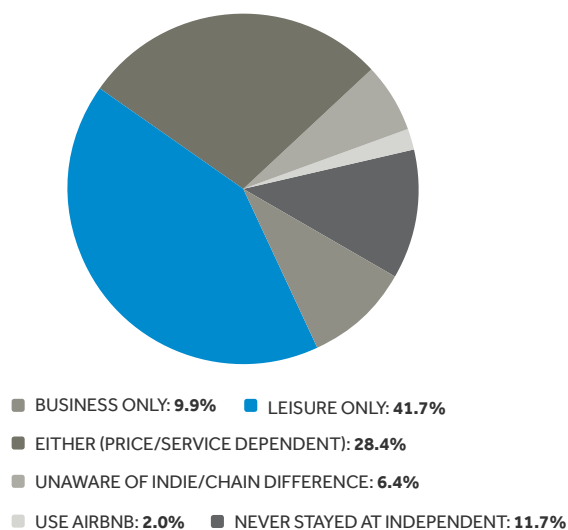
% Increase in Bookings (Year Over Year):

HOTEL WEBSITE	+7.1%
GDS	+1.1%
HOTEL PHONE (TOLL)/ON-PROPERTY	-8.4%
HOTEL PHONE (TOLL-FREE)	-6.1%

Source: Hospitality Net (2015):  
<http://www.hospitalitynet.org/news/4070604.html>

#### TRIP TYPES AND INDEPENDENT HOTELS

Types of Travel Leading to Independent Hotel Stays:



Source: Skift/SiteMinder Google Consumer Survey (2015)

#### INCENTIVES TO INDEPENDENT HOTEL BOOKINGS

POSITIVE ONLINE REVIEWS (TRIPADVISOR, ET. AL.)	37.7%
HIGH RANKING (EXPEDIA, ET. AL.)	12.5%
TOP GOOGLE RESULT	9.2%
SOCIAL-MEDIA WORD-OF-MOUTH	5.0%
FRIENDS/FAMILY WORD-OF-MOUTH	28.6%
SUPERIOR WEBSITE DESIGN/CONTENT	7.0%

Source: Skift/SiteMinder Google Consumer Survey (2015)

suggests to another. Exceptional customer service, great amenities and unique room packages would be on-property examples of how to approach this equation.

In all of this, there is an underlying and necessary consideration, however. To take advantage of these behaviors, and to

#### GLOSSARY: FROM OTAS TO METASEARCH

**Global distribution system (GDS):** A digitally-based reservation network that travel agents, online travel agencies, and other companies use as a single interface for reserving hotel rooms (or airline seats, etc.).

**Online travel agency (OTA):** With an emphasis on planning resources, sites such as Priceline.com and Expedia provide comparison rates for flights, hotels, rental cars and sometimes combinations of these in the form of whole-trip packages. This comparison is often not as rigorous as the versions metasearch can supply. These sites typically allow the consumer to book directly with the OTA once the desired product is identified.

**Metasearch engines:** Examples include Kayak and Trivago. Displaying multiple search-engine results in either single or multiple lists in one place, and often searching supplier sites (airlines, hotels, etc.) as well, metasearch engines allow travelers to compare fares. Though the dynamic surrounding sales is increasingly trending toward onsite buy buttons, historically the next step has been to direct consumers to OTAs or direct-channel for the conversion.

capture more direct bookings in the online space, hoteliers must ensure their property's discoverability during the traveler's online-search phase of trip-planning. In the next section, we address avenues along which independent hotels can drive more traffic via paid and organic search.

### **Hotel websites: content, inventory, and incentives**

The hotel industry is reacting to the increasingly high costs of customer acquisition in the GDS, OTA and metasearch spaces. For example, some hotels are bringing metasearch more directly into their consumer-facing experience.

"As travelers complete searches, the [hotel-site] booking engine not only displays real-time rates from major OTAs, but also automatically price matches with a discount whenever rates are lower elsewhere," according to a recent Skift report on direct channels incorporating metasearch.<sup>8</sup>

Strategies surrounding content can extend beyond including metasearch to the addition of user-generated material on a hotel's website as well. Travelers in general indicate some degree of mistrust when it comes to online review sites, but a direct channel can earn confidence if the placement and messaging is transparent.

For example, a third-party online reputation management (ORM) partner -- when it is made clear to the visitor that the partner is curating and providing fair and helpful summaries of consumer reviews across a span of time and addressing numerous on-property factors -- can help create the tipping point for conversions on the hotel's direct-channel platform. Including this valuable material where website visitors can see it works best, according to ORM experts, as future guests can see a single descriptive summary that draws on a number of these reviews (in other words, don't make them sift through 500 entries to get a precise sense of what has made past

guests happy).<sup>9</sup> The effect is something like a Zagat review for restaurants; with the third-party partner conveying the confidence points to the reader.

The reviews needn't come from the usual suspects. For an independent hotel, in-room review cards and onsite review forms represent a wealth of content that is **(a.)** proprietary and **(b.)** unique to the property.

Additionally, key to this strategy of curated review inclusion is that the review content is concise, and the copy must be presented clearly indicating where a description is being taken from visitor reviews and which parts of the review summary is the voice of the hotel's marketing team.

Another approach independent hotels can take to winning loyal direct bookings via their websites is to offer travelers inventory and options that OTAs and aggregators don't show in the indirect ecosystem. This approach borrows a page from what airlines have been successfully enacting for some time.

Allowing direct-booking customers to have more options about room sizes, bed types and other amenities or offering them package deals on in-hotel dining and the like — in this circumstance when *they* have reached out — all stand to better satisfy what Stephanie Rosenbloom, writing for The New York Times, describes as "travelers' expanding appetite for modest comforts" from the services they select.<sup>10</sup>

A key point — all considerations about functionality in mind — is that the user experience is still paramount to the hotel's chances of creating conversions. And, perhaps more important, it is crucial to fostering trust and generating loyal, return guests.

Rafat Ali, writing at Skift.com, refers to poor user experiences in the online booking space as akin to "hate-selling" — meaning, telling consumers that they must act according to the seller's terms and timeframes or lose out,

### **INDEPENDENT HOTELS: COST OF BOOKING**

Experts at SiteMinder suggest that independent hotels pay anywhere from 12%–25% in commissions and fees in the OTA space. Rates on GDS sales are estimated at about 6%. All of these estimates depend greatly upon factors of hotel spend, volume and terms of individual contracts between hotels and the indirect channels in question.

Source: SiteMinder (interview, September 1, 2015)

and giving them what amounts to a mechanism-heavy experience light on inspiration and relevant content.

“When other e-commerce players, especially the new generation of on-demand services, are distinguishing themselves with overtly-friendly customer service (if you have tried the food-delivery service Munchery, you would know what a great modern digital customer service experience feels like), travel brands are stuck in their ways,” Ali writes.<sup>12</sup> “They ‘discovered’ a way of selling online back in the early days

of Web 1.0, and most of them have stuck to it, just added layers of conversion tactics which in the end may end up alienating customers, leaving them with little choice but to be comparison-shopaholics.”

In other words, a balance between conversion prompting and easy-to-navigate, information-rich, and pressure-free direct channel experiences reflects the best practices the best e-commerce players are demonstrating across industries. Independent hotels can adopt website strategies from exactly that kind of playbook.

# Search and the independent hotel

Hotel bookings rely upon visibility in the online search space. In the case of the independent hotel, the bookings rely even more crucially upon the property creating attractive reasons for consumers to forego chain and widely-known brands in favor of the independent property. With this in mind, when it comes to how an independent hotel can compete for search results, some level of investment in paid- and organic-search programs is necessary — and the case for returns is often a strong one.

“Our hotel ran promotional packages in January and February (2015) including a discount package and a romance package for Valentine’s Day,” said Marje Bennetts, general manager of the Beach House Hotel Hermosa Beach, California, a luxury 96-suite boutique hotel, speaking to Boston Hospitality Review.<sup>12</sup> “The paid placement on TripAdvisor led the program to fill ... We were able to immediately shut off the paid search promotion as soon as this occurred.”

The impact of paid search spend on the budgets of independent hotels can have an impact on this scenario, however.

- Cost-per-click (CPC) in the paid space can exceed \$6 (per click), notes the Boston Hospitality Review article cited above.
- While smart use of keywords can help suppress rising CPC, relying on paid search to beat out bigger competitors can be an uphill battle. In some cases, major chains are devoting 25%–35% of their digital marketing spend to paid search.<sup>13</sup>

Directly competing at such a level is not an affordable online marketing solution for many independent hoteliers, especially for the long term. And that is just one part of the equation.

“One of the biggest challenges I think independent hotels have faced in recent years is allowing their OTA partners to bid on their search terms, as far as their hotel name goes,” says Cakar, at SiteMinder. “That’s a really important factor to negotiate with OTAs, each time a contract review comes up. It’s quite important, in that [allowing the OTAs to bid on the keywords in question] can dramatically drive up the CPC through the search engines.”

News of Google’s entry into the indirect booking space suggests the search engine giant wants to capture revenue by allowing travelers to book a hotel directly from within the Google interface when they find a desirable hotel rate. The move represents another way that third-party platforms stand to complicate the push for direct bookings.

Considering another angle on the subject, Cakar notes that independent hotels can leverage an organic search advantage by simply having a presence across the OTA landscape. For every indirect booking a property might receive from an OTA, he suggests, it’s possible that the seeds of three eventual direct conversions are planted. This is because the traveler becomes aware of the independent hotel in question, seeing its name and rates while searching for a hotel in the OTA ecosystem.

Moves such as these may well help hotel leaders who are willing to offer the discounts, but they won’t necessarily encourage independent hoteliers already struggling with the impact of rate cuts on revenue.

A potential answer almost certainly lies in the realm of one-to-one marketing, where independent hotels turn to their own guest-profile data.



Under this approach, based on the number of nights guests spend at a given property, the independent hotel can offer its top returning guests the highest preferential rates, and then scale discounts accordingly as the number of annual stays decreases across consumer segments.

### **Social-media and reviews: the social web and independents**

To understand how deeply online reviews have penetrated the hotel vertical, start with a statistic: 97% of U.S. hoteliers say reviews play a key role in generating bookings.<sup>14</sup>

For all hotels, winning the trust of the travelers who pay attention to reviews, and managing the online reputations that emerge as reviews about a property multiply, are ongoing challenges. And the challenge extends to the social media space as well.

"A hotel's reputation is the sum of its presence across the social web" says RJ Friedlander, chief executive officer and chairman of ReviewPro, in a recent Skift report.<sup>15</sup> "Brands that are really, really standouts — that I would say are really just killing it — understand social media. They know how to listen, they know how to react; they know how to make operational service changes."

The primary avenue to successfully managing these areas is that of engagement. Hotel leaders must invest time and human resources in managing and developing their property's role within the social web by writing back to customers in a responsive way.

Engagement demands balance, however.

"Responding [to reviews] an 'appropriate' percentage of the time can lift the quantity of incoming reviews by up to 35%," according to Aaron Zwas, cited in a recent Skift report.<sup>16</sup> "We also learned, however, that responding too often can have a noticeably less beneficial effect.

"The review page for a given property on, say, TripAdvisor, is a social space in its own

way, an asynchronous meeting room of sorts," according to Zwas. "If the host of the party (the hotel) is crowding out the conversation with a lot of jabber, it appears to turn people off from participating in the conversation, with the end result of guests writing fewer reviews."

For independent hotels, this is yet another set of factors that must be kept in play, and yet still fall within the time and available resources that the hotelier can bring to bear.

"This is still an area that I think needs to evolve a bit more," says Cakar. "Again, the biggest question, here, is that of finances. Does the independent hotel have the budget to make it work? A hotel in a tertiary market, three stars, that takes in an average rate of \$95 a night, how do they compete in that space?"

Key to growth, Cakar says, are platforms or third-party tools that can provide independent hotels a better, affordable way to access and manage social media across channels — and into channels not always considered the traditional and typical players (the Facebooks and Twitters of the world). This approach stands to further integrate social media efforts for independent properties with an overall streamlining of functionality and a promotion of growth in the way that channel management already offers. (We will return to the concept of integration shortly in this paper.)

### **Mobile and Hotel Online Marketing**

From addressing how paid search can fit into an independent hotel's individual campaigns and offering, to re-addressing the way that independents work with OTAs to compete for placement in the same paid space, hoteliers have a lot on their plates.

But it is not just search and visibility that the independent hotelier must acknowledge in the digital space. It is also the very way that travelers access hotel information and make their bookings in a mobile-centric world.



Source:  
Getty Images

“Anticipate that mobile will be at the core of all consumer online activity in a very short time, and that travelers, often early adopters of technology, will expect applications to be purpose-built for mobile,” reads a report from Hospitality Sales and Marketing Association International.<sup>17</sup>

“A top priority for those responsible for hotel industry distribution strategy at a corporate level, or at the hotel level in the independent hotel world, is to begin work on a mobile plan,” the report advises.

Toward that end, Revinate is one company that is pushing for ways to shave hours and minutes off that kind of hotel reaction turnaround.

The social media and online reputation management firm is working with a new online reputation management user interface for hoteliers’ smartphones and tablets. With the company’s app in hand, hoteliers are set to receive near instant notifications when feedback about their hotel brand or property appears online. And then a series of work tickets can be created from the mobile device — empowering the hotel’s team to respond in a networked fashion no matter where they’re located at the time.<sup>18</sup>

#### **Independent hotels: expertise and budgets**

For independent hotels, changing marketing budgets to accommodate (say) a search

engine optimization manager, a social media manager — or both — represents potentially significant additions to the overall scale of operating costs.

And, while adding staff is justifiable when it creates more conversions, revenue managers in the independent hotel space also suggest they’re struggling to create enough in the way of increases — especially in comparison to chain hotels.

“Since we’ve had a social media person onsite, we’ve seen a definite growth in conversions,” says Honahan, at CLC World Resorts and Hotels, citing an uptick in the area of 35%. “It’s still hard to compete, however. It should be a lot higher ... It’s growth, but it’s not enough versus our competitors.”

Challenges also exist in site-specific ways.

For example, in Ipswich, one of England’s oldest towns, Manoj Jair — sales and reservations manager at the town’s Cameo Hotel Copdock — says bringing his staff to a conversion-driving level of expertise (both online and offline) takes time and resources. Jair is building a team from local talent — not necessarily a team built of hospitality-schooled experts.

“I’m almost there,” he says. “I’m doing a lot of this by myself ... they’re still learning. By next year I think we will be doing quite alright ... but it’s not like London where I might get

someone who already fully understands these systems.”

An important takeaway, then, is the following idea: Independent hoteliers need to leverage technology and other resource-saving tools that allow them to spend more of their time working on their online marketing and distribution strategies for guests, rather than with their staff, training them up. In the next section, we look at an integrated strategy can help with this equation.

### **Toward an integrated online marketing and distribution approach**

While bigger hotels might have their own channel managers, and their own expansive sales and e-commerce teams, independent (and often far smaller) operators need technology that can help them approach markets and better compete against major chain hotels.

“With a channel management platform, you will find more OTAs and you will find more distribution to work with,” says Jair, at Cameo Hotel Copdock, speaking about one such solution. “Without these tools, it’s very difficult to have everything in front of you ... and with them, it starts to come automatically.”

After his first year of working with SiteMinder’s channel management solution, for example, Jair says, “I could see the conversions had increased by £100,000 [about \$156,000] from 2012.

“Then, in 2014, it showed another £100,000 increase,” he says, “In 2015, I can project that conversions will be £250,000 [\$390,000] higher than last year.”

That’s just part of the overall approach that an integrated online marketing and distribution strategy would include, however. What else does the integrated online marketing and strategy look like?

Based on the concepts and approaches we’ve addressed in the preceding sections,

we can say that integrated online marketing and distribution starts with hoteliers that understand how to balance and leverage direct and indirect booking strategies — optimizing the roles that both can play in revenue growth. They need to take advantage of the reach that OTAs and other third-party sites can lend them, but they also need to use technology (channel managers, for example) to focus on the best performers among those components while adding new returns from non-traditional source markets to their ecosystem. Additionally, with integration comes the ability to drastically reduce the all-too-common issue of overbookings for hotels, which, without technology, becomes impossible to manage at the same rapid pace of today’s travel bookings.

Meanwhile, integration can be quite literal. That is, hotels are learning that metasearch tools have a place on direct booking pages, especially if they leverage the price comparison possibilities of metasearch with direct-channel-only incentives to the buyer who engages with the hotel’s website.

Another way is to build seamless booking options into the multi-channel ecosystem. One example is underway at The Observatory, an independent hotel in Port Macquarie, New South Wales, Australia. Integrating booking engine technology across mobile, web, review, and social media sites is making a difference when it comes to capturing and retaining customers.

“Giving our customers the ability to make a direct booking without leaving these applications — making it seamless for our customers to research and book,” is the key to the successfully integrated system, says Kylie King, marketing manager at The Observatory (the property is a SiteMinder client).

“As an example, in May this year we ran a special offer on Facebook and within five days we sold \$50,000 in accommodation bookings, demonstrating the power of this distribution channel,” she says. “TripAdvisor is also one of our major sources of traffic and now with ...

### **BOOKING ENGINE TECHNOLOGY AND RESULTS**

A few years ago, The Observatory made the decision to integrate SiteMinder’s Channel Manager and its Internet booking engine, TheBookingButton, to help power automated inventory and rate management for the property and fundamentally increase its online revenue. For guests, this has meant a seamless booking experience as the Internet booking engine has been fully customized with the property’s branding and colors so as to not appear as a third-party-hosted booking platform.

Since implementing TheBookingButton to attract direct bookings, the annual revenue generated from the hotel’s own website has increased by almost 300%. In particular, 2014 saw The Observatory achieve significant gains, including: circa 10,000 reservations, 27% of which were received directly via TheBookingButton; more than 27,000 room nights booked.

Source: SiteMinder (case study, 2015)

integration, direct bookings continue to grow with almost 40,000 visits to our TripAdvisor page per year.”

At the same time, integration means addressing parts of the relationship with OTAs that represent competition — such as renegotiating whether OTA partners ought to bid on the same inventory that independent hotels are trying to move via paid search. That said, independents still need to integrate OTAs as ongoing partners, given that conversions associated with organic search are not insignificant. But an integrated strategy means deploying inventory and then accounting for all the factors that come into play when room inventory enters the marketplace.

Room for further innovations exists.

Progress can turn on the use of data itself. For independents hoteliers, access to the datasets that emerge from bookings, on-property choices, and social media posts and interactions that suggest intent, trip-planning forecasts, are also revenue drivers. For independents with the budget to acquire and analyze data, advantages await.

In the social space, independent hoteliers must integrate their marketing with online reputation management and social web best practices, but they should also seek out — in a way similar to their push for non-traditional

OTAs and segments noted above — opportunities to communicate with social media users in online spaces specific to geographies and activities highly relevant to what the individual property has to offer.

Technology will play a large role in actualizing the kind of approach we’ve just considered. It will not only provide the ways to identify non-traditional source markets and outlets — driving revenue and visibility — but it will also free up resources so that leadership and staff can commit more time to the recipe for integration we’ve just outlined.

“I think integration is probably the biggest to all this,” says Cakar. “We are reaching out, bringing a lot of the independent hotels into this approach, encouraging them to really grasp this online concept. We need to prove to them that with these basic fundamentals — and, if you get it right — they can have a major impact on your business, a major impact on your occupancy rates, and a major impact on your [average daily rates].”

LEVERAGING TRAVELER DATA TO DRIVE CONVERSIONS

% OF CUSTOMER ACQUISITION COSTS REDUCED VIA LEVERAGING CUSTOMER DATA:	-21%
% INCREASE IN HOTEL/CAR RESERVATIONS VIA LEVERAGING CUSTOMER DATA:	+17%

Source: Skift (2014): <http://skift.com/2014/09/16/free-skift-report-the-future-of-personalized-marketing-in-travel/>

# Insights and strategies

- **When implementing online marketing strategies, scale is a key – but not insurmountable – differentiator between independent and chain-affiliated hotels.** The independent hotelier does not have to despair when it comes to the typical disparity between chain-hotel marketing budgets and their own independent-level lines. The independent, while working along mainstream OTA channels, can also identify non-traditional and niche markets in which their property's specific location- and activity-based offerings are avenues to conversions as well.
- **Channel management tools can increase independent hotels' reach and effectiveness in the online space.** For independent hotels, identifying non-traditional source markets can be done in less time – and more effectively – with the help of technology. A channel management solution, for example, can bring with it experienced backline support that helps hoteliers understand where a newly identified country-, region-, or demographic-related market is likely to lie.
- **Independent hotels would do well to revisit allowing OTA partners to bid on their property's names and other specific keywords.** Online travel agencies are important partners, when it comes to independent hotels, but they are potentially cost-of-acquisition inflating competitors as well. Hoteliers need to negotiate terms surrounding their property's name and important keywords when it comes to how OTAs bid against them in the paid search space.
- **Integrating online marketing and distribution tools and strategies allows independent hotels to better compete at revenue-driving scale.** Bringing together the tools and strategies that allow marketing and distribution to happen in streamlined, efficient, and progressive ways – mind-ing established markets and social media channels, for example, but identifying new ones as well – allows independent hoteliers to give more and better attention to growth and new efficiencies. Integration, it turns out, is likely a key to this kind of innovation. And innovation drives revenue and occupancy, when it comes to independent hotels reaching and converting new and loyal guests.

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# How can independent hotels truly compete online?



**Mike Ford**  
**CoFounder and Managing Director, SiteMinder**

The truth is, many of today's independent hotels don't quite know how to answer this question.

Or, they are too time-poor to think about it.

SiteMinder is proud to now have presence across the globe. Yet in spite of our growth, one thing has remained certain to me: in order for independent hotels to compete in today's consumer-led Internet economy, they need technology. Best-of-breed technology that captures a consumer's movements in real-time and relays that information back to the hotel almost as quickly as it happened.

As SiteMinder heralds its 20,000th hotel customer this year, I am reminded that the challenges hoteliers face today are just as prevalent as they were when I began this business. In fact, with the emergence of new sales avenues and the growing sophistication of traditional methods, the complexity and challenges are tenfold. And they're growing. With the Internet inviting the globe into any hotel, a hotel's reach has exploded, regardless of where that hotel is. And this can be



both exciting and daunting, especially for an independent hotelier who still has the same amount of work to do in running their hotel, but also has new things to learn and execute – like understand and master search, mind review sites like TripAdvisor, optimise the evergrowing group of booking channels out there, build their own web and mobile experience, and have a social media presence.

You could rightly argue that all of this means more innovation and choice, but it also necessitates an expertise from independent hoteliers that doesn't naturally come with an expertise in hospitality.

SiteMinder enables all hotels to attract, reach and convert guests globally, with a simplicity that makes it easy to stay ahead of changing traveling trends. As soon as someone decides to travel, we help hotels to convert that person into a guest, at a higher profit margin, with less work and a lower cost of acquisition.

Just take the case of Lagoon Beach Hotel in South Africa, which went from spending up to 95% of its days updating websites and reentering reservations to nearly doubling its online bookings within one year, or Hostal El Levante in Spain which has increased the number of channels it connects to by 1000% to see occupancy rise by more than 50% some months.

There are also our friends from The Observatory in Australia who feature in this report and have grown the annual revenue they have generated from their own website by almost 300%.

Customer success is at the heart of what we do. And it's why we give independent hotels a platform to compete in an otherwise overwhelming world of immediacy that's impossible to keep pace with.

I invite independent hotels to recognise that the challenge in leveraging online marketing and distribution strategies lies not in their cost or in their technical complexity, but in our hoteliers' readiness to adopt the technological solutions that could give them unparalleled control.



# About Skift

Skift is a business information company focused on travel intelligence and offers news, data, and services to professionals in travel and professional travelers, to help them make smart decisions about travel.

Founded in 2012 by media entrepreneur Rafat Ali, Skift is based in New York City and backed by Lerer Ventures, Advancit Capital and other marquee media-tech investors.

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