

Hotel Sales & Marketing

Trends 2016

Trends in the hotel
industry 2016





Trends in the hotel industry 2016

Profitroom has again prepared a list of factors that will affect the hotel industry in the coming year. A variety of circumstances leads to the conclusion that hotel managers may count on further growths in revenues also in 2016 if only they follow the appropriate trends. The greatest challenge for hotel managers in the nearest future will be to achieve a satisfactory level of profit from these revenues.

Marcin Dragan

MANAGING DIRECTOR

Report was prepared by Profitroom experts. Additionally, one of trends "CSR in Hotel Industry" was prepared by Deloitte expert.



~~Content~~ Reviews are King

According to statistics from TripAdvisor, 80% of users read approximately 6-12 opinions before booking a hotel room and 51% of guests post reviews and share comments about the stay. Profitroom's data, on the other hand, shows that 10% of guests post their opinions in response to a message sent to them several days after departure. All they have to do is click the link in the message and they may share their impressions. Forecasts expect this number to grow.

Metasearch engines have restricted the information on the property to the name, picture, information on the number of reviews and the average rating and the guests' opinions. The OTA is also changing – after the selected hotel is clicked, the user first sees the pictures, the ranking and opinions, and only then the description of the property. Therefore, opinions today are becoming key content and a powerful marketing tool available to hotel guests. The greatest number of posted opinions may be found at Booking.com - 213 opinions per facili-

ty on average which gives 3.22 opinion per room. Statistics for TripAdvisor in this respect are lower by more than half.

According to statistics from TripAdvisor, hotels that are involved in obtaining the guests' opinions register by 40% more views a month on average, record 32% growth in the number of clicks from CPC campaigns monthly, as well as 25% more visits to the hotel's website. To be brief, the impact of opinions on sales has never been so clear. 2016 will probably provide answers to questions related to the direct link between RevPAR and opinions.



+40%

more page
views monthly



+32%

more CPC clicks



+25%

more clicks/views on
hotelw ebsite



Sharing Economy boom

International corporations based on the idea of sharing economy are currently experiencing huge success. Several examples of such businesses are Uber – a platform connecting drivers with passengers, Airbnb – a portal used for renting private apartments or the joint trip portal - BlaBlaCar. Why are such websites increasingly popular?

The idea of sharing an apartment from “a stranger” is completely different than the stereotype of an ignorant tourist who does not wish to integrate. This idea reflects the need of contemporary consumers to experience genuine local experience in a

new place and feel like a local person there. Bookings through Airbnb is very easy because the website has an excellent mobile application, and renting an apartment with a high standard is often cheaper than a hostel. 40 million nights were booked through this website in 2014. This number rose to more than 80 million in 2015.

Suites are entering the mainstream very quickly. This is, certainly, a great threat for hotels in cities the offer of which is often quite standard and repetitive. The attempt to extend the guest’s experience by something more than only “bed and breakfast” is certainly a challenge for hotel managers.





Expansion of Metasearches

2016 will see the further expansion of metasearch engines but in a different direction than so far. Websites such as Trivago, TripAdvisor or even Google, that focused their actions on comparing OTA offers until recently, are today opening themselves for hotel managers by allowing them to create their profiles, and manage the allotment, prices and content to a certain extent. Metasearch engines will no longer be only used for comparison and will become generally available sales channels, the next OTAs, like Booking.com, Expedia or HRS.

The model of cooperation with metasearch engines is also changing. We are moving from the CPC model to direct booking on the metasearch platform with the commission settlement model. In the case of Instant Booking, this is 12-15%, depending on the frequency with which the hotel's offer is displayed, we are still waiting for the final shape of the Express Booking service prepared by Trivago. Google has launched the Hotel Ads service which makes it possible to book directly from the search engine. It is a matter of time before the commission model, tested already in the USA, is introduced here. Currently, this is the CPC model.

These novelties will increase competition between OTAs and metasearch engines. Taking into account the recent acquisition, this seems to be an absurd situation but it happens and has great impact on the hotels' direct sales. Hotels will not be competing for visibility in the Internet and direct bookings only with OTAs, but also with metasearch engines that cease to be independent platforms and are becoming a powerful competition for the hotels themselves. Their goal is to stop the client at their website, not to link to the hotel's website, but to encourage the guest to book directly from the metasearch channel.

Mergers of metasearch engines and OTAs, their mutual scrambles and a change in the hotel managers' approach will be observed throughout the entire 2016. Because the principles of their operation are often not clear and transparent, it is difficult to obtain information on their effects, their potential and, first of all, costs. Therefore, it is worth building a good strategy for one's hotel. Thanks to metasearch engines and OTAs we are found from virtually any place in the world, and success provides a positive image for our brand among clients. It is still significant how the facility is perceived by potential guests via the hotel's website, content, advertising.





Social media a major marketing channel

The dynamically growing number of users of social media as well as expanding advertising possibilities make social networking websites the main marketing medium.

2016 will be the time when social media occupy a special place in the hotel's marketing strategy. The constantly growing popularity of Facebook as well as possibilities granted to advertisers make it an effective form of advertisement.

Advertising on Facebook is not only attractive, but it also provides an accurately specified target group of recipients who become familiar with our message. It is possible to target the advertisements for certain people,

being the hotel's potential clients.

Numerous parameters make advertising in social media more effective than advertising in the search engine. A properly selected advertising strategy makes it possible to obtain effective advertising with lower costs at the same time.

Apart from Facebook, being an effective place for advertising a hotel, TripAdvisor will also be significant in 2016. It collects opinions about facilities and thus affects the guest's final choice. TripAdvisor also provides hotel managers with advertising possibilities such as Business Listing, paid distinctions or campaigns on the TripConnect platform.





Virtual Reality turns into real world

Visual information is absorbed by users 60,000 times faster than text. The dynamic development of the mobile market makes it easier for users to display images on small screens of their smartphones and tablets. According to studies by IAB/PwC, video is the advertising format that is developing most rapidly and dynamically.

In 2016 hotel managers creating advertising campaigns should pay attention to creating interesting graphics drawing the users' attention. However, an attractively presented hotel offer is not all. The story we wish to share with the guests is also important.

Visual storytelling makes guests become interested in the story and thus will not only benefit from the hotel's offer, but their loyalty will also increase. They will become attached to the brand with which they share their experience. Using images, we may thus create a unique bond between the hotel and its guests.

The most popular advertising channels are perfectly aware of the potential of visual storytelling. Facebook has made the carousel advertising format available to advertisers which displays a sequence of images creating a consistent

story. Works on launching the 360° video format are also underway - this format was successfully introduced by YouTube.

The video makes it possible to easily and attractively present content interesting for the guests. Virtual Reality makes users become part of the story told by means of the 360° video. Spherical images allow users to find themselves in the center of events by rotating the camera and choosing what and when to watch. This is the solution which will make it possible to present the hotel's offer in an attractive form in 2016 - its interior, events as well as attractions in its vicinity.





Big data - Time to organize the data

The number of data sources hotel managers use to obtain knowledge about clients is constantly growing. The lack of sufficient knowledge about the guests' behavior was noticeable once, but today it is possible to accurately analyze their actions in many different ways. How to find your way in the overwhelming quantity of information? Big Data is useful in this case.

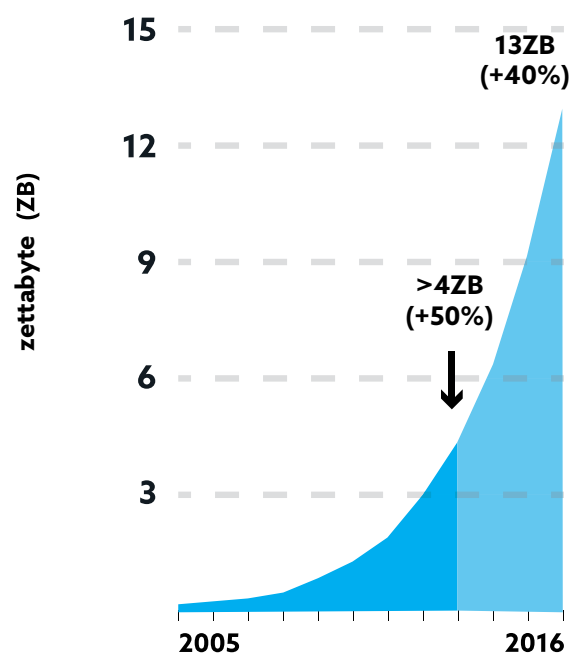
What does this trendy notion mean? Big Data means collecting and processing data from numerous sources as well as making decisions on its basis. Booking systems, OTAs, metasearch engines, Google Analytics or CRMs - are only some sources of information hotel managers may use to obtain knowledge on a current basis and use it in their business processes.

However, it is not enough to gather all data in one place to use the potential of Big Data. The key task for each entity wishing to make a reliable analysis is the selection of appropriate indexes. Precise definition of criteria makes it possible to appropriately segment the collected information which may be used e.g. to direct the offer to a specific group of recipients or to obtain information on the

guests' preferences. It is also important to select key data from the large quantity of data and prepare an appropriate strategy.

Big Data does not mean examining the reasons behind an event but analyzing mutually related factors. In 2016 it will become one of the decision-making factors affecting the effectiveness of managing a hotel.

Digital data increase in years 2005-2016





CRO replaces SEO

2016 will bring a clear change in the principles of obtaining traffic on websites. The era of organic search is slowly coming to an end. Whether we like it or not, the future is definitely payable.

We are witnessing (and participating) in increasingly bold experiments from Google. We are observing new advertising formats: Hotel Price Ads, additional boxes, three-packs - and four-packs soon. Organic results are already practically invisible on the first search page.

Should we worry? Not necessarily - after all, search engine optimization also involves some costs. Particular attention in 2016 should be paid to the verification whether users convert, namely whether we see the direct link between the budget spent on obtaining them and the sales effect. The new buzzword appears at this moment: CRO - Conversion Rate Optimization. As a matter of fact, CRO is not a new invention but it was never as important as at present.



Profitroom is satisfied to see the dynamic increase in the number of tools supporting CRO. It is possible to examine the behavior of website users (or the booking system), conduct surveys and experiments as well as examine the impact of optimization on this behavior in an increasingly more precise manner. What is most important, the effects of introduced changes may be observed almost immediately and certain metrics are amazing. With a well completed optimization, it is possible to improve certain conversion rates by several dozen percent.

Making decisions based on a number of qualitative and quantitative data makes it possible to optimise the advertising budget and definitely reduces the risk of the so-called empty clicks. It is even worth optimizing new, recently launched websites. Design assumptions, in most cases, are in a clash with actual users requirements and need adjustments and amendment. Therefore, if you have ever wondered whether your website is effective enough and you suspect that certain elements require amendments and optimization, you need to necessarily take interest in CRO.



Customer data worth more than ever

According to studies by Circle Research, the use of data on the client in an advertising campaign increases its effectiveness two times. As a result, the continuous growth in the popularity of using information on the recipient also in the hotels' marketing communication should not be surprising, this is happening and will be happening in 2016.

Detailed sets of data on the users' behavior as well as their interests, needs or purchase intentions make it possible to, e.g. precisely direct messages with the offer matching the recipient and optimize the conversion in the booking engine which is finally reflected in the improvement in the effectiveness of marketing campaigns. Hotels with completed guest profiles or a database of recipients divided into segments obtain greater possibilities to build the client's attachment to the brand and

conduct effective communication. Knowledge about guests is thus a source of competitive advantage and, first of all, value that each hotel manager should appreciate. Having information on the client is not sufficient, it is also necessary to use it actively. This is still a significant challenge for the majority of hotel managers. The value of information on guests has been noticed for a long time by the largest players in the industry that devote a great deal of attention to collecting data and using it in the future. We may see this, e.g. after

watching any offer at Booking.com, Travelist or at websites of larger travel agencies. These entities use the potential of information on guests as best as possible (re-marketing, mailing, dynamic content). All hotel managers that choose direct sales should also start using this information.





Customized experience will dominate over customer experience

70% of guests expect more customized experience in line with the slogan "less ideas more experience". In 2016 we will not be speaking about segments of guests but about profiles of guests. Profiles that may be changed in time, depending on the guest's situation. Are they planning a business trip? Maybe they are going for their perfect holiday? They will visit different websites at various stages of their trip (OTAs, hotels' websites, metasearch engines, travel clubs) with a different initial intention. They will look for inspiration, compare, make initial selections, try to complete the booking. At each of these stages, they are the users whom we know but every time they become familiar with different content (text, photographs, videos), in a different context which affects

their final decisions in a different way. The key is to recognize their needs at different stages and provide them with customized experience. In practice, the presentation of such material to users (dynamic content) and the advertising form, provides the greatest effect and brings the desired emotions. As is shown by studies conducted by Yahoo, customized advertising makes it possible to achieve 54% higher commitment from the users, it is remembered 45% more often and is 42% more accurate than static advertising.

Targeting in 2016 is not only adapting the message to the guest but also to stage their travel stage at which they currently are.





Priceless hotel guests, that is ROI in sales

The partial elimination of the rate parity by the key players does not make hotel manager live easier. For hotels it means even fiercer competition for bookings between OTAs. Third parties will always consider guests as their final customers, for this reason they negotiate the best deals and take only customers' interest into account. This caused larger complication of sales. Even if, until recently, a hotel based its sales on three basic rate plans, namely offered the same room, for the same period of time, to the same guest in three price options, at present it is most often sold at 6-7 various rates. Their number depends on whether the special discounts are launched for all categories of rooms, whether they apply only to a standard room and whether another special offer rate for hours was launched - which, according to the agent, should only support the interest in other offers and, in fact, is able to dominate sales through a given channel. This is only the image of sales through one channel of distribution and hotel managers cooperate with at least 5 agents on average, and each of them is trying to provide the clients with the best offers.

What is the cost of acquiring a guest? Who is able to say on a current basis what was the price of a room on a given day and what costs were incurred at the same time? If this is so complicated, maybe it is worth intensifying direct sales? The question that arises is: "How much should be invested in advertising in 2016 in order to obtain conversion and a return on the investment?"

Enough so as to increase valuable traffic on the website through effective management of advertising means. A high budget does not guarantee high sales. The most important thing is to manage it in a reasonable manner.





Messaging as a new form of contact with guests

In a world which is busier and busier, everyone takes care to deal with their matter as soon as possible and as conveniently as possible.


The most popular forms of contact with a hotel are still phoning or e-mailing the reception desk. Good old text messages are still popular in everyday life but various types of chat and messenger applications are more and more popular because of the development of social media and mobile devices.

Why? There are numerous reasons. As compared to traditional e-mails - they require a smaller quantity of text, making it easier and faster to write a given message. Its recipients, on the other hand, need less time to become familiar with their content and answering is almost immediate. Providing more details takes seconds. Messaging is informal as a matter of principle which eliminates the excess of complimentary phrases, introductions, signatures or answers with full sentences. On the other hand, it enables the expression of emotions :-)

As compared to a phone call, it is not necessary to lose your time to get through. Both persons do not need to be available


at the same time - answers are given as soon as it is possible. It is also possible to take a short break to think something over or check something without pressure that someone is waiting "on the line". Many hotels in 2016 will certainly start using messaging as a parallel form of communication which will gradually oust telephone calls and e-mails.

Now

 **Re:Re: Question about swimmingpool**

Hello,
thanks for a rapid answer,
Kind Regards,
Emma Smith

fri, 11.02.2015 at 14:45 from: reception@hotel.com

 **RE: Question about swimmingpool**

Dear Mrs. Smith,
Thank you for your message.


As far as concern your question, the swimming pool is open from
8:00 till 21:00

We wish you a great stay,

Kind Regards,

George Verdi,
Reception

fri, 11.02.2015 at 14:45 from Emma Smith
glova.ross@gmail.com wrote:

 **Question about swimmingpool**

Hi,
I am staying at your hotel next week. I would like to ask about
your swimming pool. What are the operating usihours? I would
appreciate a quick answer,

Thanks,
Emma Smith

SOON

What time is your swimming pool open till?

Till 21:00

Thanks,

No problem :)



Internet of things gains access to hotel industry

Internet of things (IoT) is a very wide subject. Some may consider it quite abstract, others may associate it with the idea of the Smart Hotel. In fact, the era of IoT is only entering the mainstream phase, and its rapid evolution is the matter of the nearest several years.

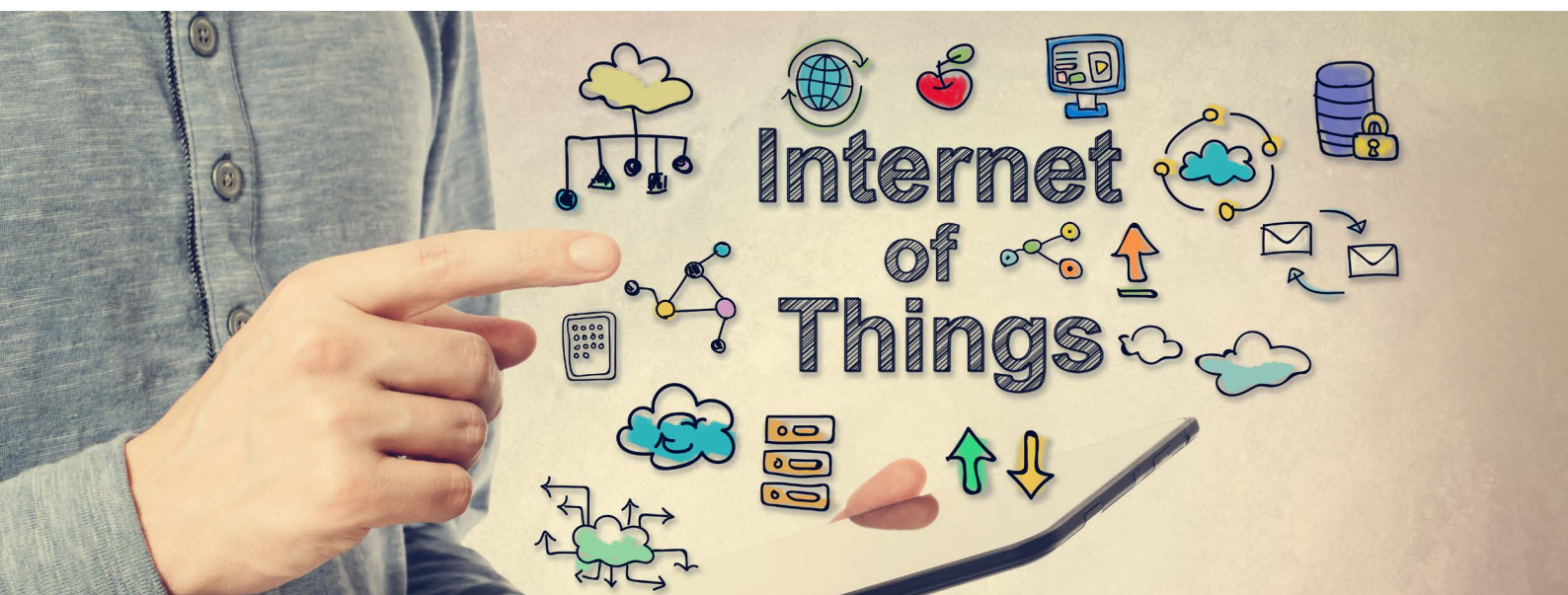
It is worth noting the possibility to associate this technological trend to the new marketing possibilities it brings.

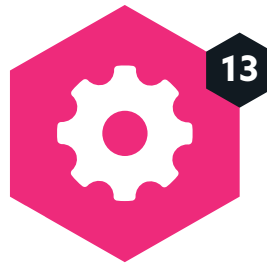
Information on the consumer is what brings the greatest value for the hotel business. Each hotel manager should know as much as possible about their guests, their needs and how they use the hotel's services. In this field IoT, based to a large extent on sensors and

technology connected with smart devices on the part of the user, offers a completely new category of solutions.

Innovations related to the sensor technology, including the ibeacon as well as Wi-Fi, are particularly interesting. They make it possible to measure and analyze data from the traffic of guests inside the property. In addition, they enable a better customization of the guest's stay as well as indicate these services and solutions in the hotel that provide the best customer experience, or quite to the contrary - require fundamental improvements.

IoT in the nearest future will be an irreplaceable source of data which, in connection with the Big Data trend, will definitely be reflected in the improvement in the quality of services, profitability and will increase sales in hotels. Comparing the guest's data from before their arrival, during their stay and after their stay (in combination with other analytical tools) is a new value available for hotel managers. We should quickly become familiar with this topic and decide how to use small steps to implement these technological novelties in hotel operations.





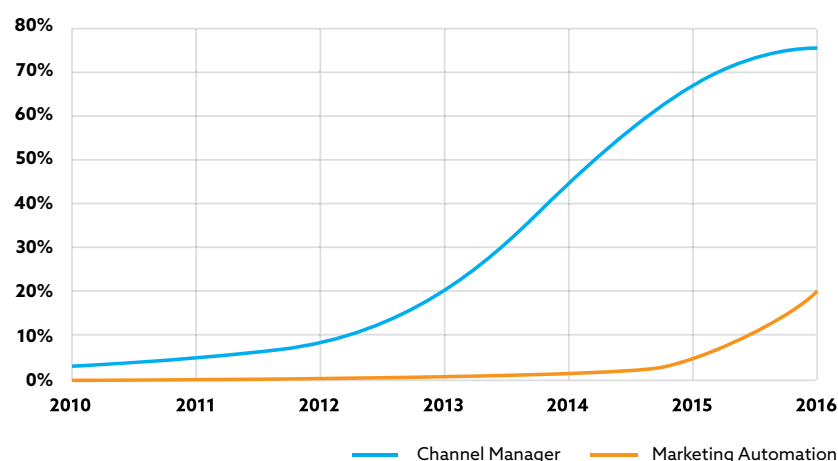
Automation of sales and marketing

The hotel industry has already implemented several, various automation processes. A good example is managing sales of such a complex product as hotel services (mostly due to changeable rooms availability, the multitude of rates, packages or the simultaneous presentation of the offer on numerous channels). A channel manager used as simple sales management tool is already the industry standard. A current challenge is the selection of rules according to which the optimum prices for rooms for a given day will be calculated automatically.

Marketing Automation tools are also being quickly developed. Currently, there still is no good tool fully adjusted to the specific nature of the hotel industry that would enable effective marketing communication with guests at every stage of their travel (before the booking, before their arrival, during their stay and after they have left). The next year will certainly bring such solutions.

Let us remember that a strategy is the condition for the functioning of automation both in sales and in marketing. The role of man will still be invaluable - first, we need to have something to automate.

% of hotels using the Channel Manager and Marketing Automation



Data based on Profitroom's clients. Year 2016 estimation



CSR in hotel industry

Corporate Social responsibility is becoming an indispensable activity for every respectful company. What is the Corporate Social Responsibility of a hotel? Why is it worth to get into this trend? What sort of actions does the hotel industry undertake?

Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society - in the case of a hotel, it is the impact on employees, customers, local community and the natural environment. The hotel industry involvement in CSR is motivated by various factors such as reduction of cost, attracting the most talented candidates, meeting the needs of conscious customers, and building brand credibility and customers loyalty.

What kind of activities do hotels involve in? They create codes of conduct, sign Diversity Charter, take part in competitions for the best companies to work for. In the field of environment protection hotels implement water & energy saving solutions, manage waste effectively. Importantly, they offer support to customers in fulfilling their health aims. Encourage

customers to take up sports activities, healthy nutrition, find the inner balance and harmony as an answer to a stressful life. Educate hotel guests in the field of environment protection. What is more, hoteliers take care of local communities - engage in a social dialogue with the public, offer discounts for neighbours, get involved in actions for children and teenagers, or initiatives for the development of local communities. Additionally, they take actions as an answer to serious issues - for example, engage in initiatives protecting kids from sexual child abuse.

At present, it is crucial to develop a coherent and strategic approach towards CSR and report the effects of taken actions (for example using the standards of Global Reporting Initiative). Altogether these actions contribute to building the value of the company.





Deepened relations with guests - an opportunity to increase hotel sales

Involving the client in a relationship with the hotel brand in 2016 will become crucial in the context of increasing direct sales. This results, among others from the attempt to bring differences between properties to prices in the agents' channels (e.g. Google Hotel Ads), the ever growing cost of acquiring a new user over the Internet (general expenses for advertising online will grow next year by approx. 7.2%) or the next changes in the Google search engine. In response to these trends, hotel managers are more willing to invest in relationship with guests at various stages of the clients' purchase journey than ever. In order to do so skillfully, they need to precisely communicate their brand even before the recipient's booking need, during the purchase, during the stay in the facility and long after the stay has ended. Due to a skillful building of the client's commitment during the entire process, people decide to choose a specific hotel from among the wide range of competing hotels, are more willing to promote it among their friends and demonstrate loyalty which makes it possible to reduce the sales costs in the future.

How to build such relationship? With the aid of tools that used properly improve Digital Tourist's satisfaction. CRM systems and the effective use of data on the client, e-mails adapted to the client's travel stage or efficient communication via social media are still the basis for building relations, even though their end was announced many times. Clients open e-mails with offers adapted to their needs 6% more often, visit 18 websites on average and the Facebook profile of the chosen hotel before booking as well as directly interact with the hotel brand more and more often, e.g. by expressing their opinions about the brand. Taking advantage of the opportunities to build a relationship with the guest will become even more important in the next year and real-time marketing will increase customer satisfaction by 67% on average.