

General Session: Internet Travel 2.0 and the Long Tail Meet the Global Spa Industry

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8:30AM – 9:15PM

Empire Room

Scribes: Mariana Pires and Fransisco Cunha

Presenter: Philip Wolf, CEO, PhoCusWright, Inc., Connecticut

We now take for granted some once revolutionary things. Last year, Travel 1.0 was like a “swan song”, in its last big performance. We have officially entered the Travel 2.0 era: a revolutionary era for consumer preferences and purchasing behaviors - This will open a new path for travel and hospitality.

People are no longer looking for the cheapest fare, but they now look for the perfect experience. Consumers are also communicating with each other. This creates a unique occasion, very much in communion with spas. At PhoCusWright we explore one amazing global travel industry, responsible for a variety of industry services aligned perfectly with the spa industry.

Travel 1.0 started back in 1995, and it refers to a significant transition from offline to online purchasing. In this migration, consumers started adopting the new way, dominated by three things: price, price, price. Many times through bidding. Price drove adoption in hospitality, and people confused price with this new medium. The general perception was that Internet was about discounting, and it would ruin brands. It would be a low cost channel. This was a mistake.

Today users take charge of their buying experience - they search, purchase, and do many other things when they are looking at your company’s website. An example is that digital music encourages “electronic snacking”. YouTube is also an example of how spas can upload domestic movies about their product or property. You should think about marketing strategies that use these channels, and think of what people are doing when they are surfing the web.

The website with highest traffic in the World is not Google, for example, but My Space and Facebook. But not many spas are using this phenomenon in their strategy. Here, the website manager produces zero content; it is a consumer-driven phenomenon, so your e-commerce strategy will need to change for this matter.

PhoCusWright studies capture many trends in the industry, and some examples are: in 2007, US online travel penetration was 50%; and 50% of all US travel purchases were made online. This is similar to Canada, and the company is now starting to track other countries data. These numbers will become a tipping point, when other factors come into play to provide a different experience.

For spa travelers, the online percentage of total spend is of 48% for long weekend and 42% for vacation. Spa consumers are likely to make several spa-related purchases online. If they buy travel online, 45% are likely to buy spa products.

We have now entered Travel 2.0, and now we should think of the consumer’s perspective. Consumers are seeking to change, no longer fixated on finding the lowest price, but to create the “perfect trip”. Price is now one of several factors.

On the supply side, companies have stopped looking online as a low cost channel, and they are using it to stimulate demand and create loyalty, and yes, to take market share from competition.

It is therefore essential to have:

1. Complete transparency – not just in pricing, but also in data, editorial, and even images. This is an advantage to niche industries like spas. Many people will learn about your strategies. People know where you are. People will even question if your professional photographs are real or not. So, businesses need to take advantage of this.
2. Peer collaboration – “C” to “C”, or customer to customer. Place reviews on your website, even if they are bad. What matters is how you communicate, and how you solved the problem. There is a trust factor here, and your strategy should embrace “C” to “C”.
3. Basic, time-honored things have become much easier now.
4. It’s more difficult to explain things, as websites and technology are getting better at predicting. Yahoo, for example, if you type luxury hotel in NY city, you will all get the same search results, even if people perceive luxury in different ways. It’s important to record searches on a database and analyze clicking behavior.

There are optimis systems where you let it track and watch what you’re doing so that it gets smarter about what you’re looking for and become more efficient delivering it.

Technology allows sites like Kayak to deliver you travel options with a wide variety of date ranges, location, and pricing. This was very hard with traditional travel agencies.

The long tail DNA turns the 80/20 rule around. Amazon eliminated the concept of books that were out of print, and companies like NetFlix are now making considerable profits from films that are too expensive to have at regular retail stores. In the long tail your niches, or the low frequency occurrences, are outnumbering the other ones.

The size of your reputation matters more than the size of your marketing budget. So the playing field is now leveled. Bigger companies that distribute your inventory (Opodo or Expedia) value more what you are choosing now than ever before.

Search and vertical search is becoming very apparent. People who don’t understand online marketing are no longer capable of understanding marketing at all. Search is a huge aspect of marketing, and key word bidding needs to be very specific to your niche, making it less costly as well.

Google and Yahoo have travel related areas now. Kayak displays options on a map, not just through writing, and customers are getting ready to see things differently.

The new trends indicate that the information from the results helps customers decide if they should buy now or later. Will spas be in the same situation? Consumers are asking for it.

Vertical search includes both vertical and refined. Metasearch has a new angle on price and Metasearch 2.0 is designed around historical data trends and predictive analysis.

Tag search is also important because you can remember websites and save it. Then you ask consumers what word you want to have related to this. One can save all these words. On your webpage you can put “tag me with X word”.

You should also promote content. Have a place for the GM to respond to reviews, or put on a photograph of how you solved a problem.

One interesting example is a hotel which was receiving bad reviews from guests due to the disturbance cause by some construction noise. The owner then reduced the prices for these hotel rooms, informing customers of the situation. This ended up increasing the sales, and the owner actually continued this yield management policy even after the construction ended.

There is also an example of a very small hotel in Paris that now has over 90% annual occupancy because they mastered Tripadvisor optimization.

Blogging is another good example of strategies you can use for you spa, as well as mobile media. You can send an SMS to your guest saying: “I know you are late, but we are waiting for you and your reservation is secured”. You can also tag your picture, itineraries, and many times the spa is an ideal service for that because it accelerates into gathering. You can tag other people that tag like you, so you can help other customers with the same interests. Real Simple Syndication (RSS) is also very important as you can sign up when special opportunities occur. You can also have an SMS campaign, or even use “Second Life” for your marketing.