

Soft Economy, Economic Downturn, & the R-Word - By Neil Salerno

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Before You Hit the Panic Button...Consider This!

Well, here we go again, the economy is in a state of flux. Downturn, slowed economy, recession, all the dreaded words come back to us once again. However, before you hit that panic button, just remember that tough times require tough work by tough people. We always get through these "tough times" by managing operations spending, maintaining marketing commitments, and working harder.

Every now and then, I read an article that stiffens the little hairs on my neck and I cannot resist presenting another view. I recently read such an article. The article offered advice for a soft economy and extolled the virtue of the cliché 'you have to spend money to make money'. The article added a message suggesting that more marketing dollars should be diverted to Internet marketing in a tough economy, as if we should spend our way out of a downturn in the economy. That is a profound message, especially since it came from an Internet services company. I guess that advice serves them well.

Downturns are cyclical, we lived through them before and we will again, they often occur in election year cycles. On the positive side, downturns have a cleansing effect on our industry, they make us work harder to create better cost-efficiency in our operations. Downturns tend to create innovation and separate the weak operators from the strong ones.

However, before you dump more dollars into your Internet marketing program, make sure you have the basics, a good functional web site. Well-designed web sites produce page-one search results, employ a good link strategy for site popularity, and have optimized site content with the right sales information to produce online reservations. That does not take big bucks.

Make sure you have an optimized site before you commit to pay-per-click advertising or search engine optimization. PPC & SEO should never be a substitute for organic search design. They can definitely bolster site results, but only for a site, optimized for organic search first. Driving more visitors to a site, that is not optimized to convert reservations, does not make any sense.

If you had planned your sales budget properly, this is no time to start diverting dollars within your plan. The problem with some Internet service companies is that they begin to believe their own hype that the Internet is the only game in town. Everyone knows how strongly I feel about the virtues of the Internet, however, as a former hotel general manager, I realize that all sales budgets are limited and other forms of marketing are important, too.

Every hotel needs a balanced marketing program, this means there is life other than the Internet. Placing a disproportionate share of dollars into Internet marketing makes no more sense than having no Internet exposure at all. The fact is that it does not take big dollars to have a well-done web site and a good Internet marketing program.

I cannot help but chuckle when Internet marketing companies quote huge percentages of business generated by the "research" being done on the Internet. They make no mention about how many visitors actually make a reservation online or what that research consists of. Many Internet service companies use this numbers-slight-of-hand to condone poor booking results. "I guess most people are picking up a phone to call-in their reservation". If you believe that, call me, I have a great bridge to sell you.

The vast majority of this "research" is being done simply to find a hotel, which is located where they want to be. For hotels, the Internet is very much a destination-focused medium. No matter how wonderful a hotel may be, its location is still the most important factor. Web sites, designed to focus only on the hotel's facilities and amenities, basically, an online brochure, while ignoring the attributes of the hotel's location and web search ability, will never produce acceptable levels of online reservations.

The Internet is important, but so is a good local sales program and operating a superior service operation. In tough times, it is necessary to do everything well. The real trick in a tough economy is to resist the impulse to reduce spending on marketing but instead concentrate on a more efficient operation. Of course, this is easier said than done, service levels must be maintained while trimming the fat, which has built-up during boom times, not an easy task.

Reducing rates is certainly not the answer, it has been proven over and over again that reducing rates has never generated room demand. You simply cannot generate enough new reservations to overcome the rate reductions.

The article continues with the social media myth, hotels can easily monitor any possible comments made on the few travel social media sites, forget the general social media sites. Try using Google Alerts, if you are curious. The social media myth started more than a year ago and, so far, no one has offered a practical application on what to do with the information, if your hotel is ever mentioned on the vast Internet. Leave social media to the franchises.

There is some good advice in their article, but, to simply state, that "you have to spend money to make money" is a bit simplistic in today's marketing atmosphere. Try telling that to a hotel manager that cannot pay some bills. "You need to make money to spend money", this comes from making good decisions, hard work, and maintaining a balanced sales and marketing program.

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