

## Hotel marketers point to red flags in 2015



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An onslaught of intermediaries is making it more difficult for hoteliers to reach their guests directly. In this roundtable, the industry's savviest marketing mindsets share best practices and flag future challenges.



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REPORT FROM THE U.S.—Revenue managers might be the ones tackling the complex distribution landscape head on, but hotel marketers aren't immune to its impact.

According to a panel of marketers surveyed in HNN's digital roundtable, engaging with consumers in an attempt to stand out amid the horde of online travel agencies and other intermediaries was and will continue to be a top challenge facing the discipline in the year ahead.

We asked several of the industry's savviest marketing minds for their thoughts on this and other issues facing them in the year ahead.



**Brenda Fields**

Founder of Fields & Company



**Josh Lesnick**

Executive VP and chief marketing officer  
Wyndham Hotel Group



**Adele Gutman**

VP of sales, marketing and revenue  
Library Hotel Collection



**Casey Ueberroth**  
Senior VP of marketing at  
Preferred Hotel Group



**Paul Kerr**  
CEO at Small Luxury Hotels  
of the World



**Mary Beth Parks**  
Senior VP, Global Marketing  
Hilton Worldwide

### 1. Describe one winning marketing strategy employed in 2014.



**Fields & Company's Fields:** "I worked with a small boutique hotel that was underperforming in the marketplace despite a strong economy and business environment. Their business was set up with a singular revenue management approach, i.e., undercutting the competition at all times in order to put heads in beds. ...

"In order to correct this pattern, we restructured the business by setting up day-by-day projections, broken down into the targeted market segments, and priced the segments based on seasonal and weekday demand periods. The results were positive with record average rates and revenues achieved within a few months of implementation."



**Wyndham Hotel Group's Lesnick:** "In 2014, Wyndham Hotel Group launched its first multi-branded umbrella television campaign, covering all of our brands and thousands of hotels. ... We ran 14,000 spots on network and cable TV from mid-May to mid-September. The results were very strong, as our Wyndham Rewards enrollments increased by almost 80% over the same time last year, and we saw dramatic double-digit growth in our direct bookings ..."



**Library Hotel Collection's Gutman:** "At the Library Hotel Collection, we experimented with many things this year, but some of the things that we are really delighted with include adding a sweepstakes prize to our email club sign up. It was like turning on a faucet of contact details for interested potential travelers."



**Preferred Hotel Group's Ueberroth:** "For quite some time, PHG invested in social media, particularly Facebook, as an awareness marketing channel. This year, however, we have seen it become a conversion hot spot. Our team manages millions of dollars in hotel marketing budgets and is constantly looking for the best returning medium. Though it was not the No. 1 channel, Facebook retargeting received nearly 15% of our budget this year and produced, roughly, a 3-to-1 (return on investment) on ad spend."



**Small Luxury Hotels' Kerr:** "Based on (the data of our club members), we were able to really target our email marketing strategies with much more efficiency than we have in the past. As a result we've seen a significant increase (+8%) in the roomnights booked from our email marketing efforts when compared to the same time last year."

### 2. What is the single greatest challenge facing marketers in 2015? What are you doing to overcome it?



**Ueberroth:** "Our travelers are getting approached with offers by dozens of (OTAs), wholesale online agencies and auction or deal websites. Keeping them engaged with the purchasing path that is most direct to the property ... is our main objective.

"To successfully differentiate the value of booking direct, either with PHG or with one of our hotels, we launched a points-based guest loyalty program in August 2013, which boasts rich, instant benefits such as complimentary Internet and priority check-in/check-out and upgrades, as well as points that can be used as instant cashback through our Reward Certificates structure or towards a free night. ... In 2014, we saw the program grow to 1.3 million members and generate more than \$30 million in reservations revenue. Our goal for 2015 is to grow traveler enrollments to 2 million."



**Fields:** "The transparency of rates, dynamic pricing and the dominance of OTAs have created an environment of hotel rates which have little meaning to both the customer and hotelier. How does a customer trust a property's ability to charge fairly when prices fluctuate greatly? This is a challenge for marketers to inspire confidence from customers and to instill a balanced approach to pricing. An important strategy is to understand the impact on all segments when setting prices and, more importantly, to have the confidence to price wisely regardless of the competition."



**Lesnick:** "We have seen significant growth from new players such as Booking.com, as well as major new initiatives from key travel companies such as TripAdvisor, with their Instant Book program, and Amazon—not to mention companies such as HotelTonight and Airbnb. While opening up new channels for the industry to reach customers and sell rooms, it also presents the possibility for confusion among our guests and the commoditization of hotel brands."



**Hilton Worldwide Holdings' Parks:** "In 2015, the challenge is how we take that customer experience to the next level by staying ahead of our guests' expectations at every point in their journey. ...

"In 2015, we'll build on our work in this area by engaging with technologies that allow us to create a more direct and useful relationship with guests. We'll use all the tools at our disposals—big data, mobile devices, social media, apps and other innovations—to improve our guests' experiences, inspire them to travel and enjoy the enriching impact that comes from seeing and exploring new things."

### 3. What is one thing hoteliers aren't paying attention to that needs to be addressed during 2015?

**Parks:** "We need to constantly ask ourselves, 'Are we being useful to our customers at every stage of their journey?' And we need to provide consistent tools—whether digital or on other platforms—that meet their needs and desires."



**Fields:** "In two words: dynamic pricing. Gone are the days of seasonal pricing or set pricing for weekdays versus weekends. Now there are price changes made every hour on the hour. Why is this important? The dynamic pricing model is based on revising rates at any given moment based on a property's designated competition. This often results in undercutting established contracted rates. ... And more often than not, the additional revenues generated in new business by lowering rates are offset by the drop in rates of the business that would have booked at the contracted rates."



**Ueberroth:** "I look forward to seeing a lot more video on websites—and video as lead content versus the traditional carousel—in 2015. ..."

"Responsive design to satisfy mobile platforms is another fundamental need. PHG just launched iPrefer.com with responsive design because we found that 64% of iPrefer marketing emails are read on mobile or tablet platforms versus on a PC or desktop."



**Lesnick:** "While the long-term future guests are millennials, in the near term we also need to continue to have brands that appeal to baby boomers who still make up a very large portion of our business. Balancing the marketing and product offering for these two segments is something hotel marketers need to really think through and understand."