

The Internet...The Great Equalizer For Independent Hotels - By Neil Salerno

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With the continued growth of the Internet's popularity, Independent hotels have their best chance ever to truly compete with their franchise competition. For many years, hotels have chosen to flag their hotels in order to cash-in on franchise loyalty and popularity and the resulting reservations contribution.

Although franchise contributions to reservations vary greatly by brand and by hotel, buying a flag almost always provided a hotel with a base of business to ensure successful sales numbers. The franchise flag provides big budget advertising, promotions, reservations services, and, in some cases, group sales services; a combination unavailable to most independent hotels.

But, thanks to the Internet, all that is changing. Internet marketing is still affordable and effective. The Internet provides little known hotels with unprecedented exposure to millions of travelers. It allows smaller independent hotels to advertise their hotels to the traveling world, finally at rates they can afford.

Through the Global Distribution System even smaller hotels can take advantage of the sales efforts of thousands of travel agents, just like the franchises have for years.

Although Global Distribution System contribution has been stagnant for many months, many experts predict that this will begin a reversal in coming months. Franchises have held on to mandatory GDS rights and for years GDS production has been at the heart of their contribution numbers for their hotels for years. Independent hotels now have the same access to joining the GDS through companies like GenaRes, an independent GDS service provider.

Fortunately for independent hotels, third-party internet suppliers are still ruling the roost in Internet generated room nights and revenue. Franchises have made great progress over the last two years playing catch-up with third-party web suppliers, but there has been a cost to doing so. Their primary weapon in the fight with suppliers has been the amazing guaranteed lowest rate. This tactic has met with some success, but it is creating havoc with the hotels they are duty-bound to help.

Selling hotel rooms by lowest rate has never been a good idea; especially while so many hotels are trying to get higher rates. I see more and more hotels spending time explaining exactly what guaranteed lowest rates mean while they quote higher group and corporate rates to their potential clients. In a short two years, we evolved from selling value, while displaying our rack rates, to showing the world how low we will go to get their business.

The current online marketing superiority of third-party suppliers has helped many independent hotels to achieve the same or more total Internet contribution as many franchises. Third-party suppliers helped many hotels to stay afloat in the aftermath of 2001. The battle between hotel franchises and third-party online suppliers needs to come to an end sooner rather than later.

Third-party suppliers have held the number one position in search engine marketing as well. They single-handedly took over the pay-per-click search world. Its difficult to find a city in which a search does not reveal a third-party supplier in the results.

Independent hotels are starting to understand and use pay-per-click search technology for their own web sites. It almost always produces a great return on their investment and is easy to implement. Many franchise hotels are also boosting their results by using pay-per-click for their own web sites.

It seems that many hotels are being disappointed by web marketing companies touting that search engine submission is the complete answer to low room night production from their web sites. Submitting a web site to the search engines, without first making certain that the site is compatible with search engine rules, is a total waste of money and time. Submitting a non-functional site, no matter how pretty is futile.

Independent hotels can compete with their franchise hotel competition on the Internet. Many independent hotels are getting upwards of 30% or more of their reservations online.

Some Suggestions for Independent Hotels

1. If you are not on the GDS, consider joining. Its a worthwhile investment.
2. Make certain your web site is working for you. Before you simply hire someone to submit your site to the search engines, make certain that it is a functional searchable site.
3. Determine which third-party suppliers are strongest in your market and get listed with them. You control rates and inventory. Get them working for you.
4. Consider hiring a hotel marketing consultant to provide you with a consistent flow of ideas. Most consultants work on an hourly business rate; work out an agreement based upon your budget.
5. Look around for additional marketing partners to create reciprocal links to add popularity to your site.

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