

## Opinions

# How to cut marketing costs at independent hotels

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As independent hoteliers look to tighten their budget, there are ways to reduce sales and marketing expenses without cutting into their effectiveness.



By Sam Trotter

This year has seen a dramatic shift in the hospitality business. Across the board, property executive teams are being asked to lower their budgets to help the hotel weather the storm through the remainder of the pandemic and the hopeful return to normal. Here is my guide to how to strategically review your costs and build a marketing program that is as effective as it is efficient.

### OTAs

The single largest cost that isn't attributed to sales and marketing budgets (but really should be) is online travel agencies. At a commission rate of between 20% to 25% of sales, these costs are substantial, and cutting back on them would have the result of tens if not hundreds of thousands of dollars back in your hotel's budget. The journey to minimal reliance on OTAs is a long one, one that your hotel should have already been on before this mess took place. Bottom line, if your OTA reliance is over 50%, you are already underspending on sales and marketing in favor of sending that check to your favorite OTA.

### Business listings

Your direct channels should be intensely scrutinized. What business listings are you paying for and what is your return? This would include your local convention and visitor bureau, yellow pages, local specialty sites, etc., where your business is listed with a direct link or direct communication. As an example, after years of consistent 20% growth in costs of your TripAdvisor business listing, it may no longer be worth the money. Your marketing team should be able to pull data from your own sources (don't rely on TripAdvisor estimates) as to your hotel's conversions. You are looking for a seven to 10 times return on your ad dollars; otherwise, you may as well get all your business from Expedia. I have a higher tolerance for lower returns at hotels that are just beginning their journey to build marketing databases for future direct business.

### Website and agency

How is your website performing? Many of the industry's leading companies produce some of the least effective websites. I've done numerous takeovers with these template-driven websites that are simply not producing. Be extremely wary of SEO line item monthly costs. Ninety-nine times out of 100, these companies are just charging you for five minutes of work and access to some analytics that are not providing any value whatsoever. What has your agency done exactly to improve SEO, and what are the results? Was it worth the monthly retainer? In most cases, absolutely not. For the remainder of your retainer, what is in the scope and is your hotel currently utilizing those services? If you aren't using the services that are provided in the scope and never will, it's time to renegotiate. Most of these companies understand where we are and are open to talking about reworking the contract if they can lock you down for another year. These costs are likely some of the highest outside of labor in your marketing budget.

### Social media

Frankly, most hotels are doing this wrong. A GM or a sales director can't focus on writing creative copy every day when their priority really is to land six-figure deals or keep their team successful, happy and motivated. How are you allocating your top talent's time to social media? Is that a successful investment? Do you even have a strategy or goal for your social media?

There is no blanket social media strategy for an independent hotel. Some lend themselves well, and others just shouldn't even try. Show me one great hotel's social media and I'll show 10 that aren't well executed at all. Ask, what is your investment in social media and is that working for you?

I'm a massive proponent of managing your reviews—in no way shape or form should that no longer be prioritized. My preference is to have operations respond to reviews rather than a social media expert. Operations teams know what's going on directly and can speak directly to problems in a way that someone sitting in an office isn't able to. For a major issue with a review, then it's worth huddling with the entire team to craft a response. In some cases, I've brought in a PR team to assist.

### Paid media

Here paid media means paid social, pay-per-click and display advertising (like remarketing). With pay-per-click (PPC) and display advertising, agencies can be tricky on how they report their revenues. You should have a marketing advocate review these reports for your hotel, either at the hotel, via third-party

consultant or a corporate level expert. To hit your revenue goals, the majority is from brand name keywords. That means your hotel name plus the city and variations thereof. In most cases, hotel teams believe these revenues are bringing in completely new customers. However, bidding on your hotel name really is a defensive move against OTAs bidding on your keywords and stealing the sale from your hotel. What is your acquisition strategy and does it reflect in your paid media spend? An expert would be taking an approach that iterates and tests different strategies to find innovative ways to bring in new customers.

Paid social media, for savvy hotels, is an incredible addition to your marketing budget. These should be profitable ads that help you connect your campaigns with your existing customers on their platform of choice while also helping you connect potential visitors that are similar to existing ones.

Display ads are typically just used for remarketing purposes with independent hotels. If you are using them in your acquisition strategy, I'd expect the hotel to be a new development or a recent reposition as it isn't typically a profitable way of growing business. This is often the case because while you can always buy another pair of shoes, you aren't always in the market for a hotel stay in a neighboring city. With your remarketing strategy, the goal here is again to generate 10 times your costs.

### **Conclusion**

This is a time to look at what has been most productive for your hotel, not just broadly cutting your budget by a specific percentage. Huddle with your marketing team and your agency to get a deep understanding of what is and is not working and build a smart marketing budget for 2021.

[Samuel Trotter](#) is portfolio eCommerce Manager at Boutique Hospitality Management. Contact him on [Twitter](#) or [LinkedIn](#).

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