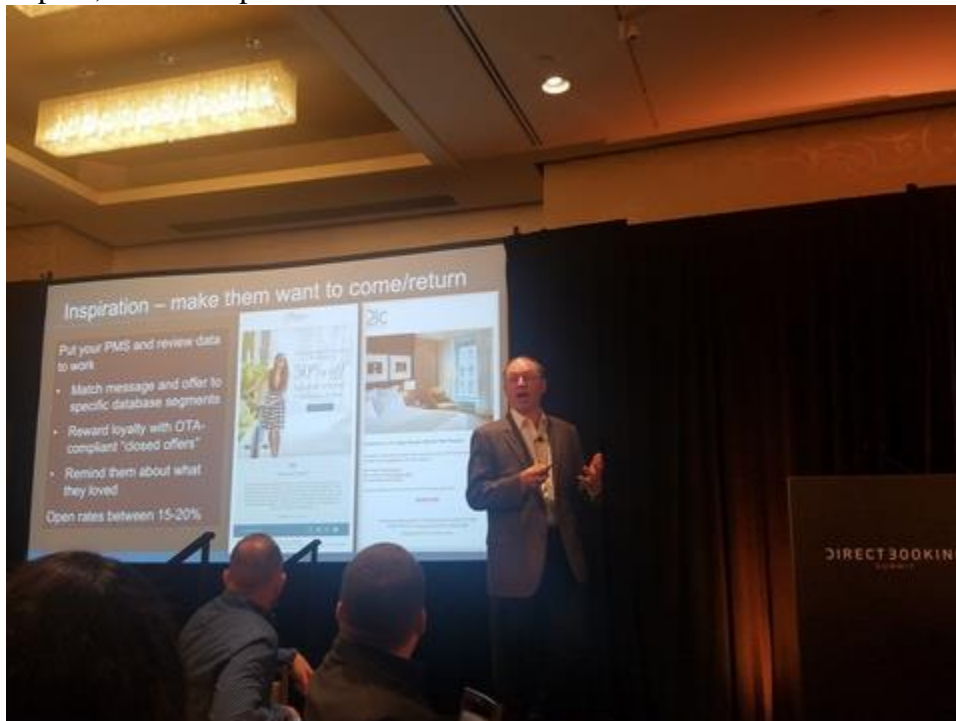


Hotels should learn from OTAs to drive bookings

by [Elliott Mest](#) |
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Del Ross, senior advisor at management consulting for McKinsey & Company, said hotels are struggling to maintain post-stay engagement.

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In a perfect world, hotels would openly compete against each other on an open market, and companies such as TripAdvisor and online travel agencies would supplement bookings when times are tough. Any hotel operator out there knows this simply isn't the case today, with OTAs, [TripAdvisor](#) and Google having a grip on guest bookings in a way that hoteliers can't compete with on their own. For this reason, hotel companies have come out with a series of direct-booking initiatives designed to drive travelers to their doorstep without the assistance of OTAs and other search providers, but in some cases, it has been an uphill battle.

The second [Direct Booking Summit](#), which is being held this week at the [Westin Times Square](#) in New York, is an event tailored toward driving direct bookings. During a panel at the event, James Gancos, CEO of The Guestbook, a guest financial rewards network for independent and boutique hotels, said it was important for all of the major brands to come out in support of direct bookings all at once. This is because hotels fight an uphill battle against the sprawling marketing budgets employed by the likes of Expedia. And so, when one brand began its push to convince guests to book direct, one by one its peers stepped up to join in.

“The only way the message behind direct bookings can get across is to have a lot of resources and have a lot of people in the industry talking about it,” Gancos said. “That’s why unity was, and is, the key.”



James Gancos

(second from the left), CEO of The Guestbook, said more and more players in the industry are moving toward providing member direct pricing.

During a discussion titled “Regaining Control Over Customer Relations,” Del Ross, senior advisor at management consulting for [McKinsey & Company](#), said it isn’t enough to talk about direct bookings and invest in marketing to educate guests. Instead, hotels need to employ the same strategies that have generated so much success for OTAs, starting with email marketing.

According to Ross, if a 150-room hotel charging an average rate of \$150 a night can shift 5 percent of its bookings from OTA channels to direct channels, that property will generate \$118,000 in pure profit. In addition, the shift will create an additional \$1.3 million in asset value for a property and increase revenue per available room by 2.9 percent without acquiring a single new guest. It seems like a large number to strive for, but hotels are already paying hefty sums just to pick up new guests, so why not spare a little more attention to direct bookings?

“Hotels are paying high costs for acquiring new guests, and then paying high costs for re-admissions to earn them back,” Ross said. “This is not going to change unless owners make it happen.”

In that vein, here are five ways Ross said hotels can improve their direct bookings, all by following the footsteps of OTAs:

1. Personalize the Data

Ross said that if hotels are asking guests if they have ever stayed on property at check-in, they are making a big mistake right out of the gate. The data available to hotels on guest preferences and movements is wide reaching, and operators need to be willing and able to tap into it. If a hotel is asking if a guest has been with them before, they are already playing a bad hand by showing they don't know something about the guest. To Ross, operators either know if a guest has stayed with them before, or are lacking readily available information.

Personalization doesn't end at the greeting, either. Hotels are aware of the booking channel guests used, when they booked, whether their booking was discount or value related, whether or not they visited a property's bar or spa in the past and more. On top of this, OTAs don't have access to any information related to guests' positive or negative experiences from past stays, or any other past interactions with a property or brand, all of which can be put to use when it comes to promoting your hotel.

“You can reward loyalty with offers that are closed-off to OTAs, and these don't always have to be a discount,” Ross said. “Remind travelers what they loved about your hotel. We have seen open rates of 60 percent or more on average when ‘Upgrade’ is included in an email subject line. Don't wait to offer those upgrades at check-in.”

2. Segment Your Email List

Ross said email marketing remains an effective way to reach guests, with roughly 4.1 billion individuals reachable by email today and 72 percent of customers preferring it as a means of interaction over other forms of communication. Ross said email has a conversion rate three times that of social media, which he deems mostly ineffective outside of Facebook.

However, email marketing is a difficult practice to master, with Ross calling email subject line authoring an “art form.” To increase the effectiveness of email marketing, Ross said to embrace segmentation to provide targeted emails to customers, with basic segmentation yielding a 14.4-percent increase in email open rates and a 101-percent higher click-through rate.

“If you chop your customers into four groups you can see a great improvement in this area, but 32 segments gave us the best return,” Ross said. “Hotels won’t always need that, but it can lead to a 600-percent increase in conversions if you intelligently target every message.”



Staying in contact

with guests can be a complicated affair once they vacate your property, but hotels can imitate strategies used by OTAs to see what works.

3. Make It Easy to Book

Ross criticized independent hotels for failing to keep OTAs from including them on their distribution systems when OTA assistance isn't necessary for their success, likening it to operators giving Expedia a second front desk in their lobby. He said that while Google is unable to blacklist Expedia searches for specific properties, nothing can stop an independent operator from telling the OTA to leave them alone.

Ross said independents also struggle to drive clicks to their booking portal by failing to place it on their home page in the pursuit of an aesthetically pleasing website—but a good presentation isn't going to drive direct bookings if it doesn't make the booking process easier.

"There is a reason OTAs and brand companies have [the booking portal] on the home page," Ross said. "The percentage of people who go to websites for independent hotels and never see a booking engine is high. Don't give consumers an option; put it front and center."

4. Solicit the Next Stay

Providing a good guest experience to encourage rebookings is one of the hallmark strategies of hospitality, but Ross said operators need to be unafraid to ask for that subsequent stay before the first has concluded. Hotels routinely record open rates between 45 percent and 50 percent during a stay, giving operators a direct line to guests while they are still on property.

"Never be afraid to directly ask for the next booking, and aim for high open rates in the process," Ross said. "Confirmation messages on current bookings work great for building on booking future stays, and aim for a 60-percent open rate on those."

5. Post-Stay Follow-Up Never Ends

Following a single hotel stay, Ross said he received 13 emails from TripAdvisor, 16 from Expedia and a further seven from Orbitz, meaning Expedia-affiliated companies sent him a total of 26 emails within 30 days of a single travel experience. This raises the question, how often should hotels email guests?

"OTAs employ highly aggressive marketing until guests book again," Ross said. "The post-stay experience is where hotels are getting killed. You have access to guest reviews, use their own words on them, state 'this is what you enjoyed or didn't enjoy, and this is how we fixed it.'"

Hotels are not legally able to send commercial marketing emails to guests, but they are able to send surveys, review requests and more that come with email opt-in options that can allow operators to reach out more frequently. Unless a hotel is able to creatively develop new offers more reliably, Ross recommends sending an email in this vein every two to six weeks, and he also recommends automating the process any way possible.

“[Hoteliers] didn’t get into this industry because they love the digital space, they did it because they love serving guests,” Ross said. “Be conscious of when you mail people, but follow OTAs’ example because they pound their database constantly. So, by comparison, you can up your output a little.”