WANT TO GET YOUR HOTEL DISTRIBUTION AND MARKETING STRATEGY RIGHT?

NINE HABITS YOU SHOULD PICK UP

KEY LEARNING POINTS FROM WIT HOSPITALITY, HONG KONG

The inaugural WIT Hospitality conference took place in Hong Kong's state-of-the-art Hotel ICON on March 22, 2016. The one-day event covered topics from how to address evolving customer needs, the love-hate relationship between OTAs and hoteliers, power shifts through consolidation and acquisition, to the rising importance of content marketing.

Drawing on both travel research and views shared by industry panellists ranging from hoteliers to airlines to start-ups, we have identified nine critical learning points.

1) HOTEL AND DIGITAL PLAYERS MUST FIND A BALANCE IN THEIR CO-DEPENDENT RELATIONSHIP

Hoteliers look at OTAs like the world looks at Trump and Cruz, said Maria Taylor (Regional VP of Southeast Asia, TravelClick), as digital players continue to disrupt hotels' ability to drive direct bookings.

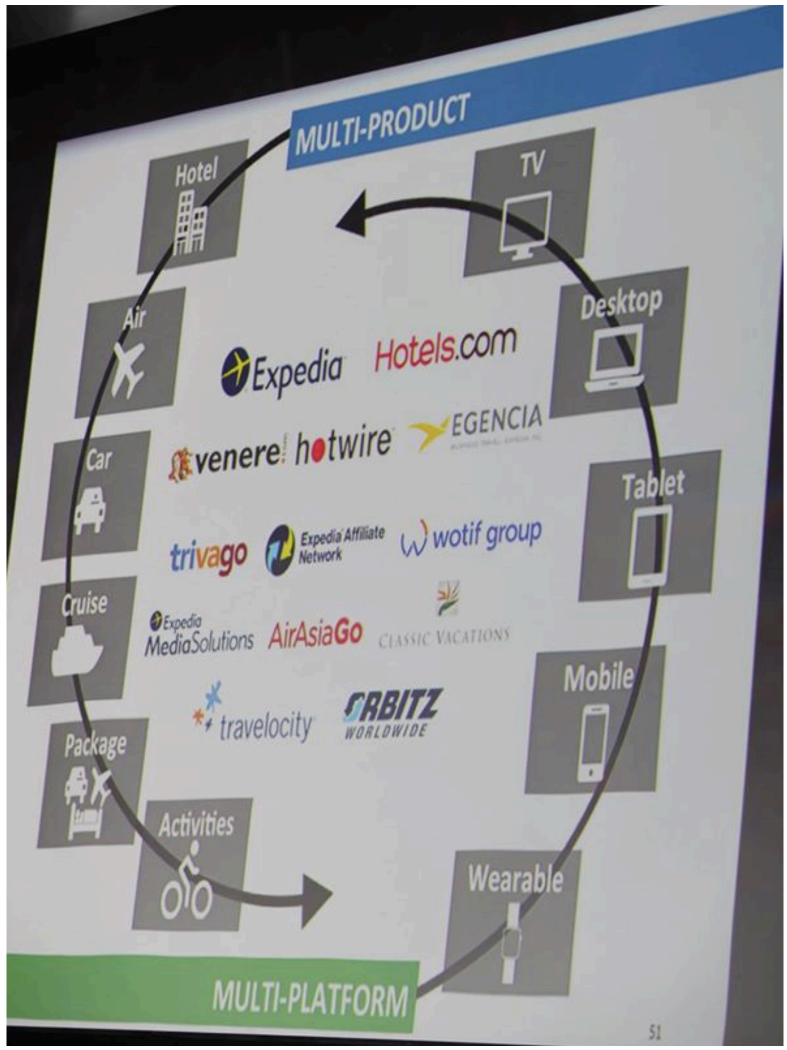
For example, Colman Ho (VP of Group Marketing, Century City Holdings) argues OTAs' liberal cancellation policies mean customers often keep shopping for better deals after making a booking, which can create uncertainty for hotel companies. Nevertheless, OTAs and meta-searches are able to unveil new research trends, extend customer reach and ultimately bring in business for hotels.

The conflict lies in the power balance, says Jean-Luc Chretien (Co-CEO of FASTBOOKING), as "hoteliers and OTAs need each other". Steps can be taken to make the relationship more mutually beneficial, e.g. through sharing of data analytics and insights to drive future strategy. Hoteliers would benefit greatly by integrating digital companies into their own infrastructure, like Accor's acquisition of FASTBOOKING.

Adam Brownstein, General Manager of BookingSuite, APAC, whose company has signed up 8,000 hotel partners in the region, said, "Our responsibility [in tech] is to show hotels what they can do to embrace the changes… to help [hotels] win in the [digital] marketplace".

2) HOTELS CANNOT BLAME DIGITAL ENTIRELY FOR LOSS OF CUSTOMER LOYALTY

Oliver Hua, Managing Director, APAC of Booking.com, said that there is less than 2% of repeat bookings on its platform, which raises the question of whether digital companies are weakening customer loyalty.



Colman Ho (Century City Holdings) argued that discount-triggered bookings on platforms like Booking.com and Agoda.com do not equate to customer loyalty but reflect "price-conscious" travel shoppers that specifically seek deals.

"If your brand is strong and your customers are loyal, they will just search for [the hotel] directly. They won't even step into the meta and OTA sphere", said Allan Yip (VP Marketing, Distribution & Brands, Artyzen Hospitality Group) which gets 90% of its business online, 50% of that through its direct channel.

Adam Brownstein (Booking Suite) agreed in a separate panel discussion, stating "your brand must exist independently from OTAs… you must build your value proposition and OTAs can help you from there".

3) CUSTOMER ENGAGMEMENT AND EXPERIENCE FOSTER LOYALTY

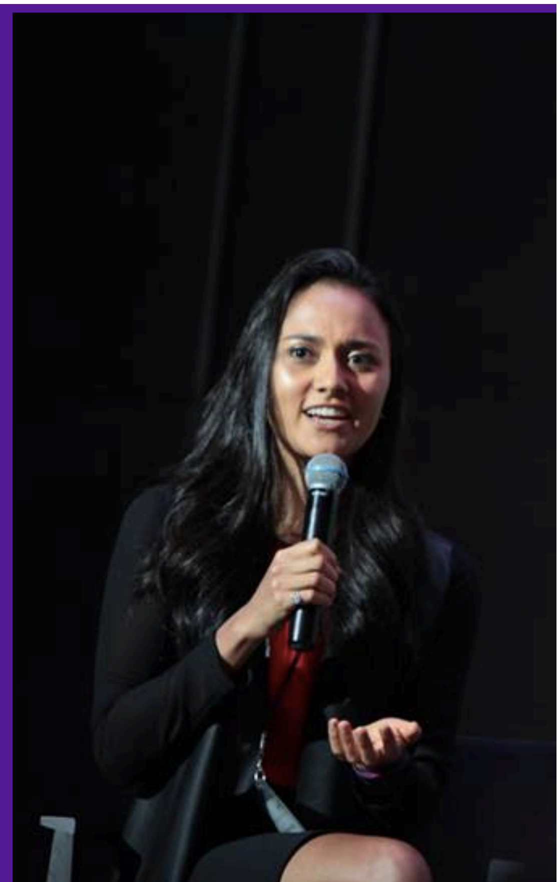
Strong customer engagement and experience allow guests to engage with particular brands more intimately. Hotel companies can benefit from using customer-created content online (e.g. TripAdvisor reviews) to monitor and acknowledge both positive and negative feedback.

Social media channels can also help build quick relationships with consumers, by engaging through shareable content and direct messaging, says Sally Osborne, the Director of Strategy & Business Development at Hotel ICON, showing that online strategy does not necessarily hinder customer-centric approaches.

Aaron Hung (Director of Partnerships, APAC, TripAdvisor) believes directly asking how customers are feeling should not be underestimated. Directly engaging customers and enhancing their experience by mastering ‘micro-moments’ during their stay fosters differentiation, consolidates the hotel’s brand and leaves a more lasting and meaningful impression on guests.

4) ALTERNATIVE ACCOMMODATION IS NOT NECESSARILY A THREAT, BUT GIVES TRAVELLERS MORE OPTIONS

Private accommodation has disrupted the accommodation space as HomeAway and Airbnb provide diverse alternatives to traditional hotels. The appeal of private accommodation rests in its value for money, ability to provide one-of-a-kind customer experiences, and the opportunity to 'live like a local'; with travellers on the discussion panel also expressing they often enjoyed interacting with their hosts.



Dan Lynn (VP of HomeAway, APAC) argued that private accommodation often provides things hotels simply cannot, for example, simply being able to "go to the kitchen and make a bowl of Cheerios" for his young children, in the middle of the night, without having to rely on expensive room service.

While there is clear demand for alternative accommodation, they do not pose a direct threat to hotels. For example, Michael Hobson of Mandarin Oriental Hotel Group notes there is a stark difference in what travellers look for when in the luxury travel set. Instead, he believes the rise of private accommodation simply gives rise to new travellers.

5) KNOW YOUR TARGET MARKET AND HOW TO APPEAL TO THEM SPECIFICALLY

All eyes are on the Chinese luxury market, but what are the best methods of marketing to this elusive demographic category?

Susan Li (Managing Director of Azure Global) argues that given the scale of the Chinese outbound market, targeting your specific customer is absolutely critical. She also states that Chinese travellers in the luxury market are more receptive to ‘word of mouth’ recommendations, especially given the general distrust of official media resources.

An effective means of marketing to tech-savvy Chinese millennials (who make up 50% of the outbound and high income market), is to invite and encourage influential people to create content by telling their own “lifestyle story” through popular social media channels like Weibo.

6) CONTENT MUST ‘MOVE, DELIGHT AND SURPRISE”

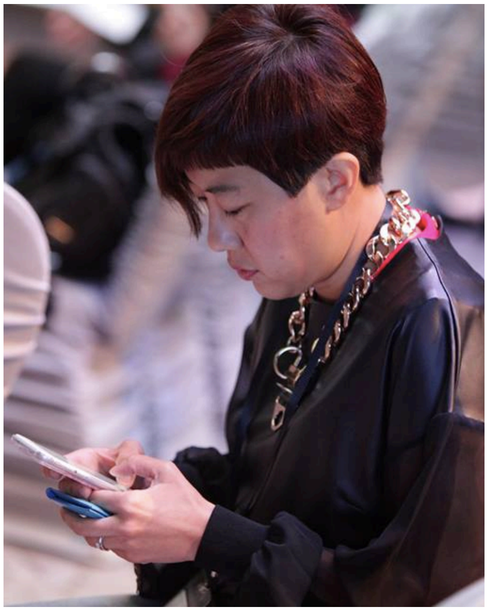
Morris Sim (CEO & Co-Founder, Circos Brand Karma) noted that customers nowadays are “looking for content that makes them feel”.

There is a distinct shift away from instructional content (e.g. room size) to more “aspirational” messaging that is considered more relatable and inspiring, e.g. UnderArmour’s latest RULE YOURSELF campaign, wherein the athletic wear is marketed in the context of a ‘classic hero’s journey’.

Also critical (especially for groups with a low marketing budget), content should have some “seed of virality” to it, enabling content to find its own audience and allow it to carry itself, Morris explained.

However, Janice Chan (Senior Director of Digital Marketing, Starwood Hotels & Resorts Asia Pacific) emphasised the importance of using data to figure out what your customers are talking about and care about in particular, as there is no “magic bullet to virality”.

7) MOBILE ENGAGEMENT IS ON THE RISE



One third of bookings are made through mobile (especially in China with its high digital penetration). The migration to mobile will fundamentally change how we search and book trips, said Allan Yip (Artyzen Hospitality Group).

Beyond direct booking, Colman Ho (Century City) stated mobile is beneficial for loyalty marketing (e.g. creating loyalty schemes), increasing customer engagement and as a medium for instant feedback. Additionally, Pierre-Charles Grob (Managing Director Asia, FASTBOOKING) argued that with the rise of cross-device technology, communicating with customers must be as international as possible, providing multi-lingual services and currency conversions, in particular.

CEO of HK Express, Andrew Cowen, also highlighted the potential of mobile apps in driving direct bookings, as the low cost carrier's app launch resulted in over 100,000 downloads and a significant increase in bookings via the app.

8) ALL EYES ARE ON CHINA, FOR VERY GOOD REASON

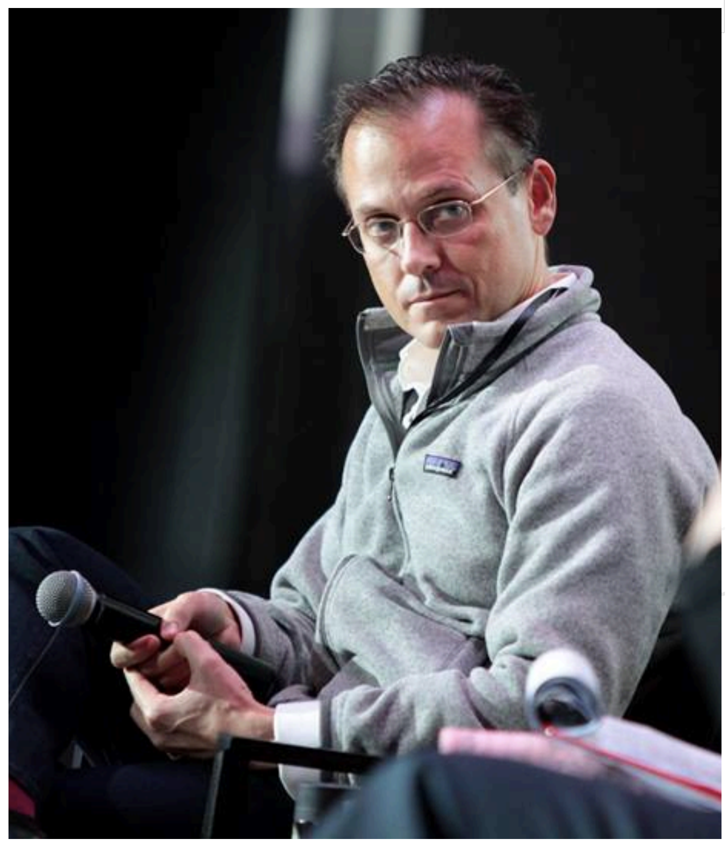
With approximately 120 million leisure trips taken abroad (according to CNTA) and $205.7 billion spent on outbound trips, attention remains fixed on China and particularly Chinese millennial travellers' habits.

The majority of outbound travel spend is taken up by vacation packages (48%) and shopping (22%), with lodging at just 9%. Also, online payment mechanisms (specifically Alipay and WeChat Wallet) are the second biggest form of hotel payment after credit cards. The rising popularity of online payments is attributed to the rise of mobile web bookings (33%) and desktop (49%).

Despite the global rise in popularity of 'alternative accommodation' i.e. rented homes/apartments, it falls well below more traditional hotel categories. While Chinese travellers evaluate accommodation options on common criteria of security, cleanliness, location and value (with younger, affluent travellers also increasingly focused on design, amenities and hotel branding), offering Chinese-speaking/language services is considered the most important.

9) HOTELS MUST THINK LIKE STARTUPS – PROCESS, NOT IMMEDIATE ROI & EXPERIMENT

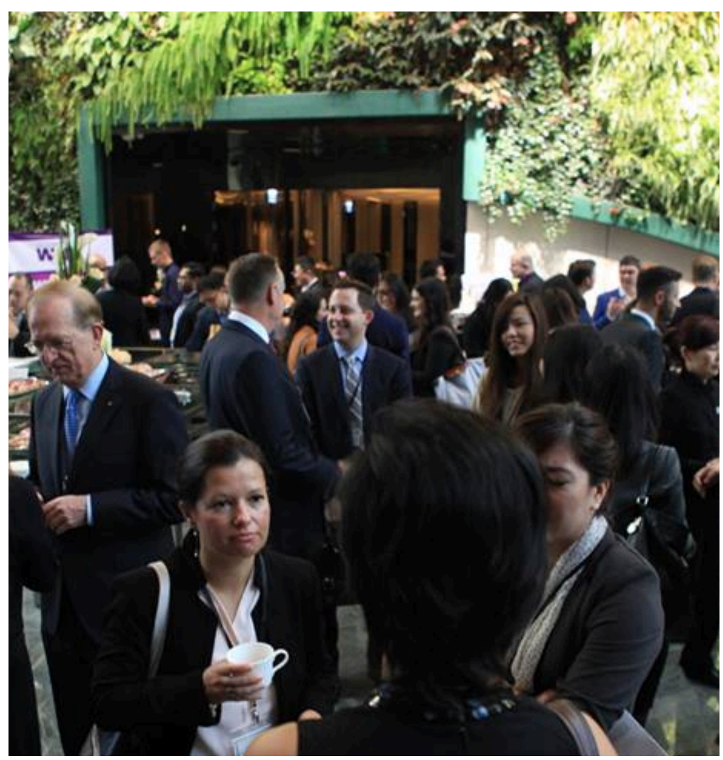
Hotel companies are encouraged to embrace similar approaches to investment as tech start-ups, to fully embrace digital innovation.



Morris Sim (Brand Karma) said hotels should regard digital as fundamental to everything they do, rather than “as an appendage”.

For most owners, they think that once the hotel is built, the investment is over when actually it’s just begun. That’s when marketing has to begin to build a brand, said Morris.

Fritz Demopoulos (CEO, Queen’s Road Capital) emphasised the benefits of risk-taking and focusing on a “process goal”, wherein adapting and constantly seeking alternative solutions to a problem (regardless of failure) will eventually yield results.



Currently, a successful model is observed in hosting venue, Hotel ICON, whose “laboratory”-approach and double existence as a teaching facility is deliberately structured to encourage innovation.

Hotel companies are too quick to abandon strategies that do not provide immediate and tangible returns, limiting its ability to evolve and address new challenges. A potential solution – an ‘experiment fund’ to allow companies to test and learn.