

## ONLINE MERCHANDISING: WHAT IS IT AND HOW CAN YOU USE IT TO YOUR ADVANTAGE?

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Intensifying competition, the proliferation of video and changing travel shopper behavior are a few key drivers encouraging hotel owners and marketers to rethink their existing approaches to online revenue generating activities.

Put yourself in the shoes of an active online travel shopper looking to book a hotel in downtown New York for a weekend getaway with friends. As you search the Internet for hotels that meet your buying criteria - price point, room size, amenities, proximity to attractions, shopping and nightlife, you find several comparable hotels and struggle to choose the "right one."

What is it that motivates you to choose one hotel over the others? I would argue (and merchandising strategy supports), that how well a hotel best conveys the expected experience you're looking for during your stay is what ultimately motivates you to book.

The retail industry has long understood that product presentation impacts sales. The hotel industry, however, isn't using merchandising strategies to their full advantage online. There are valuable opportunities for hoteliers to enhance their online presence, making their hotels more visually compelling and more engaging than the competition.

By understanding and implementing the fundamentals of online hotel merchandising, hoteliers can leverage the Internet as a cost effective sales and marketing channel by capturing shoppers' attention and motivating them to book. Here are six simple ways hotels can use online merchandising to their advantage.

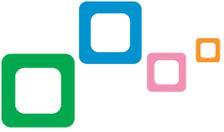
### 1. SHIFT FROM OFFLINE TO ONLINE

Research shows that over 80% of travelers conduct at least some travel planning online<sup>1</sup> and 55.7% of hoteliers strongly believe that Internet marketing produces better results than traditional marketing and are shifting their marketing efforts to online. However, to this day, hotel and travel information is still being distributed to retail travel agencies in the form of glossy printed books and brochures.

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It's not to say that print media is obsolete, but there is a growing demand for electronic brochures or 'e-brochures,' especially when online travel bookings are expected to grow by 10.5% in 2009.<sup>2</sup> With digital brochures, hotels can display richer, multimedia content, update quickly and easily, distribute globally and measure their results, but more importantly, displaying digital content on the Internet allows savvy hoteliers to outsmart the competition and gain market share.<sup>3</sup>

## 2. FOCUS ON VALUE

During a recession, everyone is looking to cut costs, but slashing prices isn't the best or only option for hotels. As Henry H. Harteveltdt, Vice president, Principal Analyst, Forrester Research, Inc., states, "Hotels do not do a good job with their written or visual descriptive content. Not meeting guest expectations with visual or written content only increases guest likelihood of using price as the primary, or perhaps exclusive, decision-making criteria. It also makes it harder for budget-focused guests to consider trading up to better quality accommodations." In other words, rates alone don't sell rooms - value does.

I would argue that, in some cases, lowering room rates is actually detrimental to a hotel's perceived value. Besides, how often do you book the cheapest hotel you find? There is a stigma that accompanies hotels with extremely low rates. Just like any product, the presentation of a hotel can increase its perceived value, making consumers more likely to book at regular or even higher rates.

## 3. SEE THE BIGGER PICTURE

Although 61% of bookings are made on supplier sites, online travel agencies (the most popular being Expedia, Hotels.com, Orbitz, Travelocity, Bookings.com and Priceline) claim a portion (39%) of the travel market<sup>4</sup> and cannot be ignored, because paying OTA commissions for bookings is better than having rooms sit empty.

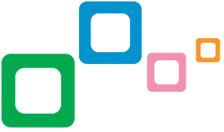
Another reason the OTAs can't be ignored is because these stats don't reflect the vast amount of research and comparison shopping that takes place online - 80.4% of the 112 million online travelers in the U.S. used the Internet to plan their trips (that's 90 million people).<sup>5</sup> This discrepancy can be explained by the pattern that travel shoppers go through, which involves three steps: research, comparison and booking.

Some travel shoppers simply book the first 'ok' looking hotel they come across, wherever they come across it, but the majority will spend time researching on a number of websites and book online (most likely on the supplier site), while others actually call the hotel to book.<sup>6</sup> An interesting fact to note: the average holiday booked online takes 29 days and 12 searches on 22 different travel sites.<sup>7</sup>

This is why hotels must have a solid presence on as many selling channels as possible; this includes OTAs, the hotel website, brand website, social media sites, photo and video sharing sites, local tourism sites, etc. Hotels that are well-merchandised anywhere and everywhere gain a greater competitive edge online and increase revenue potential.

## 4. COMPLEMENT BRAND ACTIVITIES

Most leading hotel brands have many skilled online marketers on staff,



but they cannot possibly exploit all of the online opportunities for each and every one of their properties. The onus is on the hotel owners, marketers and e-commerce professionals to take advantage of online revenue generating opportunities that go beyond the scope of the Internet marketing efforts by major hotel brands.<sup>8</sup>

There are many ways that hotel properties can complement their brand's Internet marketing efforts. One is by taking control of their visual content and its distribution to online selling channels. By doing so, they can ensure that their hotel's unique features and amenities are accurately represented and convey a realistic expected experience for prospective guests.

## **5. PROGRESS BEYOND SEARCH ENGINES**

When driving hotel revenue through online channels, there are two key success factors: ensuring that travel shoppers find AND book their hotels online. Well-executed search engine marketing (SEM), including pay-per-click (PPC), search engine optimization (SEO) and social media activities ensure that consumers find your hotel website, but this doesn't necessarily equate to more bookings.

The goals of these online marketing initiatives are about driving traffic to a single website, while online merchandising is about converting that traffic on thousands of websites by presenting hotels in ways that entice shoppers to book. "It's not simply search marketing... A well-considered and beautifully presented online strategy is a must," states Sheri Lambert, Synovate's United States-based Senior Vice President for Travel & Leisure research.

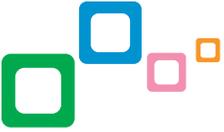
Savvy hoteliers and hotel marketers focus their efforts on ensuring that their hotels are presented in appealing and engaging visual content that speaks to consumers' emotions and encourages them to book, before ramping up online marketing activities.

## **6. SHOW, DON'T JUST TELL**

Nearly 89% of online travelers indicated that travel-related online video influenced their travel purchasing decisions... online video creates twice the average lift in advertising awareness... and nearly twice the lift in purchase intent."<sup>9</sup> So why aren't more hoteliers using video to merchandise their hotels online?

One hotel that is particularly well-merchandised is the Orlando Airport Marriott Hotel. Regardless of where and how travel shoppers search for this hotel online, whether its a Google search, YouTube, Marriott.com, Travelocity, Flickr, TripAdvisor, Concur and more, they're bound to come across a consistent collection of photos, virtual tours and engaging video stories.

By distributing visual content to tens of thousands of online selling channels, the hotel is differentiated and maximizes its revenue potential in the increasingly competitive online travel market. Forward-thinking hotels, like this one, find that distributing online video delivers an impressive return on investment because it tells their hotel's unique story, amplifies its strengths and creates a consistently engaging presence across all online selling channels.



## **ONLINE MERCHANDISING POTENTIAL IS ENDLESS**

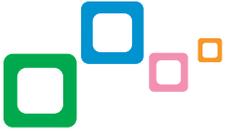
To succeed in the evolving world of online travel, hoteliers must embrace merchandising as an integral part of their online revenue generation strategy. Hoteliers that use online merchandising to their advantage can actively differentiate their properties on independent travel sites, their own sites and their affiliated brand sites and drive more bookings across the board.

Regardless of the type of hotel you're marketing, limited or full service, branded or independent, extended stay or boutique, online merchandising is an effective way to establish a strong position in the consumer's mind and effectively "sell" your property online.

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VFM Leonardo is the world's largest provider and distributor of online visual content for the hotel and travel industry. VFM Leonardo's content library includes more than one million digital photographs, videos and 360° virtual tours for over 80,000 hotels and resorts worldwide. Through VScape, VFM Leonardo distributes this content to its online media network of all four Global Distribution Systems, Pegasus, and 30,000 plus travel-related channels including online travel agencies, travel research and supplier web sites, search portals and major travel intermediaries. VFM Leonardo's online media network includes industry leaders such as Sabre, Galileo, Travelocity, Orbitz, Priceline, Tripadvisor, Yahoo! Travel, Kayak, Google and many more.

VFM Leonardo's VBrochure™ Online Merchandising System is part of the largest, most universally accepted and online visual content distribution network (VNetwork™) for the global travel industry. VBrochure is a user friendly system that helps you merchandise your properties in their best, most current light, wherever travel shoppers are shopping on the web.

For more information, visit [www.vfmleonardo.com](http://www.vfmleonardo.com).

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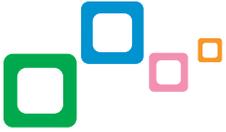
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