

Complement the Brand's Efforts and Capture Local Internet Revenue Opportunities - By Max Starkov  
and Mariana Mechoso

2008-09-15

---

Local Internet Marketing Strategies for Franchised Hotels

The climate of the current economic environment is forcing franchised hotels to become more involved in their brand's marketing strategies and seek untapped, low-cost Internet revenue opportunities. In the first half of 2008, occupancy rates in North America fell by 2.4%, in Europe by 1.3% and in the Asia Pacific by 3.9%, compared to the same period a year ago (Smith Travel Research). Franchisees are starting to realize that the hotel chains' e-Commerce departments cannot possibly capture all available online revenue opportunities for their property, especially on the local level, and are looking for new and innovative ways to generate incremental online revenues. HeBS believes that launching a robust Local Internet Marketing Strategy, as described here, will help franchised hoteliers weather the economic storm and complement their traditional revenue sources and brand contributions.

**Background:**

Surveys show that up to 84% of travel research and planning in the U.S. is conducted via the Web (eMarketer/TIA). The Internet has become the single most important travel planning and distribution channel in hospitality. In 2009, over 40% of all revenues in hospitality will be generated by the Internet, and another third of hotel bookings will be influenced by the Internet but done offline. Each year since 2004, Internet hotel bookings have surpassed GDS hotel bookings.

So how does this apply to major hotel chains? Over the past 5-6 years, most of the leading hotel brands have become proficient national and international eMarketers, and have learned how to build brand equity on the Web.

Major Hotel Brand CRS Reservations in 2007:

	2007	2006	% Change
Internet Bookings:	45.4%	40.4%	+22.7%
Including:			
• 76% - Brand website	34.5%	32.9%	
• 24% - Third-Party/OTAs	10.9%	7.5%	
Brand GDS Bookings:	32.3%	34.0%	+3.9%
Brand Voice Bookings:	22.3%	25.6%	-4.7%

(TravelClick eTrak)

This CRS distribution ratio shows rapid growth in the Internet channel, a flat GDS channel, and a declining voice channel. There was a further acceleration of these trends in Q1 2008: Internet bookings comprised 47% of CRS bookings (41.8% in Q1 2007), GDS was 32.2% (34.1% in Q1 2007) and voice 20.8% (24.1% in Q1 2007).

**The Franchisee's Local Internet Marketing Strategy Defined**

Due to the nature of online travel consumers' purchasing habits and the way search engines index and present content on the Web, there are many online revenue opportunities at the property-level that derive from local audiences and markets. These opportunities fall outside the scope and 'bandwidth' of the major hotel brands' Internet marketing efforts:

Local events that generate overnight stays: county fairs, festivals, sports events, concerts and performances

Local group and social event planning

Local search - over a third of all search via the major search engines like Google, Yahoo, MSN is local in character

Online yellow pages and directories

Links and sponsorships on directories and portals

Email marketing and sponsorship opportunities

Local feeder market and key customer segment initiatives

These property-level online revenue opportunities are separate from and are meant to complement the hotel brand's Internet marketing efforts. We call this the 'Local Internet Marketing Strategy', which includes: Property website optimizations (both the mini-site on brand website and the independent property website if the hotel has one)

Local search marketing

Local strategic linking

Email marketing to the hotel's own op-in list

Key customer segment online initiatives

Feeder market online initiatives

Local online sponsorships

Local event-based and attraction-based online revenue opportunities

**How Franchised Hotels can build their Local Internet Marketing Strategy** There is no doubt that franchised hotels have to proactively support their hotel chain's regional, national, and international e-Commerce initiatives. However, hoteliers have to clearly understand that the hotel brand cannot possibly cover all the bases and that they must take full advantage of the myriad of local online revenue opportunities available to the property.

In order to build and take full advantage of a Local Internet Marketing Strategy, franchised hoteliers have to:

Analyze the hotel brand's guidelines and policies for property-level Internet marketing activities. All major brands have such policies in place.

Understand best practices and latest trends in Direct Online Distribution.

Learn how to:

complement the brand efforts with a Local Internet Marketing Strategy

grow direct market share online by taking advantage of your sleepy local competition

generate incremental revenues and take advantage of local revenue opportunities via the Internet

Identify and partner with an Internet marketing company experienced with franchised hotel marketing on the Web.

In the following sections we will discuss five of the key elements of the Local Internet Marketing Strategy for Franchised Hoteliers: website optimizations, local search marketing, local strategic link building, property-level email marketing, and online initiatives to target your hotel's most important customer segments.

## **Property Website Optimization**

Direct Online Distribution starts and ends with the hotel website - in this case the property mini-site on the brand website and if applicable, the property stand-alone (external) website. The hotel website has become the 'first, main and only point of contact' with the overwhelming majority of hotel customers.

Unfortunately for a number of hotels, including franchised properties, many visits to the property website turn out to be the 'last point of contact' with the customer. For this reason, enhancing and optimizing the hotel website should be the first step in developing the Local Internet Marketing Strategy for the franchised property.

### **Optimization of the property mini-site on the brand website**

Property website optimization focuses on two main areas: enhancing the content (textual and visual) to improve the user experience and optimizing the property mini-site for the search engines.

Over the past several years, a handful of hotel chains have done a good job in presenting their franchised hotels on the brand website-both for humans and search engine bots alike. But even in these cases there is always room for improvement: local events and happenings that may generate overnight stays at the property are usually not featured, services and amenities may change, photos become dated over time, feeder market focus changes (e.g. from fly-in to drive-in markets in this economic environment), search engines tweak their search algorithms, etc.

Make sure the property mini-site is optimized for:

Travel consumers: the site must be up to date and describe all aspects of the hotel product and services, position the hotel as the 'hero' of the destination, and address your key customer segments

Search engines: make sure the site's H1 headers, body copy (keyword density), page titles, description tags and meta tags adhere to best practices.

Many hotel chains offer either direct CMS (Content Management System) access to the property pages or a special form to propose content and visual changes. Optimization of the property stand-alone (external) website

Many hotel chains allow and even encourage their franchisees to launch property stand-alone (independent) websites. Almost all hotel chains have specific guidelines regarding these external property websites.

Optimizing or re-designing the property stand-alone/independent website should always come after the hotel makes sure the property mini-site on the brand website is fully optimized. Why? All major brands are spending millions of dollars on Internet marketing. The sooner the property mini-site is optimized, the sooner the property will start benefiting from the current brand online advertising campaigns and from the indexed enhanced content by the search engines.

When and why would a franchised hotel need an independent website? Here are some examples of when a franchisee would need to strongly consider an independent website:

The property is located in a resort/vacation area with plenty of activities and attractions requiring extensive descriptions, area photography, and packages that cannot be accommodated or described within the framework of the existing property mini-site on the brand website.

The property is closely associated with a local attraction, military base, university, theme park, or any other type of 'local entity' that generates a significant share of the business, and this association requires a very unique description of the property, its services and amenities, and the relationship with the local entity that cannot be accommodated/described within the framework of the brand website.

The property caters to a unique audience and/or key customer segment that is atypical to the major brand (e.g. when the target market is leisure travelers but the brand is perceived as primarily business travel oriented, or corporate groups and meetings if the brand is primarily leisure oriented, etc.)

The property offers a variety of amenities and services that are atypical of the major brand (e.g. the property offers extensive property meeting and conference facilities but the brand is perceived as a leisure travel brand, etc.)

In all other cases we believe that hotel franchisees can successfully market their properties using the property mini-sites on the brand websites. However, if they do decide to go with an independent property website because of any of the reasons above, franchised hoteliers should keep these two important considerations in mind:

1. Do not duplicate content: The property independent website must feature textual content that is significantly different from the property mini-site on the hotel brand website. Search engines consider duplicate content (similar content under two different URLs) as SPAM, and both the independent and the property mini-site can suffer as a result by being banned by the search engines. In other words, the franchised hotel has to develop new content for the property stand-alone website-either in-house or by hiring an outside copywriter.

2. 10:1 Marketing rule: Launching an independent property website is only the first step in developing a robust Internet marketing strategy. Once the site is live, the property should be prepared to spend a considerable amount marketing the website. When considering the option of an independent site for your property, you should be aware of the so called '10:1 Marketing Rule'. As a rule of thumb, within 12 months of the hotel website design, the property has to spend 10 times more on marketing the website than they spent on the design or re-design (i.e. if you spend \$10,000 on a website re-design, then you should be prepared to spend at least \$100,000 that year to promote the new website).

If all of this is taken into account, under the right conditions and with the proper Internet marketing strategy, an independent property website may reap significant rewards for the franchised hotel. Many of our franchised hotel clients have enjoyed significant online revenues from their independent property websites. The following case study is one of these success stories.

### **Case Study #1**

Situation:

Independent website of a franchised hotel in California with a stand-alone website launched in 2003

Ongoing, (at least twice a year) textual and visual website optimizations

Robust direct Internet marketing strategy, including paid search, local search, email marketing, and online sponsorships

Results:

Each year since launch, the property stand-alone website has generated more online revenues than the property mini-site on the brand website.

Incremental revenues: our research shows that at least two-thirds of these revenues are incremental (i.e. would have not occurred without the property stand-alone website).

A common question is: when should franchised hoteliers optimize and/or re-design the property stand-alone website? As a rule of thumb, here are the best practices that answer this question:

If the site is over 12 months old, it is time for a website optimization. You should take full advantage of the much cheaper organic search-related visitors to your site, and optimize your website according to today's best practices for the most efficient results.

If the site is over 2-3 years old, a website re-design should be considered, or at least budgeted for early 2009.

### **Local Search Marketing**

Hotel chains are spending a great deal on paid search marketing with all of the major search engines: Google (60% of the search market), Yahoo (20%) and MSN (10%). These national campaigns play an important role in achieving brand recognition and capturing brand name-related searches, but they leave out tremendous revenue opportunities from local search initiatives.

Why franchisees should pay attention to Local Search?

Online consumers conduct 2 billion local searches/month, 8 out of 10 local searchers follow a search with a phone call (ComScore)

As mentioned previously, over one-third of all searches on the major search engines are local in character (i.e. searches by Internet users for businesses in their immediate area)

Online Yellow Pages (SuperPages.com, YellowPages.com, etc) are becoming viable online competitors for local search market share-they are often perceived to be 'more local' than the major search engines.

Local CPC programs (cost-per-click) on popular local travel directories and destination portals (LATimes.com, LA.com, SeattleTimes.com, SignOnSanDiego.com) are an easy and cost-effective way to reach your local and drive-in markets

Local search has gained strong momentum as more savvy online consumers are seeking highly relevant local business listings. All of the major search engines have introduced Local Search functionality, including Google, Yahoo, and MSN. A survey by The Kelsey Group and BizRate.com found that 74% of respondents conducted local searches online.

Online travel consumers search for hotel services within the context of a particular destination. 'Destination + hotels' or 'destination + accommodations' are popular keyword searches for any location and are used for international, national, regional and local searches.

As shown in Case Study #2, hotel brand-related keyword terms represent only a small fraction of overall generic searches for hotel accommodations in a particular destination: from as low as 0.01% of generic searches. This leaves the majority of potential customers' searches for hotel stays in any destination unaddressed by the hotel chain, and in the hands of savvy third-party intermediaries who are outspending all of the major hotel brands on the Web.

## Case Study #2

Brand Hotels Name vs. Destination-Related Keyword Terms

Number of Searches on Major Search Engines in July 2008:

	Yahoo	Google
<u>Generic Destination Terms</u>		
San Diego Hotels	559,007	2,740,000
San Diego California Hotels	45,109	301,000
San Diego Lodging	6,437	74,000
<u>Brand Terms</u>		
Courtyard Marriott San Diego	265	1300
Hilton Hotel San Diego	972	5400
Sheraton Hotel San Diego	2058	12100
Holiday Inn San Diego	334	1300

The above case study categorically provides an answer to the question of why franchised hoteliers should care about more locally-focused, property-level marketing initiatives.

Local search marketing enables franchised hoteliers to increase online sales by precisely targeting potential customers:

Traveling locally, i.e. drive-in market

Looking for accommodations near local attractions, e.g. a theme park

Searching for a hotel room in conjunction with a local event (fair, festival, concert, sports event)

Interested in group accommodations for family reunions, wedding parties, local corporate group outings and social events

Residing in top feeder markets (e.g. within the hotel's home state, neighboring states, etc.)

No major hotel chain can adequately address and capture these local business opportunities via its national marketing campaigns. Savvy franchised hoteliers can definitely take advantage of this marketing gap to generate incremental revenues and stay ahead of the competition.

Local Search Marketing can pursue several simultaneous avenues:

Local Search Marketing on Major Search Engines (e.g. targeting drive-in markets)

Paid Search Marketing on Major Search Engines (e.g. targeting top feeder markets)

Online Yellow Pages Listings (YellowPages.com, SuperPages.com, Local.com, etc)

CPC (cost-per-click) Programs on local content, destination and directory sites (e.g. LATimes.com, SeattleTimes.com, etc.)

## Local Strategic Linking to the Property Site

Strategic Linking at the property level is the business strategy that establishes links from highly relevant and authoritative websites to the franchised hotel website (i.e. to build the "Link Popularity" of your hotel website). Link popularity refers to the number and quality of incoming links that are pointing to your website. Each relevant incoming link to your website is considered by the search engines as a 'vote of confidence' in your website.

Why is Property-Level Strategic Linking important?

Exposes the property website to incremental traffic and highly qualified potential bookers

Builds your website's Link Popularity, a crucial criteria used by the search engines to determine how to rank the website in the search engine results (e.g. Google and its PageRank). Link popularity refers to the number and quality of incoming links that are pointing to your website.

Here is a sample of local sites and directories that should be considered by the franchised hotel. These locally-based sites can boost the Link Popularity of the property website and generate highly relevant traffic and incremental leads and revenues:

Local content portals and radio station sites

Local destination and city directories

State, county, and city CVB sites

Chamber of Commerce sites

Local family travel sites

Local event and meeting planner sites

Local wedding planning sites

Local golf directories and portals

Area attraction and theme park sites

Sporting event and venues sites

Local museum sites

### Case Study #3: Local Strategic Linking

Revenues and Return-on-ad-spend (ROAS) generated by local directories and portals

January-August 2008:

Local Directory	Cost	Revenue	ROAS
Napa Valley Destination Portal	\$2,400	\$55,197	22.0 times
Family Travel Site	\$100	\$1309	12.1 times
Key West Portal	\$500	\$4886	8.8 times
Local Travel Directory	\$100	\$518	4.2 times

## Local Email Marketing to the Hotel's Own Opt-in list

Email marketing to the hotel's own opt-in list is one of the most popular Internet marketing formats used by hoteliers today. Today's savvy online travelers subscribe to multiple travel eNewsletters and love receiving relevant email promotions, events and happenings. Many studies have found that only a small percentage of U.S. travelers have ever unsubscribed from any travel related list. In a recent survey by Ypartnership, 46% of online travelers mention email notifications promoting special fares and rates to be a feature of greatest interest.

Why is property-level email marketing important and why should it be considered by franchisees?

Email marketing to the hotel's own email list is the most cost-effective online advertising format: it costs pennies per email delivered vs. expensive print and display ads

Your emails 'speak' to an audience that already knows your hotel, amenities and services, or is at least familiar with your website

Creates personalized interactive relationships with locally-based customers

Instantaneous message delivery: thousands of potential customers may be reached within seconds

Serves as a tool to move distressed inventory

Serves both as a direct-response vehicle and branding tool

Plants seed in the minds of recipients regarding future travel plans

Staying in touch with your local customers: recruits and retains customers, new and old

Email marketing, especially to your local customers, may be used for:

Offering specials and packages that appeal to local audiences: weekend packages, romantic getaways, wine + dine packages, suite-based specials, sports venue based packages, museum and theater packages, family packages, etc.

Offering 'Local Resident-Only' value specials (e.g. Florida Residents Special)

Sending email reminders about specific activities at the hotel that locals frequent (e.g. wine tastings, restaurant events such as Thanksgiving Day or Valentine's Day menus). This is particularly important if your hotel offers a popular restaurant, lounge or bar, or hosts a monthly activity such as bridal shows, cooking classes, speaker appearances, etc.

Creating and maintaining 'conversations' with your local customers (e.g. asking them for testimonials, photos, etc.)

#### **Case Study #4**

Email Marketing to Locals: Hotel with Email Newsletters for Monthly Wine Tastings

Results:

2,500+ Newsletter subscribers

Newsletters include information on the wine tasting and special room rates for the event

Average cost: approximately \$250 per eNewsletter (database hosting, creative, copywriting)

Each newsletter results in 30+ wine tasting/dinner reservations for the event, and 10+ room reservations for those attending the event that want to stay the night

Return on Ad Spend (ROAS): 10 times

While some major hotel brands frown upon franchised hotels collecting and sending out emails to their own opt-in list, most hotel chains do not object to the local email initiatives of their franchisees as they clearly understand the powerful revenue opportunity this type of marketing represents.

#### **Case Study # 5**

Property-Level Email Marketing to Own Opt-In List Monthly eNewsletter with hotel offers and happenings (March 2008):

eNewsletter features events in the area, email-only special offers, romantic package, etc

Sent to 5,073 subscribers

Open Rate: 30.5%

Clicks: 207

Hotel revenue: \$7,164

Approx. Cost: \$250

ROAS (Return-on-ad-spend): 27.6 times

#### **Key Customer Segment Online Initiatives**

Marketing to the hotel's key customer segments is a crucial attribute of any franchised property's marketing strategy. Since most of these potential customers are locally based, it is a prerogative for any franchised hotel to identify and market to these key constituencies locally (i.e. on the property level, outside the efforts of the hotel chain).

Food for thought:

Business Travel: 86% of SME (small and medium enterprises) business travel bookings (unmanaged business travel) are performed online (eMarketer).

Leisure Travel: 84% of leisure travel is researched and planned online (TIA). There is a visible shift from fly-in to drive-in in the leisure markets this year, many family travelers, seniors, couples, etc. are staying closer to home and driving shorter distances, hence the increased importance of a property-level marketing strategy.

Meetings/Corporate Groups: 89% of meeting planners research event locations online. 91% of corporate meetings have fewer than 200 participants. Many of them are planned and booked locally.

Weddings and Special Events: the vast majority of these event planners are locally based. Research and planning for these events is done heavily online, as witnessed by the popularity of event planning sites and related keyword terms in paid search.

## Case Study #6

Key Customer Segments: Number of Searches on Major Search Engines in 07/08

	Yahoo	Google
<u>Wedding Planning:</u>		
San Diego Wedding Locations	580	2,400
San Diego Wedding Reception	424	1,900
<u>Meeting Planning:</u>		
Meeting Rooms San Diego	142	580
San Diego Meeting Space	84	320
San Diego Conference Hotel	122	480
<u>Leisure Travel:</u>		
Romantic Getaway San Diego	130	490
San Diego Weekend Getaways	158	720
San Diego Family Vacation	420	1900

The major hotel chains simply do not have the bandwidth to market to these locally based audiences. It is up to the franchised hoteliers to identify and approach these local markets. As mentioned, the Internet is the preferred communication and marketing medium for all of these important customer segments. If you do not 'speak' to each of these audiences, you will lose most of them to your competition.

Local initiatives targeting the franchised hotel's key customer segments can use a multitude of online advertising formats and channels:

Local Search Marketing

Online sponsorships in local media and portal sites

Email marketing to the property own email list or email sponsorships

Local and regional directory listings

Online Yellow Pages Listings

CPC (cost-per-click) marketing

The bottom line is the major hotel chains do not have the bandwidth to keep track of local happenings that may generate overnight stays, resident-only specials or come up with event- and attraction-based promotions at every single franchised hotel. It is up to franchised hoteliers to inform the locals about their services and offerings, area or at-property events, and to establish and maintain interactive relationships with potential local audiences and markets that can generate incremental revenues.

## Conclusion

Though many hotel chains have become good eMarketers on the national and international level, they do not have the bandwidth to cover local, property-level online revenue opportunities such as event- and attraction-based promotions, resident-only specials, local key market segment initiatives, etc. It is up to franchised hoteliers to inform locals about their services and offerings for area or at-property events, and to establish and maintain interactive relationships with local audiences and markets that can generate incremental revenues.

Franchised Hoteliers can boost revenues in these difficult economic times, generate incremental online bookings and business opportunities, improve occupancy, and 'steal' market share from the competition by launching a comprehensive Local Internet Marketing Strategy. Such a ROI-centric local strategy includes: property website optimizations (mini-site on brand website and independent property website), local search marketing, local strategic link building, property-level email marketing, key customer segment online initiatives, and local online sponsorships.

Consider seeking advice from a full-service Internet marketing hospitality firm experienced in franchised hotel marketing to actively help you launch a local Internet marketing strategy and implement the latest trends and best practices in your Internet marketing efforts so you can realize substantial ROI and incremental revenue growth.

*Note: Jason Price, EVP at HeBS, also contributed to this article.*

## About HeBS

Max Starkov is President & CEO and Mariana Mechoso is Director, eMarketing Services at Hospitality eBusiness Strategies (HeBS), the industry's leading Internet marketing and distribution strategy consulting firm for the hospitality and travel verticals. Based in New York City, HeBS has pioneered many of the "best practices" in hotel Internet marketing and direct online distribution. HeBS specializes in helping hoteliers build and enhance their direct Internet marketing and distribution strategy, boost the hotel Internet marketing presence, establish interactive relationships with their customers, and significantly

increase direct online bookings and ROIs. The firm brings a unique perspective to the industry, gained through working with over 500 hospitality companies including major brands, independent hotels, casinos, convention bureaus and hotel management companies worldwide. Find out more about HeBS at [www.hospitalityebusiness.com](http://www.hospitalityebusiness.com), or contact HeBS at (212)752-8186 or [info@hospitalityebusiness.com](mailto:info@hospitalityebusiness.com).

This article comes from Hotel News Resource

<http://www.hotelnewsresource.com>

The URL for this story is:

<http://www.hotelnewsresource.com/article34559.html>

© 1998 - 2008 Nevistas and the author.

Brought to you by Hotel News Resource

*Distribute your news on our Network*

See what all the buzz is about at:

[http://www.hotelnewsresource.com/Info-news\\_account\\_info.html](http://www.hotelnewsresource.com/Info-news_account_info.html)