

segara Expert-Talk: Digital Marketing

Daniel Diosi gives an insight into his work and valuable tips for luxury hoteliers

segara: From which hotel size does it make sense to invest into Digital Marketing?

Daniel Diosi: Instead of size we need to evaluate the revenue growth potential - calculating the additional revenue the hotel could be generating by taking in a larger percent of bookings from online and direct channels instead of agents, tour operators and wholesalers.

This largely depends on the ADR gap between direct and non-direct channels. If the variance between direct and wholesale channels is high then the hotel has a good potential to realize the additional revenue. When planning the investment, I suggest to budget 10-20% of the expected revenue growth for digital marketing investment.

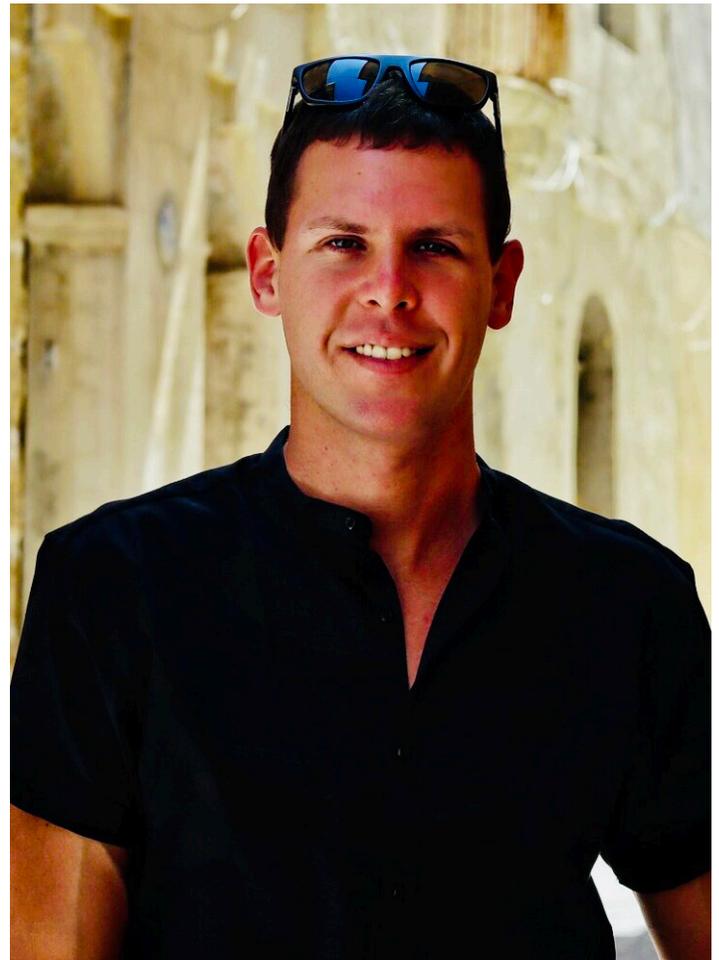
For example, a luxury boutique hotel with a few super expensive suites has significantly better ROI outlook compared to a huge 3-star resort as in case of the second the ADR difference between direct and indirect channels is so small that they would not possibly break even with their investment.

How can Digital Marketing affect the revenue positively and significantly – mid- and longterm?

Digital marketing tools can be used for a variety of business purposes, including revenue generation, brand building, upselling, repeat business, referrals, re-positioning and many more. To make optimal investment decisions, the company needs to be clear with their current situation and where they would like to get in the next couple of years.

Revenue-focused campaigns typically rely on offers, discounting and inclusions that are efficient short-mid term but are going to backfire long term. Overdoing such campaigns will make the brand associated with discounting which leads to an ADR erosion in two to three years. It is very difficult to recover from such a situation. In any industry, high powered sales offers create a downward spiral. Eventually you cannot offer a big enough „deal“ to get the public excited.

Branding focused campaigns help to grow reputation, which is critical if the company wants to position itself as a serious, well-established brand. From a revenue perspective, such brands can afford to break out from the price-location competition, increase ADR



confidently and build a steady demand that does not depend on discounting and advertising.

To plan for the long term while being successful in the present, we help hotel management teams to maintain an optimal balance between the above marketing investments so they can realize a good ROI while also improving the popularity and reputation of their brand.

For most hotels I would suggest to plan with the following in mind: maintain brand building “soft campaigns” throughout the year and launch aggressive “book now” campaigns not more than three times a year, based on seasonality, only for short periods of time.

How can we embrace luxury marketing practices from other industries?

I see the majority of hotel management teams only go for quick wins, revenue for the next month to meet targets, neglecting the importance of investing in proper marketing communication and crafting online experiences like other luxury brands do. Following this approach will not make extraordinary brands, just another average hotel locked in the price-location competition bubble.



From a first impression and conversion management point of view, hotel marketers need to master the same level of sophistication that luxury buyers are accustomed to from fashion, jewelry and automotive brands. Visuals and the discovery experience needs to be seamlessly integrated with effortless buying - in this case booking - options.

Photography will make or break it - other than a handful of super-luxury hotels and resorts I am still yet to see truly good hotel photography that captures the unique features and details in a truly attractive way. Photo and video editing trends are changing rapidly so to maintain a fresh look, photoshoots should be organized at least on an annual basis. Seeing three to four year old photos on a hotel website is off-putting for someone whose eyes are used to the latest photo trends.

To strengthen brand reputation, the company will need to be able to demonstrate environmental, social and fairtrade achievements in a non-promotional way - typically by credible celebrity endorsements and 3rd party media mentions. Affluent buyers consider their expensive purchases partly as a donation to a good cause, and they often consider their purchase as a statement.

According to a recent study, buying a traditional Mercedes SUV in 2020 is considered as a statement of bad taste and environmental carelessness among luxury buyers below 30 years old, while buying a Tesla or another electric car is applauded. This is why hotels that aspire to become a true luxury brand must be able to demonstrate their social and environmental value.

How can we communicate the resort experience online efficiently and on what channels?

By video and professional photography. I still see many 5-star hotels posting photos and Instagram stories

taken on a mobile camera. That will not get a wow-response from potential guests. Communicating the resort experience must be done by showing emotions, details and moments that make that experience extraordinary. Video should be used as a tool to communicate dynamic experiences, while photography works better for showing moments and details. Every channel today including social, brand websites, email and ads are perfectly capable of both photos and videos so each should be prioritized equally.

I would like to highlight the importance of non-clone content both in terms of visual and written communication. Today's young travel audience is consuming content fast, a lot faster compared to how older millennials and Generation X people do. When editing videos, keep in mind that you only have five seconds to grab their attention and another five seconds to make them interested so avoid any non-essential information.

Should the hotel decide to produce video content in-house, I would highly recommend investing in the high-end equipment and taking some courses about videography basics so their production will stand out in quality.

segara regularly creates very individual brand cooperations for its clients, how can they be used to get more online visibility that converts into bookings?

The concept of brand cooperation is brilliant, I think more hotels should seek cross-promotional opportunities as it not only helps to reach more customers but also helps to create a positive image of the brand.

Such cooperations bring brands closer to customers



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compared to paid advertising campaigns so if it reaches a big enough audience then both parties can expect additional sales.

Not all of these bookings will be realized on direct channels and I definitely would not suggest trying to expect bookings within a fixed time frame.

How much time does it take until a hotelier can see a ROI?

Each marketing activity has a different timeline, let's see a few examples.

Investing in a website overhaul, new photography and improving the discovery experience will generate additional revenue from the next day and will keep adding value for maximum two years when it needs to be done again.

Starting revenue-focused "book now" campaigns will start to get bookings within a week.

Improving social media communication will take up to weeks or months to make a difference.

Investing in brand building activities will take longer to show results, needs to be planned for at least years and possibly the best to evaluate those on a quarterly basis. It will not generate a spectacular "direct" ROI but will contribute to the success of the company by reducing seasonality, enabling higher ADR and by attracting guests the brand is targeted for.

For our clients we help to maintain a good balance between all these to maintain an optimal marketing investment setup that generates both revenue and longterm benefits.

The international business is down and budgets are tighter than ever. Which timing would make sense to start with a 360 degrees PR and Marketing strategy?

I would suggest to work ahead and create a 360 marketing plan now with multiple scenarios, then wait for the execution until we will have a better understanding about which direction the travel market will progress.

Larger investments will only need to be made during the execution phase so planning today does not mean jumping into huge financial commitments.

Plan to invest in purposeful PR, creating an attractive brand and perfecting all the online experiences from first impressions to post-stay email automation. With these done well, guest acquisition costs on direct channels will become minimal so advertising and media buying investments will have excellent returns.

Regarding timing media buying and advertising investments, get prepared now to advertise on domestic markets and plan to start campaigns in short-haul markets approximately one month before the foreign travel lockdown will be lifted in your particular destination.

Besides investing in the above, I would strongly recommend any hotel management team to hire leaders who understand the importance of direct-first business as the entire industry is heading in this direction.

Would you like to talk to Daniel Diosi personally? We would be happy to put you in direct contact with him at anytime. Please send a message to heike.goetz@segara.de.