

Top 10 Challenging Questions to Ask Your Internet Marketing Vendor - By Max Starkov and Jason Price

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Important considerations before hiring an Internet marketing company in hospitality

The Internet has become the main distribution channel in hospitality-over 2/3 of all hotel bookings in the US will be directly influenced by the Internet this year. Understandably, Internet marketing has become a priority for many hoteliers who are shifting advertising dollars to the online world from traditional media and GDS advertising. This rush forward may have come at a cost to hoteliers who rely on professional marketers to sort out this dynamic and highly complicated landscape of Internet marketing. This article is not about avoiding snake oil salesmen and Internet hucksters - those should be self evident - it's about asking the tough questions when evaluating Internet marketers who will be in charge of managing your most important revenue channel.

Background

Online advertising set a new record of \$4.9 billion for the first quarter of 2007, an increase above the record breaking \$4.8 billion for the final quarter of 2006, according to the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers LLP (PwC). Travel is repeatedly cited as one of the fastest growing revenue generating categories online. According to PhoCusWright, 60% of all travel in North America will be sold over the Internet in 2008. With such a growth in online revenues, how prepared is your online marketing vendor in managing the online budget and growing your direct online distribution strategy?

Everyone Wants a Slice of the Pie

Old-fashioned advertising agencies, interactive agencies, website designers, booking engine vendors, SEO firms, website hosting and maintenance companies, even PR firms have all proclaimed themselves to be Internet marketing gurus in hospitality. Web design shops that are facing stiff competition have moved toward Internet marketing. Online booking engine vendors have expanded their repertoire into Internet marketing. Web masters, computer programmers, and outsourced firms from overseas are drawn toward the world of online marketing in hospitality.

The mix of new comers and old companies who now do 'all things Internet' has resulted in a lot of over-promising, under-delivering, burnt hotel budgets, and increasingly frustrated hotel owners and operators. This is not an issue of competition. It is about core competencies, quality and credibility which affect the hospitality industry as a whole.

Too often HeBS inherits damaged clients whose budgets and online efforts were destroyed by self-proclaimed experts, or by firms who have no business playing in the online hotel marketing arena.

So, the next time your PR agency, booking engine vendor or in-room Internet access provider offers to manage your search marketing, be cautious and do your research.

How Can Hoteliers Make an Intelligent Choice?

Internet marketing in hospitality requires a fundamental understanding of three very distinct areas of expertise:

Hospitality Industry Experience

Hospitality has a number of attributes that are unique to this industry: from its fragmentation and location diversity, to owner-operator-major brand complex relationships, to inventory 'storage' and distribution. Industry experience and an academic background are crucial for successful Internet marketing strategies in hospitality. In-depth knowledge is required of the inner workings of the hospitality industry as well as expertise in hotel marketing strategies, hotel branding, budget planning, best practices in inventory distribution and revenue management, eCRM and loyalty programs, direct vs. indirect online channel optimization, customer segmentation and feeder market maximization, etc.

Internet Marketing Experience

The Internet is all about multiple touch points with the potential customer. According to eMarketer, 86.1% of online ads that led to a conversion were seen by online consumers on multiple placements, including search and display ads. Therefore, experience with all aspects of Internet marketing in hospitality is paramount to the success and meaningful ROI of any hotel marketing campaign. Focusing only on certain aspects of your Internet presence in isolation of the overall Internet marketing and distribution strategy will result in serious underutilization of brand building and revenue generating opportunities. Comprehensive experience and hands-on expertise is needed in the following important areas: search marketing (organic, paid search, meta search, local search), email marketing, website and search optimization, strategic linking and link popularity, online sponsorships and display ads, as well as consumer-generated media (CGM)/Web 2.0 initiatives. All of these marketing areas should become line items in the overall hotel marketing budget.

Website Design and Optimization Experience

The hotel website has become the first, often the only and in many cases - the last point of contact with hotel customers. Is the hotel website user-friendly, search engine-friendly, travel booker-friendly and interactive relationship-friendly? Obviously, it takes more than just a pretty design for a hotel website to position it well on the search engines and generate robust revenues. On the other hand, why spend marketing dollars on an Internet marketing campaign that 'lands' travel consumers on a hotel website that is far removed from the industry's best practices and does not present the hotel product well? Skills required include: hotel branding online, award-winning design and experience with best-of-breed applications and web technologies, in-depth knowledge of how the search engines work and what makes a site search-friendly, an understanding of usability and website navigation, expert knowledge of online travel consumer purchasing behavior and what makes a site travel booker friendly, eCRM strategy and all of its components, knowledge of consumer generated media (CGM) and what CGM strategies and initiatives will work for your hotel, etc.

As you should, have high expectations with the firm you select to partner with. Several important considerations must be made to determine a firm's capability, maturity, and credibility in distinct areas of expertise.

Here are the Top Ten Challenging Questions to ask your Internet marketing vendor:

1. Hospitality Experience

Hospitality experience is a must. Your potential vendor's entire practice should be focused in hospitality. Why? The \$120 billion US hospitality marketplace is enormous on its own and sufficiently complicated to require unwavering attention and expertise. Staying ahead of the latest trends in hospitality is a job in its own right.

Questions to ask:

- œ What percentage of your business comes from hotel clients?
- œ How many years and what kind of hospitality experience does your company have?
- œ What is your experience with independent vs. franchised properties?
- œ Have you dealt with a property from my hotel category/sector (e.g. midscale, luxury, etc)
- œ What is your experience with a budget of X size and my type of property?

2. Internet Marketing Experience

Internet marketing has been around since the commercial Internet launched. There is a track record one must establish to be declared a competent and trustworthy online marketer in hospitality.

Questions to ask:

- œ What percentage of my property's overall marketing budget do you recommend to be allocated to Internet marketing?
- œ Describe your experience with online branding, eCRM, email marketing, strategic linking, display advertising and online/email sponsorships?
- œ What is your company's experience with Consumer-Generated Media (CGM) initiatives?
- œ How long have you been marketing online in hospitality? Describe your specific capabilities of online marketing as it relates to hospitality?

3. Audit the Auditor Experience

What separates student from teacher is experience. Check to determine if the vendor audits the work of others and is capable of making recommendations on existing performance. Trust and credibility is important in this business. Receive counsel to make sure that the vendor is really making the right decisions on your behalf.

Questions to ask:

- œ Have you been paid to audit other Internet marketing vendors in hospitality?
- œ Have you been paid to develop the overall Internet marketing strategy for a hotel company?
- œ Are you capable of reviewing the works of others and returning with constructive recommendations?

4. Industry Recognitions and Awards

There are many professional organizations and industry trade groups that provide stamps of approval. These awards signify not only quality and recognition, but that the company is plugged into the industry structure and knows what is going on in the online space. Awards of merit, and invitations to speak at conferences and serve on panels recognize the expertise of the individual and the credibility of the firm.

Questions to ask:

œ Have experts from your company ever been invited to serve as panelists and guest speakers at internet and hospitality marketing conferences?

œ Has your company won any awards or recognitions?

œ What were these awards for? Website design, internet marketing, creative, etc?

œ When were the awards earned?

5. Client Portfolio

Having a big name client like a major hotel brand, or being associated with a big name helps but the diversity of clients is a true mark of a professional hospitality marketing firm. This diversity will enable you to experience and validate strategies from different perspectives. What may work with one hotel may not be as fruitful with another. Conversely, success stories can be applied to an entire customer base.

Questions to ask:

œ How many and what types of hospitality clients does your company currently manage?

œ How many hotels from my property's category/sector do you have?

œ Please provide a case study for a client similar to my property, how long have you been managing this client, and how has the marketing plan changed since taking on the engagement?

œ What are some similarities and differences with my hotel compared to other types of clients?

6. Best Practices

The first step is to identify best practices in the online hospitality marketplace, and the second is to educate the client base on these practices. In reality, few marketers ever lead, they mostly follow. Second, they don't value best practices until after too much time has passed and in many cases learn on their 'client's dime.' A good Internet marketing company has conducted extensive market research and testing capabilities, either in house or through partnerships with other market leaders and major brands.

Questions to ask:

œ Does your company identify and adopt best practices in hospitality?

œ What Internet market research and analysis in hospitality does your company perform? How do you keep up with all the changes in the industry?

œ Does your company test its recommendations?

œ How are your recommendations for my hotel different, when compared with a major hotel brand, hotel management company, franchisee, or independent?

7. Academic Background

Education and training in hospitality and online marketing is obviously helpful. Teaching the principles of Internet marketing in hospitality is even better, if not the gold standard. Evaluate the vendor's academic background, level of experience and professional training or certification in this field.

Questions to ask:

œ What academic and industry backgrounds do management and the principals of your company have?

œ Do you have Internet marketing experts with Master's degrees in hospitality or marketing on staff?

œ Do you have experts that are teaching/lecturing at hospitality schools?

œ Does your company conduct university and industry studies or perform professional or graduate level training in hospitality or Internet marketing?

8. Search Engine Marketing

Anyone can open a PPC account. That is a cinch. The test is whether the vendor knows the nuances and intricacies of the search engines, and how to incorporate all crucial aspects of search marketing into one cohesive marketing strategy. The big three search engines: Google, Yahoo and MSN, global and local search marketing, international and domestic search, meta search, organic search and paid inclusion, all serve a different purpose. Addressing all search marketing aspects and incorporating search marketing itself into a comprehensive and well balanced Internet marketing strategy are signs of best practices.

Questions to ask:

- œ Since when has your company been involved in search marketing? (PPC dates back to 1997, organic search to 1995)
- œ What percentage of my property's overall Internet marketing budget do you recommend to be allocated to search marketing?
- œ How are you going to allocate the search marketing portion of my budget into the following line items: organic search, keyword buys (PPC), local search, and meta search?
- œ Describe how you are going to help my property website's natural/organic search rankings?
- œ What type of analytical tools do you plan to use, or recommend, for tracking ROIs and effectiveness of search marketing campaigns?

9. Website Design and Website Optimization Experience

The practice of taking a holistic approach to the entire website, not just changing the look-and-feel of the design or search engine optimization, but also including a study of the business model, customer segmentation, diversity of products and services, trust and credibility, website and campaign analytical tools, CGM/Web 2.0 features and applications, and most importantly, taking into account search-engine friendliness, user-friendliness, interactive relationship-friendliness, and travel booker friendliness, all define website design, development and optimization as per industry's best practices.

Questions to ask:

- œ Are you going to perform an audit of my current website to identify if there are any weaknesses and to come up with recommendations?
- œ Has your company won website design awards and when?
- œ Describe how you plan to optimize the website for the search engines and make it more search engine-friendly?
- œ Describe how you plan to make my website more user-friendly? More booker-friendly? More interactive relationship-friendly?
- œ How do you propose to handle Consumer Generated Media (CGM)/Web 2.0 initiatives and features on the site?

10. Accountability and Fee Transparency

The need to measure and quantify results from your Internet marketing campaigns is most likely a large part of why you are searching for, or have hired, an Internet marketing vendor. With the web technologies available today, anything and everything can be measured, making marketers more accountable than ever before. Furthermore, many Internet marketing companies will take a hotel's budget and say they can easily spend it all. Often an interactive agency will want you to spend more, a web design shop will want you to redesign your site every year, or a booking engine vendor will want you to spend more marketing dollars, especially if they charge transaction fees. Yet no one wants to be held accountable when things turn out to be less effective than what you were sold. A good Internet marketing vendor will only ask you to spend what's needed to grow your online revenues, build your direct distribution strategy, and stay competitive. They will also provide you with a complete report of all Internet marketing activities and their ROIs on at least a monthly basis.

Questions to ask:

- œ What exactly are all my fees being used for? What percentage of my fees is going to your services and what percentage is going to the actual marketing spend?
- œ How can I trust that your company will provide recommendations that are unbiased and based on best industry practices?
- œ What kind of reports will I see on a monthly basis?
- œ What kind of website and campaign analytical tools will you use to track effectiveness and ROIs of Internet marketing campaigns and conversions from my website?
- œ What kind of professional development am I to expect as part of your services?

Conclusion

Hoteliers must be rigorous in selecting their online marketers. The fastest growing revenue channel and source for highest ADRs-the hotel website-cannot be handled by companies whose core competencies lie someplace else or are unsubstantiated self-proclaimed experts. As discussed above, Internet marketing in hospitality requires a very well defined and focused skill set. Selling an experience online is a tough business, whether you are a budget hotel or a luxury resort. The combination of selling a property, a destination, and an experience to a highly segmented and focused group of online travel consumers, and selling at a price point that yields the highest ADR possible is not an easily transferable skill.

When you are looking for the Internet marketing vendor who will manage one of your most important revenue channels, make sure to ask these challenging questions so you can find an experienced, transparent, and accountable firm.

Note: Mariana Mechoso, Manager eMarketing Services at HeBS, also contributed to this article.

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