Effective Marketing Tactics to Optimise Hotel Online Distribution

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Abstract *(150 words or fewer)*

Marketing, and specifically distribution, is becoming more complicated and challenging for hoteliers in all markets. This research evaluates the effectiveness of marketing and distribution tactics as perceived by four and five star hotel managers in Thailand. A questionnaire distributed to 350 respondents reveals that the most effective marketing tactics are related to brand.com, particularly to ensure the online booking engine is effective and visible on all pages and, more specifically, to clearly communicate information on room types; ensure real-time rates and best rate guarantee are available. With regard to Online Travel Agents (OTAs), the most effective marketing tactics are to provide attractive photos, accurate information, and rate and room availability parity. Marketing tactics related to social media and e-mails are revealed to be less effective.

Key Words *Distribution, Hotels, Marketing Tactics, Thailand*

Theme *What's going well in hotels and hospitality?*

Focus of Paper *Practical/Industry*

Introduction

The landscape of hotel distribution is becoming more complicated and increasingly challenging for hoteliers everywhere (Stangl, Inversini & Schegg, 2016; Christodoulidou, Connolly, & Brewer, 2010). Researchers have documented the impact of the Internet on the hotel industry and investigated distribution related issues such as working relationship with intermediaries, examined the relationships between e-commerce expenses and hotel performance, and recommended marketing tactics to leverage both direct and indirect channels (brand.com, OTA and meta sites, CRM, etc.). However, there is limited investigation of the effectiveness of these marketing and distribution tactics, as perceived by hoteliers themselves. This practical evaluation of the effectiveness of marketing tactics is critical as it serves as a benchmark for the practitioners and fills a gap in academic research. Hence, this research aims to assess hoteliers' evaluation of the effectiveness of a range of distribution–related marketing tactics.

Literature Review

The Internet has changed the hotel industry by making reviews available to aid travellers' decision making, enabling price transparency and comparison, and creating a new market place via online travel agencies' sites and meta search sites (Hills & Cairncross, 2011; Gazzoli, Woo, & Palakurthi, 2008). These changes create both opportunities and threats to hoteliers. The opportunities include reaching global customers through hoteliers' own websites (brand.com) and leveraging new indirect channels such as OTA and meta search sites (Stangl et al., 2016; Christodoulidou et al., 2010; Dabas & Manaktola, 2007; Gilbert, Beveridge, & Lee-Kelly, 2005), as well as social media (Su, Reynolds, & Sun, 2015; Inversini & Masiero, 2014; Leung & Bai, 2013; Chan & Denizci, 2011). On the other hand, there are accompanying threats, such as price transparency and comparison, online information management on indirect channels (Levy, Duan, & Boo, 2013; Guillet & Law, 2010), online reputation management (Park & Allen, 2013; Ogut & Kamil, 2011; Gilbert et al., 2005), and the increasing the costs of commissions paid to various intermediaries (Green & Lomanno, 2012).

Many researchers have investigated distribution issues, i.e. Stangl et al. (2016) report that hotel properties use an average of 8.06 channels, including 3.61 OTAs. Hua, Morosan and DeFranco (2015) state that E-commerce related expenses (e.g. website development, maintenance, and registration related expenses) significantly and positively impact on rooms revenue; and contribute to the gross operating profit for upscale and midscale hotels. Website attribute utilization and effectiveness corresponding to the star ratings of the hotels, that is, the higher the star rating, the more effective the exploitation (Musante, Bojanic, & Zhang, 2009). Cezar and Ogut (2016) report that conversion rates are significantly impacted by a high ranking in search results, a high number of recommendations and location rating, but not impacted by service rating and star rating. Beritelli and Schegg (2016) cannot confirm the well expounded "billboard effect" (Anderson, 2009), and recommend that hoteliers rather should maximize "share of shelf" and to build on interdependencies between channels and the network effects. As the costs of distribution have increased and

are forecasted to continue to grow (Green & Lomanno, 2012), the relationship that hotels have with OTAs becomes more crucial. Some researchers observed hoteliers are satisfied with these relationships and commissions paid (Myung, Li, & Bai, 2009), while others report that hotels are abandoning OTAs in favour of search engine optimization (Hills & Cairncross, 2011), while others documented hoteliers' frustration with the dominant role of OTAs (Lee, Guillet, & Law, 2013; Toh, DeKay, & Raven, 2011). For hotels with low occupancy rates, popular OTAs seem to be simple solution (Ling, Guo, & Yang, 2014). Lee, Denizei and Law (2013) recommend collaboration and sharing information, to find alternative distribution channels, and that hotels should provide services and amenities exclusively available on brand.com.

Given the distribution challenges facing hoteliers, researchers have made recommendations on marketing tactics to counteract the effect of the power of the distribution channels which utilise the resources that the hotels are able to adjust, manage or exploit themselves including; enrich and audit hotel information on the brand.com and indirect channels, optimise the brand.com for search engines, maintain a best-rate guarantee, make premium rooms only available on brand.com, offer discounts or promotions to direct booking customers, not giving loyalty points to indirect booking customers, maintaining rate and inventory parity across channels (Stangl et al., 2016; Inversini & Masiero, 2014; Lee et al., 2013; Green & Lomanno, 2012; Toh et al., 2011; Paraskevas, Katsogridakis, Law & Buhalis, 2011; Demirciftci, Cobanoglu, Beldona, & Cummings, 2010).

However research has rarely been conducted that investigates the perceived effectiveness of these recommended tactics if used by hoteliers (Hua et al., 2015), particularly in the context of developing markets (Au & Ekiz, 2009). Specific research on hoteliers' perceived effectiveness of tactics could contribute to the academia by validating the tactics suggested by previous researchers; as well as endorsing these tactics for practitioners by highlighting the available tactics, and their perceived effectiveness in a practical context by hoteliers. Hence, the overarching research question is; what is the perceived effectiveness of marketing tactics used by hoteliers to optimize distribution challenges.

Method

A quantitative method is adopted, as the variables have been established in previous literature and can be tested by existing hypotheses. Four and five star Thai hotels, and hotel managers, have been chosen as the study population. A total 350 questionnaires were distributed via an online questionnaire, and 86 responses are returned, fully completed, with a response rate of 24.5%. The questionnaire has 3 sections: personal and hotel demographic information; percentage of rooms sold through each distribution channel (not reported here); and evaluation of the effectiveness of tactics. A total of 34 tactics to optimize hotel distribution have been identified through the literature reviews on academic articles (Stangl et al., 2016; Inversini & Masiero, 2014; Lee et al., 2013; Green & Lomanno, 2012; Toh et al., 2011; Hills & Cairncross, 2011; Paraskevas et al., 2011; Demirciftci et al., 2010; Kim, Bojanic, & Warnick, 2009; Gazzoli et al., 2008); content reviews on OTA and meta search sites (tripadvisor.com/Tripadvisorinsights; join.expediapartnercentral.com; company.trivago.com/business); and personal interviews with industry practitioners. These are categorised into seven main dimensions; Brand.com, Reviews, OTA, GDS, CRM, Social Media, and E-mail marketing. The first two sections of the questionnaire are multiple choice, closed-ended questions. In the last section, participants could indicate 'not applicable' or use a Likert scale (1: absolutely not effective, 5: very effective) to evaluate the effectiveness of the tactics listed. A pilot test has been conducted with three different hotel general managers to ensure the clarity of the questionnaire.

Table 1. Characteristics of Respondents

Description	Number	Per cent
Job Title:		
GM or Assistant GM	39	45
Revenue Manager or Staff	27	31
Sales & Marketing Manager or Staff	20	23
Hotel Classification:		

Five-Star Hotels		46	53
Four-Star Hotels		40	47
Types of Hotels:			
Chain hotel		59	69
Independent Hotel		27	31

Table 2 presents the evaluation of the effectiveness of tactics, with the frequency of usage, means and standard deviations calculated from hoteliers actually use these tactics, and the dimensions of the tactics. The tactics are ranked based on their means. It is interesting to note that the top ranked tactics have smaller standard deviation, which the less effective tactics have larger standard deviation. This implies that respondents are more in agreement on the effective tactics, but had less consensus on ineffective tactics.

Referring to the N/A column of Table 2, all respondents used six actionable tactics, which are 'ensure the Internet booking engine on brand.com is working'; 'provide attractive photos on OTA sites'; 'clearly communicate different room types on brand.com'; 'ensure booking function is visible on all pages on brand.com'; 'ensure rate parity across different distribution channels'; and 'upload attractive pictures on brand.com'. Clearly, hoteliers are aware of the importance of a functioning brand.com for booking, using attractive photos on brand.com and OTAs, and rate parity. On the other hand, the least used tactics are, 'provide packages on global distribution systems'; 'special promotion exclusively available on hotel's social media platforms'; 'only award loyalty points when booking directly'; 'e-mail birthday or holiday greeting cards to stay in touch with customers'; and 'free cancellation is available on brand.com'. Further research is needed to determine whether hoteliers have judged these least used tactics as less effective and decided not to use them, or whether these tactics are not used due to resource constraints.

Table 2. Evaluation of the Effectiveness of Marketing Tactics (ranked from highest to lowest mean)

	Item	N/A	Mean	SD	Dimension
1	Ensure the internet booking engine on brand.com is working	0	4.53	0.85	Brand.com
2	Manage customer feedback or reviews properly on review sites	1	4.52	0.84	Reviews
3	Provide attractive photos on OTA sites	0	4.49	0.73	OTA
4	Ensure information on OTA sites is correct	1	4.49	0.78	OTA
5	Clearly communicate different room types on brand.com	0	4.48	0.81	Brand.com
6	Ensure real-time room rates are available on brand.com	5	4.48	0.91	Brand.com
7	Ensure booking function is visible on all pages on brand.com	0	4.41	0.89	Brand.com
8	Ensure best rate guarantee is available on brand.com	2	4.40	0.85	Brand.com
9	Ensure rate parity across different distribution channels	0	4.40	0.74	OTA
10	Ensure consistent availability of room inventory on OTA sites	4	4.38	0.84	OTA
11	Develop a close professional relationship with travel agents	5	4.38	0.87	GDS
12	Ensure the real-time room inventory is available on brand.com	2	4.36	1.00	Brand.com
13	Encourage customers to leave reviews on review sites	1	4.32	0.98	Reviews
14	Encourage information on global distribution systems is correct	7	4.32	0.86	GDS
15	Upload attractive pictures on brand.com	0	4.24	0.94	Brand.com
16	Provide special promotions on OTA sites	6	4.20	0.96	OTA

17	Practice search engine optimisation	3	4.17	1.03	Brand.com
18	Practice search engine marketing to drive traffic to brand.com	5	4.16	0.89	Brand.com
19	Update content regularly on brand.com	1	4.15	0.92	Brand.com
20	Offer packages exclusively available on brand.com	4	4.11	0.96	Brand.com
21	Optimize website appearance for different mobile devices	8	4.09	1.07	Brand.com
22	Only award loyalty points when booking directly	11	4.05	0.97	CRM
23	Encourage customers to write reviews on OTA sites	5	4.02	1.00	OTA
24	Create targeted ad campaigns on hotel's social media platforms	5	3.98	1.07	Social Media
25	Offer discount opportunities to returning customers who book directly	6	3.95	1.12	CRM
26	Show customer reviews on brand.com	5	3.94	1.08	Brand.com
27	Upgrade or offer freebies for returning customers who book directly	6	3.91	1.05	CRM
28	Offer Internet booking engine on hotel's social media platforms	4	3.89	1.13	Social Media
29	Free cancellation is available on brand.com	8	3.88	1.14	Brand.com
30	Special promotion exclusively available on hotel's social media platforms	12	3.88	1.02	Social Media
31	Email special offers to current & potential customers	2	3.83	1.03	E-mail marketing
32	Use e-mail newsletter to stay in the customer's mind	3	3.75	1.01	E-mail marketing
33	Provide packages on global distribution systems	13	3.75	0.91	GDS
34	E-mail birthday or holiday greeting cards to stay in touch with customers	9	3.66	1.14	E-mail marketing

In terms of the effectiveness as evaluated by the means from hoteliers which used these tactics, the top 10 marketing tactics are; 'ensure the Internet booking engine on brand.com is working'; 'manage customer feedback or reviews properly on review sites'; 'provide attractive photos on OTAs sites'; 'ensure information on OTA sites is correct'; 'clearly communicate different room types on brand.com'; 'ensure real-time room rates are available on brand.com'; 'ensure booking function is visible on all pages on brand.com'; 'ensure best rate guarantee is available on brand.com'; 'ensure rate parity across different distribution channels'; and 'ensure consistent availability of room inventory on OTAs sites'. It concluded that brand.com and OTA related marketing tactics are more effective.

In contrast, the 10 least effective tactics are; 'e-mail birthday or holiday greeting cards to stay in touch with customers'; 'provide packages on GDS'; 'use e-mail newsletter to stay in the customer's mind'; 'e-mail special offers to current and potential customers'; 'special promotion exclusively available on hotel's social media platforms'; 'free cancellation is available on brand.com'; 'offer internet booking engine on hotel's social media platforms'; 'upgrade or offer freebies for returning customers who book directly'; 'show customer reviews on brand.com'; and 'offer discount opportunities to returning customers who book directly'. From this research results, e-mail marketing, social media, and relationship marketing related tactics are considered less effective by the subjects.

Discussions
Brand.com
From this research findings, Thai hoteliers consider search engine optimisation, search engine marketing, updated content and exclusive available packages, as well as optimising web appearance for different mobile device to be less effective. Well-designed packages focusing on target customers' needs could be a competitive advantage for brand.com, and motivate travellers to book directly. In addition, digital travel and mobile booking are forecast to grow in Asia-Pacific countries (eMarketer, 2015). Hence, to align with this future trend, Thai hoteliers should reconsider the effectiveness of optimising website appearance and invest

in responsive websites for a range of devices (Murphy & Chen, 2016). More research is needed to understand why Thai hoteliers consider these tactics less effective.

OTAs

What is interesting is that OTA related tactics have been evaluated as highly effective, especially in comparison to tactics related to social media, e-mail marketing, and CRM. Previous researchers found that travellers use OTAs and review sites when they start travel planning, and brand.com is only important in comparison and booking stages (Stangl et al., 2016; Verma, Stock, & McCarthy, 2012). Hence, Thai hoteliers' strategy to optimize content and ensure rate and inventory parity at intermediary sites are effective in getting into customers' consideration set. However, an overdependence on OTAs when market conditions improve could create a dependency on these channels, risk higher commissions being paid and ultimately the loss of ownership of the customer and his loyalty.

Other tactics

Thai hoteliers recognize the effectiveness in responding to reviews and encouraging customer reviews. However, they do not consider showing customer reviews on brand.com or encouraging customers to write reviews on OTA sites as effective tactics. Technically, showing reviews on brand.com is not difficult. Maybe Thai hoteliers know that many customers have already read reviews before they arrive at brand.com. Yet, reviews on OTA sites is part of the ranking factors for OTAs, such as Expedia and Trivago. As the ranking order impact the hotel's position on the search results on OTAs, Thai hoteliers need to be aware of the ranking algorithm and should encourage customers to write reviews, if only on OTA sites.

The GDS is still important to some markets. In addition to information accuracy, a close professional relationship with travel agents is still an effective tactic in these markets and their "fair share" must be maintained and hoteliers must remain mindful of the role of the GDS/ travel agent in their distribution tactics.

Several CRM and e-mail related tactics have been rated less effective by Thai hoteliers. Hua et al. (2015) observed that loyalty programs and affiliation fees decreased while ecommerce related expenses increased during their study period, and concluded that the efforts to recruit and retain loyal guests can be offset by a strong e-commerce strategy. Yet, at the time when the relationship between the hotel and customers is under threat by intermediaries, CRM and e-mail marketing could defend the relationship (Stangl et al., 2016). Given all the buzz generated about social media, its ability to generate booking remains questionable, as found in this study and others (Stangl et al., 2016; Murphy & Chen, 2014). However, though the direct contribution to purchase remain unknown, social media is a powerful customer touchpoint that should not be ignored.

Conclusions

This research aims to understand the perceived effectiveness of marketing tactics used by hoteliers to optimize distribution. The contribution of this research is to rate these 34 marketing tactics, identified through an extensive literature review, for a specific market, i.e. four and five star hotels in Thailand. Furthermore, this research investigated hoteliers' evaluation of the effectiveness of these marketing tactics in optimising distribution in a real-world context. To some extent, these two contributions respond to the call made by Lee et al. (2013) that hoteliers should share information about OTA practices and strategy. The results indicate that brand.com and OTA related tactics are perceived to be more effective, while e-mail and social media tactics are less effective.

Further research is needed to link the effectiveness of marketing tactics to performance (Hua et al., 2015), such as occupancy percentage, and room revenues. In addition, it's necessary to expand this research to other markets, and compare the market differences.

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