



Hotel Marketing Trends You Need to Know for 2016



Guide

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Introduction

What trends are shaping the hotel marketing landscape in 2016? In many respects, it's more of the same; news that dominated the headlines in 2015 will likely continue to do so in 2016. However, three key developments from last year will have a profound impact this year: the weak global economy, industry consolidation and the emergence of new distribution channels.

To stay ahead of the competition, hotel marketers will need to understand the impact of these trends and how to prioritize time and resources for optimal results.

When it comes to priorities, hoteliers around the world have similar concerns. According to TripAdvisor's December 2015 TripBarometer survey of 10,756 lodging operators worldwide, the top three most important factors to the future of business are online traveler reviews, repeat business and direct bookings. ([TripAdvisor](#), 2015.)

In this guide we'll bring you up to speed on the most important trends in hotel marketing today. We'll start by reviewing the global economic outlook, then we'll look at the latest mergers and acquisitions and the newest players in hotel distribution.

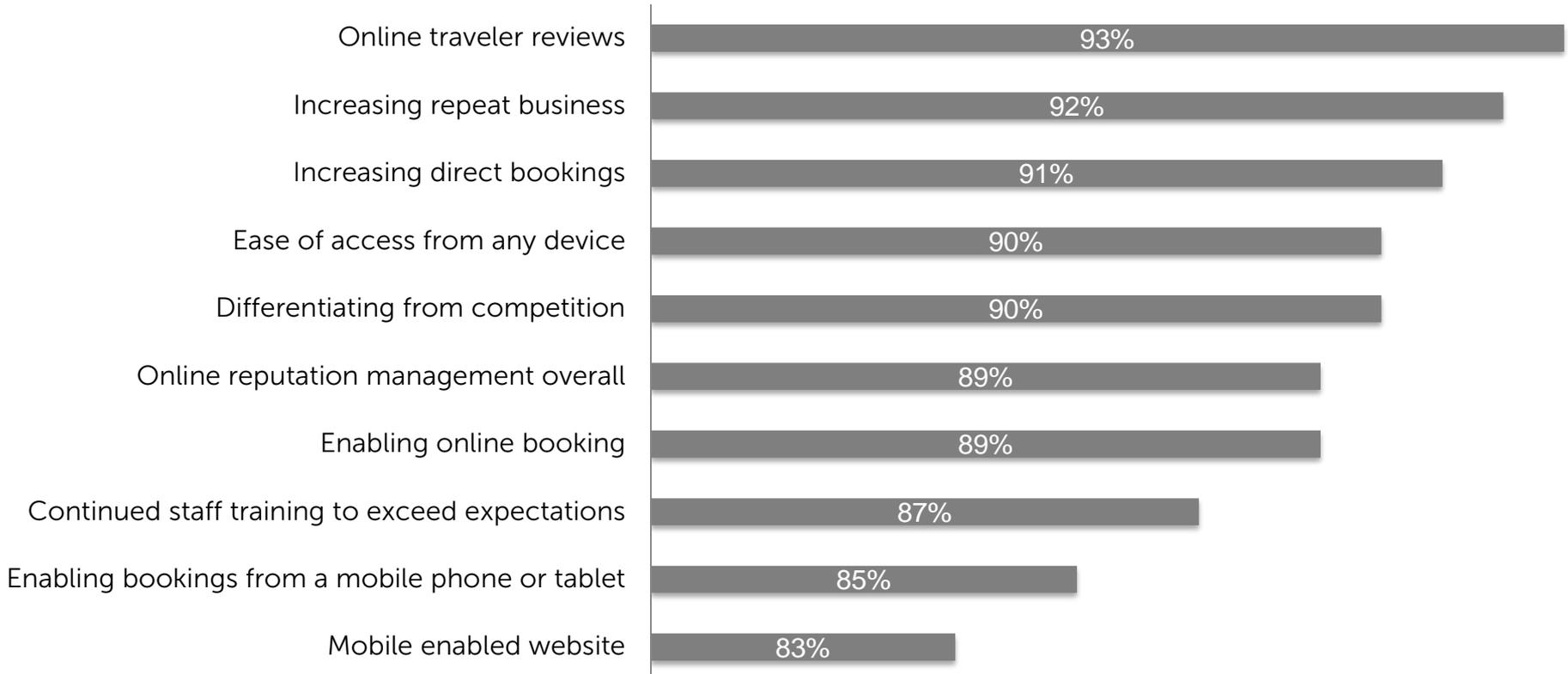
Next we'll look at three approaches to hotel marketing that will help you stay competitive in an increasingly crowded marketplace: personalization, digital customer service and reputation improvement. We'll explain how they can help you be more targeted in your marketing activities, more engaged with travelers and more responsive to guest needs.



Important Factors for Future Business



How important do you think each of the following is for the future of your business?



Source: TripAdvisor's TripBarometer, December 2015

Base: All respondents (10,756)



2016 Travel Industry Outlook

2016: Slower Growth in International Travel

According to the United Nations World Tourism Organization, 2015 was a solid year for global tourism, with overnight visitors growing by 4.4% to 1.18 billion, a 50 million increase over 2014.

In 2016, the UNWTO projects more growth, but at a slower pace: a 4% increase over the 2015 numbers. While the change appears to be nominal, it would represent the lowest growth rate since 2009.

Why the slower growth? Currently, economies are weak or stagnant in Europe, Asia, the Middle East, Africa and Latin America. Oil prices have plummeted, although this has not led to the significant reductions in airfares necessary to boost air travel. There is also continued fear of terrorism.

One bright spot is the U.S. economy, which continues to grow at a steady rate. While the strong U.S. dollar is good news for hotels that cater to American travelers, hotels in the U.S. are likely to experience a decline in international visitors.

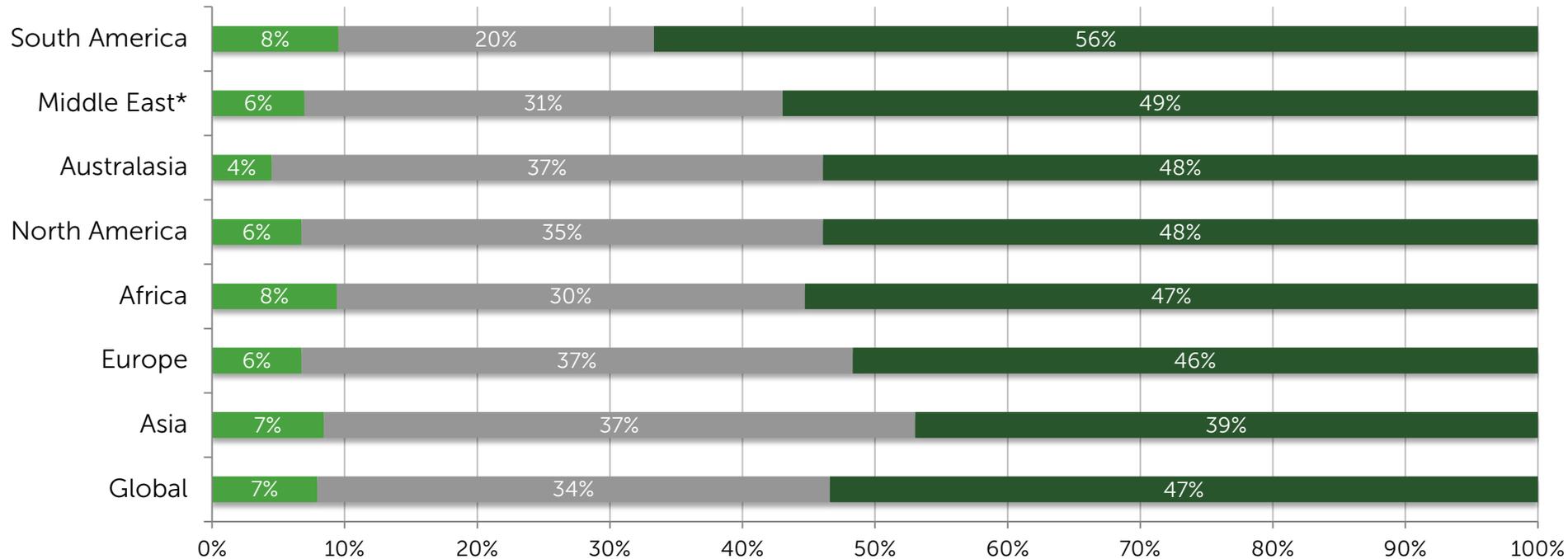


Expected Changes in Room Rates in 2016



Are you planning to increase, maintain or decrease room rates in 2016?
The room rates will...

■ Decrease ■ Stay the same ■ Increase



Source: TripAdvisor's TripBarometer, December 2015

Base global (10,756), Africa (620), Asia (1,309), Australasia (522), Middle East (88), N. America (1,1173), S. America (1,521)



Lodging Operators Remain Optimistic



Despite the relatively gloomy outlook, lodging operators remain optimistic. TripAdvisor's TripBarometer survey found that globally 73% of lodging operations are optimistic about business profitability in 2016, with a high in North America of 81% and a low in Asia of 64%.

With optimism comes a relatively bullish approach to room rates. Worldwide, almost half of lodging operators indicated that they intend to increase rates, with the highest number in South America, at 56%, and the lowest in Asia, at 39%.

Source: TripAdvisor's TripBarometer, December 2015



Merger Mania

Consolidation in the Travel Industry

One trend that characterized 2015 was massive consolidation in the travel industry. Three of the biggest acquisitions were:

- Expedia's \$1.3 billion-dollar purchase of Orbitz
- Marriott's \$12.2 billion bid for Starwood Hotels and Resorts
- Accor's bid for Fairmont Raffles Hotels for about \$2.9 billion

It is likely we will see more consolidation in the travel industry this year—of hotel companies, technology companies and travel agencies. Already in January, Commune Hotels announced its intention to merge with Destination Hotels.

In 2016, the travel industry will feel the full impact of these mergers as newly formed global conglomerates wield their negotiating power, look for efficiencies and seek more travelers and greater room supply. Marriott is now the world's largest hotel company, with more than 5,500 hotels and 1.1 million rooms around the world. Expedia is now the world's largest online travel services company by bookings.

Marriott | **starwood**
Hotels & Resorts

**MARRIOTT INTERNATIONAL TO ACQUIRE
STARWOOD HOTELS & RESORTS WORLDWIDE**

CREATING THE WORLD'S LARGEST HOTEL COMPANY

1,270
STARWOOD PROPERTIES

4,300
MARRIOTT PROPERTIES

**MORE THAN 5,500
PROPERTIES COMBINED**

1.1
MILLION
ROOMS

IN **100+**
COUNTRIES

LOYALTY MEMBERS

MARRIOTT REWARDS
54 MILLION MEMBERS

STARWOOD PREFERRED GUEST
21 MILLION MEMBERS

30 LEADING BRANDS

TRANSACTION EXPECTED TO CLOSE **MID 2016**

Growth of the OTAs

In recent years, online travel agencies have carved an increasing share of rooms business, often at the expense of hotels' more profitable direct bookings. According to 2015 projections from Phocuswright, OTAs represent about 58% of online volume for independent properties in the U.S., compared to a 48% share for chains. In Europe, OTAs represent 74% of online bookings for independent properties and 62% for the chains. With so much reliance on intermediaries, it's no wonder that driving direct bookings is a top priority for hotels.

Online Channel Share: Independents vs Chains

Projected figures 2015

Europe

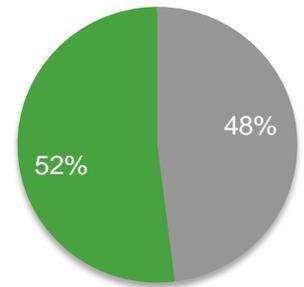
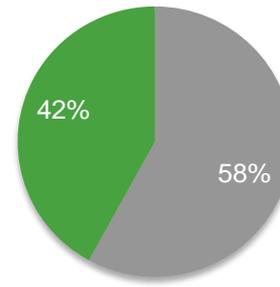
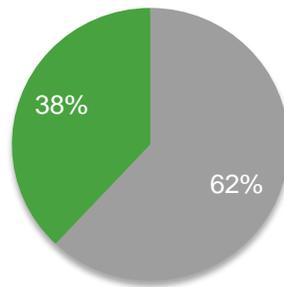
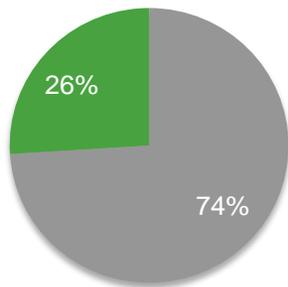
US

Independents

Chains

Independent

Chains



■ OTA ■ Online Direct

*OTA includes a small amount of other online intermediaries such as tour operators and wholesalers.

Source: Phocuswright & h2c, Dec 2015



New Distribution Channels & Competitors

Assisted Booking (1/2)

In 2015, TripAdvisor and Google introduced instant booking models, enabling travelers to book a room without leaving the company's website or mobile app. Both models operate on commissions rather than the traditional cost-per-click models offered by TripConnect and Google Hotel Ads. When travelers book a room, the reservation is forwarded to the hotel for completion.

While neither model represents a direct booking channel, both offer a couple of distinct advantages. First, commissions are lower than those typically charged by OTAs, at between 12% and 15%. Second, the traveler's contact information is forwarded to the hotel at time of booking, allowing the opportunity to develop direct relationships from the beginning.

Known as "Assisted Booking," this new model isn't quite an OTA or a metasearch channel but represents a hybrid of

both. Given the power and ubiquity of TripAdvisor and Google, expect to see them aggressively expanding these products in 2016. Currently, Google's Hotel Ads Commission program is available worldwide, but Book on Google is being tested in the U.S. only.

Hotel Name	Rating	Reviews	Location	Price per Night	Booking Options
Casablanca Hotel Times Square	4.4/5	4,463	#2 of 488 hotels in New York City	\$376*	Expedia, TripAdvisor, Travelocity.ca, Hotels.com
414 Hotel	4.4/5	840	#3 of 488 hotels in New York City	\$415*	Booking.com, Expedia.ca
Library Hotel	4.4/5	3,215	#4 of 488 hotels in New York City	\$359*	Expedia, TripAdvisor, Booking.com, Travelocity.ca

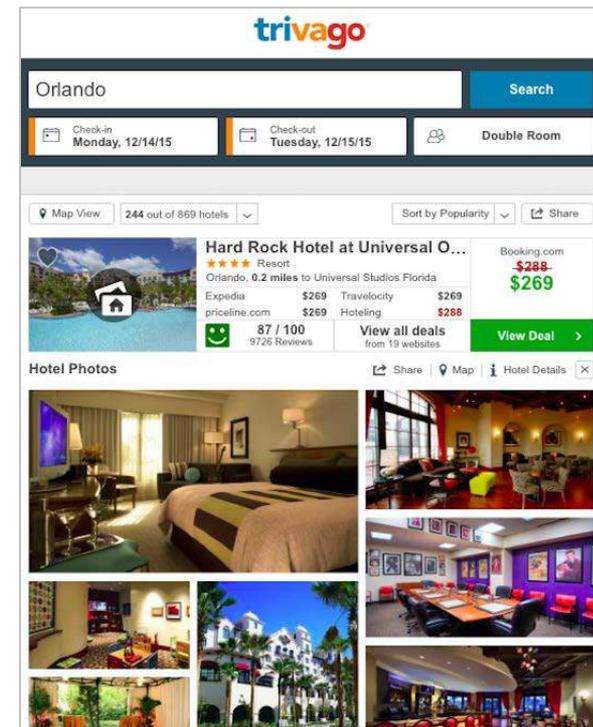


Assisted Booking (2/2)

TripAdvisor Instant Booking is available in 11 countries, including the U.S., the U.K. and Australia. The company expects to roll the program out globally in the first half of 2016. Most of the major hotel companies have signed up, including Marriott, Accor, Carlson Rezidor, Best Western, Choice Hotels, Wyndham and Preferred Hotels & Resorts, as well as numerous independent hotels.

Perhaps most significantly, TripAdvisor has signed on Priceline as an Instant Booking partner, which may mean that Booking.com is bidding on your hotel or will soon be doing so. Industry insiders expect Expedia to join the program later in 2016.

Meanwhile, Expedia-owned Trivago is also moving beyond metasearch to allow direct bookings on its website and mobile app. The company is test-marketing the service in Germany and plans to expand into English-speaking countries.



Source: www.trivago.com



TripAdvisor, which grew up as a user-review site, is now processing hotel bookings, and hotel sites are publishing TripAdvisor reviews. Vacation rental sites are now offering apartment bookings, and apartment rental sites are branching out into vacation rentals.”

Dara, Expedia, [Skift](#)

Growth of the Sharing Economy

Meanwhile, the sharing economy experienced substantial growth in 2015, with Airbnb leading the charge. Over one million people booked rooms on Airbnb on New Year's Eve in 2015 alone, almost double the previous year. ([Skift](#), 2015.) According to a study from Bank of America Merrill Lynch, Airbnb now makes up an estimated 8% to 15% of hotel room supply in major cities in the U.S. ([qz.com](#), 2015.)

In late 2015 Expedia purchased vacation rental site HomeAway, an Airbnb competitor that also grew significantly in 2015. Along with TripAdvisor, which acquired a majority stake in vacation rental site FlipKey back in 2008, the two companies are poised to go head-to-head with Airbnb.

To date, the hotel industry has been fairly dismissive of the threat of the sharing economy, but there is no question that these companies will attract a greater share of travelers in 2016. And not just leisure travelers; business travelers are a key focus too. Airbnb has introduced a separate hosting category called the Business Travel Ready Badge.



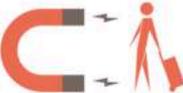
Source: qz.com/Bank of America Merrill Lynch



Accor's Hotel Marketplace

Meanwhile, in 2015 French hotel conglomerate AccorHotels surprised the travel industry by launching a booking platform and inviting independent hotels to join without the need to affiliate with the Accor brand. With the acquisition of FASTBOOKING, Accor is now positioned as a full service marketing agency for hotels, much as Booking.com has done with the launch of BookingSuite.

Accor's booking platform is similar to the OTA model, but commissions are reportedly lower, at 14%. Hotels have the opportunity to pay as low as 12% commission if additional marketing services are contracted. Accor says it plans to add 10,000 properties worldwide within three years.

 WEBSITE DEVELOPMENT	 BOOKING ENGINE	 RATE CHECKER
 SEARCH ENGINE MARKETING	 GLOBAL DISTRIBUTION SYSTEM	 CALENDAR INTELLIGENCE
 DIRECT LINK	 DISTRIBUTION MANAGER	 E-REPUTATION

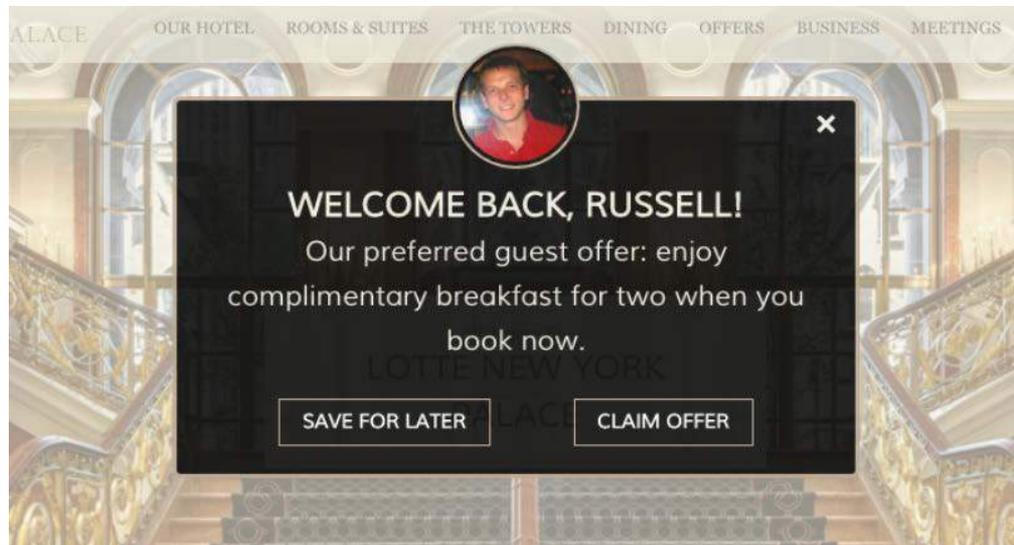
Source: www.fastbooking.com

Marketing Gets Personal

Focus Where You Can Compete

Given these massive shifts among the biggest players in the industry, how can independent hotels and small- to midsize hotel groups compete? First, be sure to explore the new distribution opportunities offered by Google, TripAdvisor and Accor to see if they're a good fit. Some hotels have even listed on Airbnb.

At the same time, focus on areas where the huge conglomerates can't compete: customer service, personalization and reputation improvement. All three areas can help you achieve your top objectives: better reviews, more repeat business and more direct bookings. We'll start by looking at personalization.



Source: A screen shot from Voyat's personalization tool



What Is Personalization?

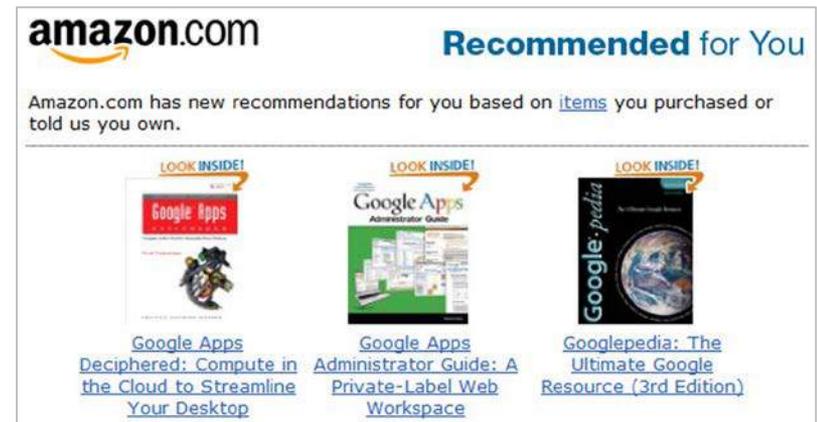
We hear a lot about personalization in the hotel industry today, but what exactly does it mean? Personalization is about helping consumers cut through the clutter by delivering information and services customized to their needs and interests.

At a time when less than half of business and leisure travelers consider themselves loyal to a particular hotel brand, personalization provides opportunities for hotels to differentiate their offerings and win traveler loyalty. ([Forrester Consulting](#), 2015.)

Examples of personalization are found everywhere online. Amazon provides recommendations based on the user's previous purchases. Google allows advertising clients to follow website visitors around the Web and "retarget" them with customized offers. Facebook's algorithm displays newsfeed items based on user activity and interests. And TripAdvisor allows users to sort hotels using a range of filters, including popularity, style and amenities offered.



Google retargeting



Amazon recommendations

Know Your Guests

For hotels, personalization starts with data collection. In order to customize offers, you must first know your guests' needs and interests. The more you know, the more personalized your messaging can be. Effective data management means collecting, maintaining, extracting and analyzing data using tools like your CRM database, PMS, revenue management systems, Google Analytics and ReviewPro.

By segmenting guests into profiles based on commonalities like geographic origin, lifestyle, profession and other distinguishing factors, you can market to them directly. You can also use advertising vehicles like Google and Facebook to target travelers like them. Upon arrival, data can be used to enhance the guest's stay with amenities and services. Post-stay, you can use data to entice guests back with customized offers.

Data can also help you determine how valuable your guests are to your hotel in terms of rate, frequency and total spend and how valuable they are likely to be in the future—also known as Customer Lifetime Value. This information will help you decide who to target and what kind of offers to send.

“Personalization is about deploying technology to optimize revenues. This can range from basic personalization like targeted email campaigns to sophisticated personalization strategies like predictive personalization ... The objective is to start thinking about collecting data from all channels to create a 360° view of your customer.”

Benjamin Habel

Founder and CEO of Voyat



Three Types of Marketing

When it comes to personalization, marketing can be divided into three main types:

One-to-many Marketing. Most marketers use this method. It's easy and cost-effective because you send the same message or offer to everyone. For example, an e-newsletter blast sent to your entire database. While efficient, it's effectiveness is limited because there is no personalization. Many recipients will ignore or delete the information or it will end up in the spam folder.

One-to-few Marketing. This method involves segmenting your database into target markets and sending each group a customized message. For example, an email to previous guests who stayed during Valentine's Day inviting them back to rekindle the romance. Done well, this method is more effective than one-to-many marketing but is more labor intensive.

One-to-one Marketing. Also called "marketing to a segment of one", this method involves creating customized messages for every person you target. For example, sending guests an email offer based on the specific room they stayed in on their previous stay. Done well, this method can be a highly effective but labor-intensive. Many tools are available to help streamline and automate the process.



Privacy Issues

One of the challenges of personalization is deciding how far to go. Whereas some people will appreciate a message that acknowledges their tastes and behavior, others may find it intrusive or even creepy. As a best practice, use only data that your guests have knowingly provided. This requires efficient data collection, whether through an email form on your website, at time of reservation or at check in.

According to the Forrester Consulting study, over half of travelers are willing to share their personal data with hotels provided they receive something in return such as relevant deals, discounts or loyalty points. Most are willing to share trip-related information such as room preferences, flight details and contact information and ratings and opinions in online reviews, surveys and comments. However, they are less willing to share data related to social media, household information and calendars. ([Sabre/Forrester Consulting](#), 2015.)

The desire for trade-offs explains in part why loyalty programs are an effective way to collection information about travelers. In exchange for perks and rewards, members provide personal information and access to behavioral tracking.

“When [customers agree] to share some information with us, it’s because they know that we’re making good use of it, and only aiming at giving them the best experience possible.”

Isabelle Birem

SVP Loyalty

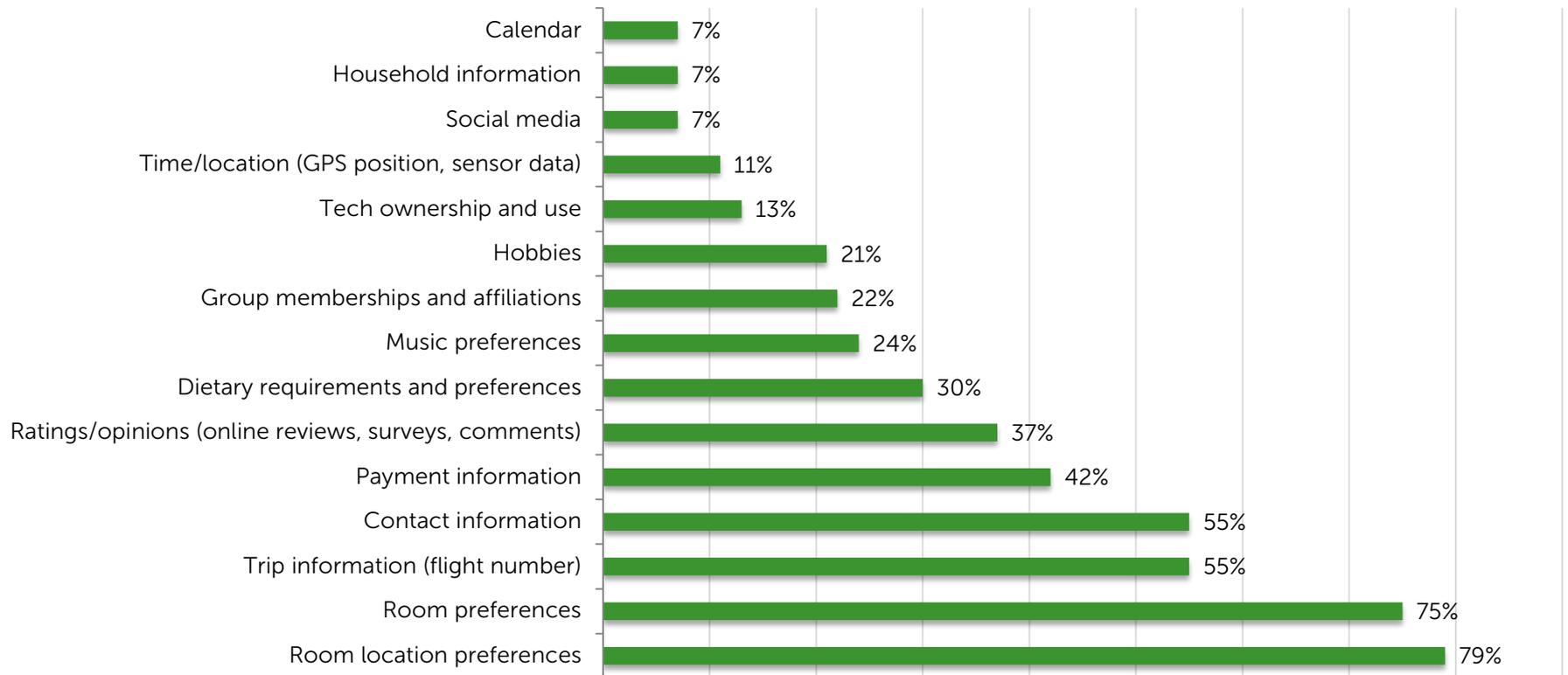
Le Club AccorHotels

[Skift](#)



Personal Data & Preferences

Which of the following types of personal data or personal preferences would you be willing to share in exchange for a more personalized hotel experience?



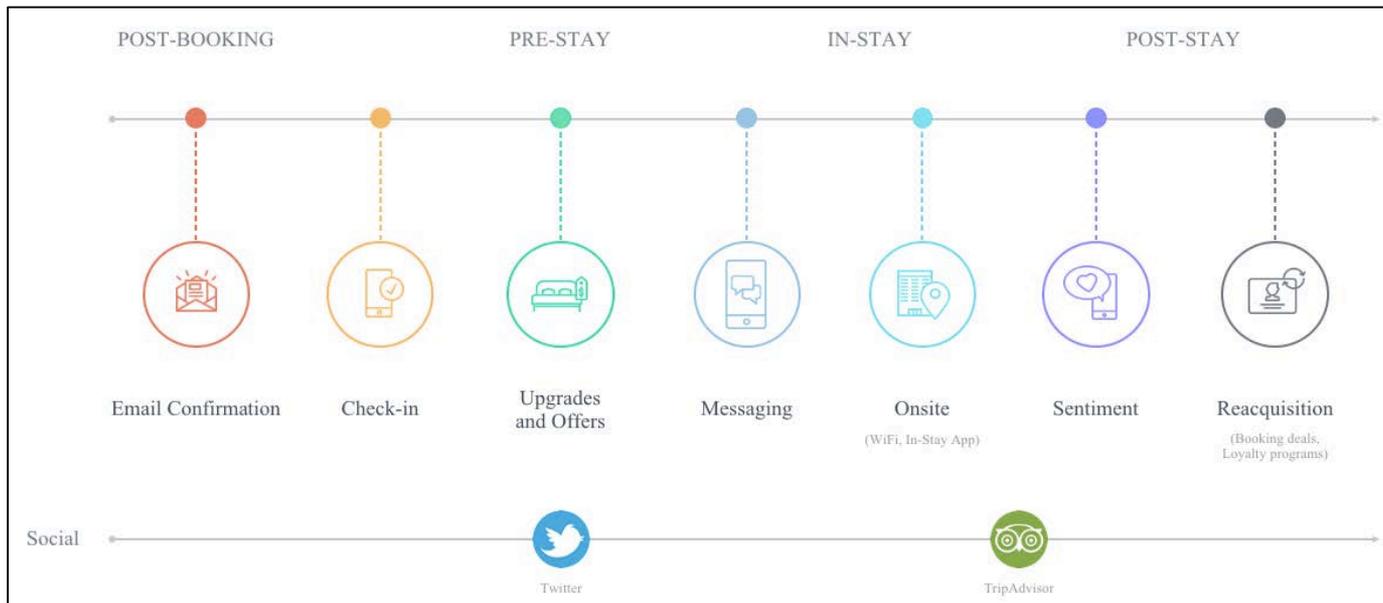
Source: a commissioned study conducted by Forrester Consulting on behalf of Sabre Hospitality. September 2015



Customer Service Goes Digital

Digital Customer Service

Closely related to personalization is our next trend, digital customer service. In the past, customer service in hotels was restricted to two main channels: in person and the telephone. In the 1990s, email emerged as another key channel. Today, social media and digital technology have created a plethora of new customer service channels like Facebook, Twitter, messaging apps and text messaging.



Source: Digital Customer Service Touchpoints (Source: GuestDriven)



Social Media & Guest Reviews

Facebook & Twitter

These days, people use Facebook and Twitter to share experiences, to ask for recommendations and to make inquiries with businesses. The public nature of these channels and the ease of sharing creates special challenges for hotels. To mitigate the risks and take advantage of the opportunities, hotels now actively monitor these channels as an extension of customer service efforts.

Facebook has been particularly active in creating tools for businesses related to customer service. Since launching a separate app for Messenger, the company has been encouraging businesses to interact with customers through the app and now intends to make pages the mobile customer-service hub for companies.

Facebook administrators can now draw a number of tools

to engage customers, answer their questions and provide services. At the same time, information published to pages like Facebook reviews, comments, likes and response times give consumers insight into the quality of customer service they can expect.

Currently, Uber users can book a car through Facebook Messenger. One of the first hotel companies to utilize Messenger as a guest communication channel is Hyatt, which has incorporated Messenger into the activities managed by its social media team.

Online Reviews and Guest Surveys

Online reviews and guest satisfaction surveys are also important customer service channels, providing a fresh stream of feedback from guests to guide improvements. We discuss these channels in more detail in the next section.



Text Messaging & Apps

Messaging Apps

Messaging applications like WhatsApp, Snapchat and WeChat are hugely popular with consumers and are often used among employees within a business. But they are only beginning to emerge as customer service channels for businesses.. The slow adoption is in part due to consumers' resistance to welcoming marketers into their social networks. At the same time, businesses have been slow to create a presence on these channels.

If we look to China, where consumers use WeChat for a range of business services, including hotel bookings, messaging apps represent significant future opportunities for hotels to enhance customer service and perhaps even drive bookings.

Text Messaging

Texting is another popular mode of communication among consumers. Slowly but surely, companies are getting in on the action too. This is evident mobile check-in services offered by airlines. Hotels use text messaging to advise guests when their room is ready and when their car has been brought up by the valet.

This is just the beginning, according to Anthony Zebrowski-Rubin, CEO and Co-founder of GuestDriven. "Mobile messaging is a powerful new trend and an exciting opportunity for hotels," he says. "From email confirmations and mobile check-in to upgrades and onsite communications, messaging and all digital customer service components become an ubiquitous platform that allows hotels to own the guest experience."



Digital Creativity

Many of the larger brands like Marriott and Accor are focusing on evolving their mobile apps into all-purpose customer service channels. Some are getting creative. Starwood's Aloft brand recently introduced an emoji texting service which allows guests to text requests for amenity packages using emoticons.

TiGi (Text it. Get it) Emoji Room Service



starwood Hotels and Resorts | aloft HOTELS

 THE SIGHTSEER \$10 MetroCard, city map & 2 drinks at WXYZ® \$30	 THE RE:FRESH Toothpaste, toothbrush, razor, shaving cream & deodorant \$10
 THE HANGOVER 2 bottles of vitaminwater®, Advil® & 2 bananas \$10	 THE MUNCHIES Coca-Cola®, Doritos®, Snickers® & chocolate brownie \$10
 PHONE CHARGER Please text "iPhone" or "Android" \$25	 SURPRISE ME Fun swag & cool stuff \$25

Messaging in Hospitality (Source: Starwood)

Digital Customer Service Tools

In recent years, numerous tools have become available to facilitate digital customer service for hotels. A few of them include:

GuestDriven allows hotels to communicate with guests on mobile devices pre stay, in-stay and post stay, from email confirmations to mobile check-in and onsite conversations.

CheckMate enables hotels to communicate with guests by email, text and native apps, offering mobile check-in, automated welcome messages and internal messaging and organizing messaging into a single, shared in-box.

Serenata facilitates digital communications between hotels and their guests, from confirmation emails to email campaigns to loyalty programs, and integrates customer relationship management into the hotel's IT landscape.

Alice tracks guest requests by mobile app, website, in person, over the phone and via SMS, connecting front of house and back of house staff with guest communication needs, all managed on one platform.



CheckMate



Hotels Shift to Reputation Improvement

Reputation Improvement

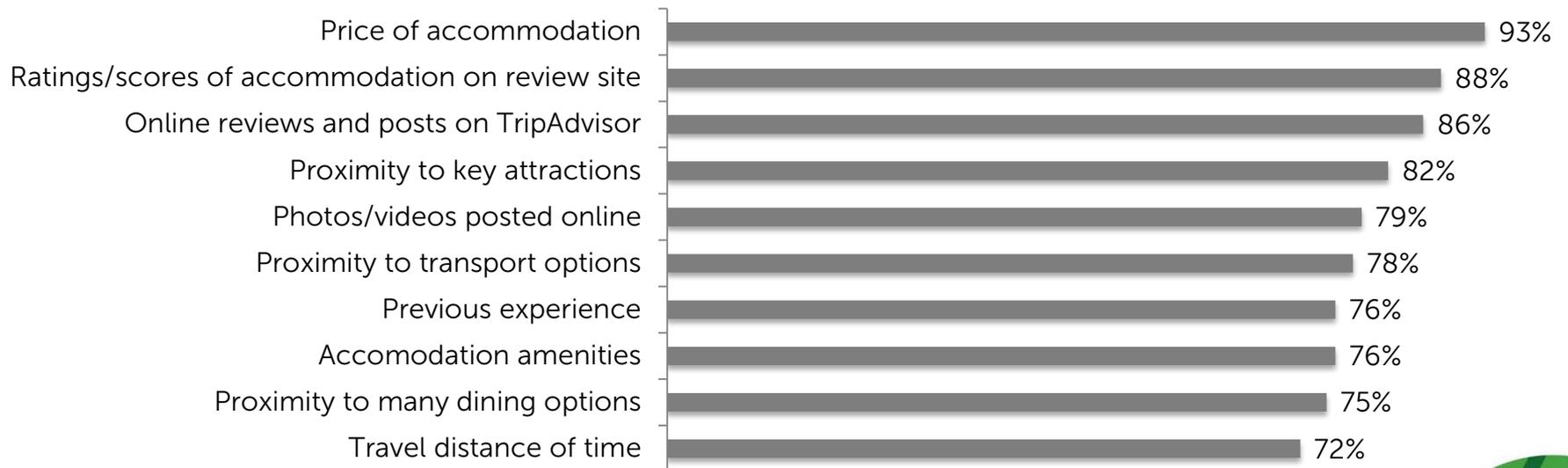
As mentioned in the previous section, online reviews and guest surveys are two critical guest feedback channels for hotels. ReviewPro makes managing guest feedback easy by integrating reviews and surveys into one dashboard.

According to TripAdvisor's TripBarometer survey of over 34,000 travelers, the top three most important factors to booking accommodation (see below) are price, ratings on

review sites and reviews on TripAdvisor. In a related survey of 10,756 lodging operators worldwide, online reputation management was identified as the top investment priority in 2016, outranking renovations, marketing and staff training. ([TripAdvisor](#), 2015.)

Clearly, reputation management is a top priority, but how will the function evolve in 2016?

Importance of factors when booking accommodation (TOP10)



Source: TripAdvisor's TripBarometer, December 2015



Creating a Guest-Centric Culture

Over the past few years, online reputation management has been a buzzword for hoteliers and it continues to be important today, but it is evolving. Focusing on data and measurement is no longer enough. Hotels that are getting the best results and are top performers on TripAdvisor focus on reputation improvement.

What is reputation improvement? It involves taking a much broader approach to guest feedback. This includes incorporating online reviews with guest satisfaction surveys as well as using in-stay surveys to identify issues and resolve problems while guests are on property.

Moreover, it's about using the insight to drive improvements and deliver measurable results. For this approach to work, there must be a cultural change throughout the organization, putting the guest at the center of everything.

Hoteliers need powerful analytics tools to get the real, valuable, actionable insight they need to be able to prioritize improvements. This means establishing new processes, getting the team involved, setting clear goals and taking action. By taking this holistic approach, you can expect to see positive results—happy guests who write nice comments and give you high ratings on TripAdvisor. The resulting increase in demand creates opportunities to increase room rates.”



Example of Successful Reputation Improvement

As an example of a hotel group that has implemented this process with remarkable results, is Jurys Inn, which operates more than 30 hotels in the UK and Ireland.

Jurys Inn overhauled its guest feedback program using ReviewPro's Guest Intelligence solution. They gather feedback from all channels and guest surveys are being used for post-stay, call center and product improvement concepts.

The results have been outstanding. TripAdvisor review volume increased by +200% and TripAdvisor rankings for 28 hotels rose from an average of 3.5 to above a 4-star rating within 10 months.

Jurys Inn are pioneers, but in 2016 every hotel should take up the challenge of creating a truly guest-centric culture.

“ One of our biggest wins is that TripAdvisor performance has improved dramatically.



**JURYS
INN**

Peter Stack

Regional Operations Manager



New ReviewPro Features

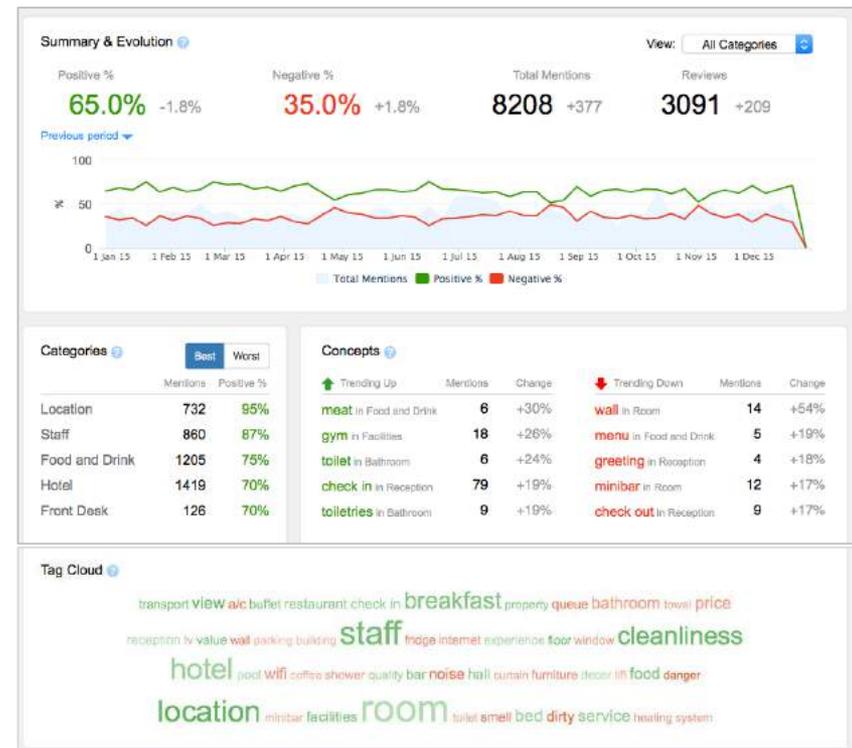
For hotel groups, decisions are often made at head office but the battle is won or lost on property. It's essential that the right people get the right information. How you train and support, how you engage your staff—it's all about a cultural shift to become more guest-centric.

Effective reputation improvement involves ensuring that the right staff receive the most relevant data, enabling them to focus on the most important areas. For example, the revenue manager needs data that highlights opportunities to increase rates when guest satisfaction levels are high but prices are relatively low—and vice versa.

ReviewPro allows users to access customized views and reports to help you turn insight into action. New developments at ReviewPro that help users go beyond online reputation measurement include:

Advanced sentiment analysis. Department heads can identify the key concepts such as cleanliness important to them that are trending up or down and, more importantly, understand why and take appropriate action.

Advanced Sentiment Analysis



Source: ReviewPro Online Reputation Management (ORM) tool



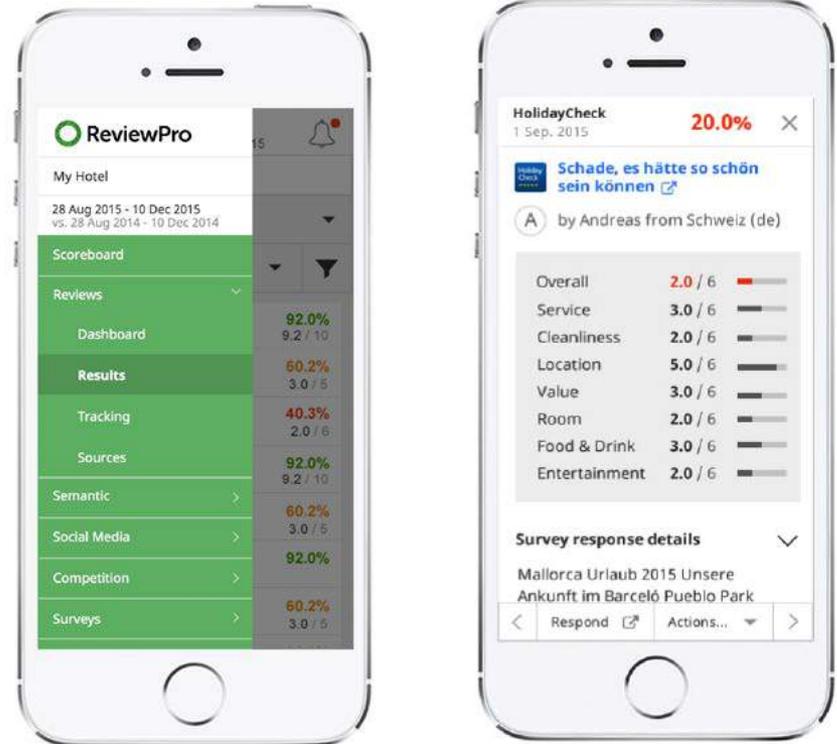
New ReviewPro Features

Customized views and reporting. Users can create reports containing only the relevant information for each department. Everything can be automated so you can schedule pdf reports or alerts to be sent to your inbox. We filter out the noise to help staff act on feedback quickly and efficiently.

Competitive benchmarking. See how your hotels compares to the competition and drill down on details to determine where changes are needed and which changes will have the most impact on results.

New mobile app. Scheduled to be rolled out in March 2016, ReviewPro's app will make it even easier to receive alerts in real-time so you can do what is necessary to ensure guests leave your hotel happy. And we all know that happy guests mean profitable hotels!

Mobile App



Source: ReviewPro



About Us

ReviewPro is the leading provider of Guest Intelligence solutions to independent hotel brands worldwide.

The company's comprehensive suite of cloud-based solutions includes Online Reputation Management (ORM) and the Guest Survey Solution (GSS), which enable clients to obtain a deeper understanding of reputation performance as well as operational/service strengths and weaknesses. We provide actionable insight to increase guest satisfaction, rankings on review sites/OTAs and ultimately revenue.

The company offers the industry-standard Global Review Index™ (GRI), an online reputation score, which is used by thousands of hotels worldwide as a benchmark for reputation management efforts, based on review data collected from more than 175 online travel agencies (OTAs) and review sites in more than 45 languages. More than 25,000 hotel brands worldwide are currently using ReviewPro's solutions.

[Request a Free ReviewPro Demo now](#)

Visit our Resource Hub

The leading source of Guest Intelligence best practices and insights for the hospitality industry



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