

# IS IT BRAND LOYALTY OR SOMETHING ELSE THAT DRIVES HOTEL BUSINESS?



It used to be so easy to make a Hotel reservation. We were led primarily by our prior Guest Experience. We knew what to expect. Hotel companies had defined Brands, service standards were consistent, amenities continually enhanced, and marketing pockets deep. We were believers and loyal to the Brand. We felt good! Along with everyone else this decade, Hotels began to enlarge their portfolios, new Flag Brands exploded on the scene, deals proliferated, competition was fierce - everyone wanted to get into the game! Then the bust! Literally overnight the landscape shifted - properties folded, debt became the driver for our performance, staff was disbanded, standards reduced, amenities rolled back, promotion halted. We took our eye off the ball. Guest Loyalty may not be real and your Brand merely a commodity - could it be? Your Consumer will be loyal to your Brand, if they believe your good will.

If they feel special when they walk through your doors, respected when addressed, satisfied with the product, service and facility, they will return. But, many Hoteliers have forgotten that the Customer is king. Retailer LL Bean never forgot that. Their products are always high quality, reasonably priced and a return policy on goods forever. Hotels now are in the news everyday, whether it be Boston with Hyatt, Chicago labor, deals run amok, defaults, publicly devaluing ratings, everyone scrambling.

Our Consumer watches all this with a jaundiced eye, almost reminiscent of Chevy Chase in the movie, "Caddy Shack", guiding a young caddy on the Zen secret of golf, "Be the ball, Danny!" Well, actually, it is the stance, the swing and the follow-through. The ball goes where we hit it. We need to return to some basics and learn and respond to the Guest Experience, as reported by that Guest. On property, you have all the time in the world to plan and react to your Guest and make that visit memorable. Service lapses can be righted, room complaints handled expeditiously, special requests ably addressed. You do have a captured audience which demands the best in hospitality attention, and no situation should go unanswered. Ah, the perfect world. There are no guarantees, other than LL Bean's. But, once they depart, you have no "touch" response or control on what they report, and they do report, for everyone now is a critic on the Internet Voyager - word of mouth gone exponentially to a vast audience of knowledge seekers.

Blogs, social media, user generated reports are the new flashing billboards - nattering neon nabobs of influence all. The topic of Brand Loyalty arose at the recent Lodging Conference in Phoenix, and the exchange among several Hotel Executives was deftly covered by noted writer, Patrick Mayock. One such CEO, Tom Magnuson of Magnuson Hotels, was prescient with his comments, as reported by Mayock. "(The Internet) has allowed people to make their purchasing decisions on a set of objective criteria rather than the traditional Brand concept." He continued, noting that Consumers "...now purchase room nights based on location, quality, star rating, amenities, price and TripAdvisor rating". Naturally, other Brand leaders with extensive Loyalty Programs contested his position, harkening back to the strength of the differentiated Guest Experience.

Given the deterioration of that Experience currently, is it only the far off memory which is memorable? If we think that the Guest Experience has not been eroded, we need to be prepared to do "some 'splainin'", as Lucy would challenge Ricky. Consider aggressive Reputation Management. It all comes back to engagement of that Guest. You have had your chance during their stay. It is their turn now, and they are sharing their thoughts and reactions with many others. Of course, some

reservations are booked through a committed Brand Loyalty, but every year the number of reservations and the influence of On-line Travel Agencies (OTA's, like TripAdvisor, Priceline, Orbitz, Expedia) drive a larger share of the business to your lodging. The Center for Hospitality Research at Cornell University issued a stunning report on August 25, 2009, called, "What's Your Hotel's Reputation Management Strategy?", which addressed the increasing power of the User Generated Content Reviews. "The reality of public involvement in traveler reviews has dramatically altered the way customer loyalty and satisfaction must be compared at the property level... Fanning the fires of this change is the amazing credibility afforded hotel web reviews by potential guests... In fact, 88% of those reading them say reviews contribute to their ultimate hotel selection.

Additionally, review users consider what they read to be almost twice as important as brand or reputation in their decision." Other nuggets include, "Their goal is to find the best value within their price range...location and rate still lead the shopping goals. For the almost 66% of US guests now reading reviews, the traveler rating and written traveler review...constitute a public wall of comments from which quality may be determined. ..many meeting planners now use traveler reviews to learn about hotel reputations. ..bad comments may prevent them from ever being considered for group business. Likewise, the growth of OTA's as a corporate platform for travel aggregates the influence of these reviews to negotiated rates. In fact, even OTA's use review sites to help set star ratings for hotels being marketed on their pages." Wow - game, set, match!We have moved into an entirely new realm here, folks. Loyalty Programs have value, as do Comment Cards.

But, your Guests are wired and enjoy, sometimes prompted, sharing lodging experiences. Hotels must step aggressively into the Internet Age and turn all that data and commentary into useful and directed information for decision making, conversions and Reputation Management. We can debate all day, but Mr. Magnuson clearly caught the reality of the moment and the immediate future. By Ragsdale Hendrie The author believes that Remarkable Hospitality is the portal to the Guest Experience.

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