



Google: Your Most Important Hotel Distribution Channel

The search giant has evolved from a digital marketing medium to a major player in hotel advertising, loyalty and distribution. Learn how you can best utilize Google's entire hotel platform to ensure your property is positioned for optimal profitability.

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Introduction

Hospitality marketing has come a long way since the days of seasonal rates at roadside motels. As the Internet brought digital distribution and booking, hotels have adapted to new demand for differentiated room types, distinctive amenities and other unique value drivers.

Internet distribution paved the way for innovative, eye-grabbing intermediaries to sell more hotel rooms than hotels could sell themselves. This spawned a new breed of distribution partners with little overhead that were able to build giant businesses off charging an incremental commission for each booking they generated.

Twenty years after the first web-based hotel sales channels emerged, online travel agencies have become dominant players in the hospitality space. Today, the market caps of Booking Holdings (\$88.8 billion) and Expedia (\$18.9 billion) rival those of Marriott (\$41.9 billion), Hilton (\$21.5 billion) and IHG (\$9.9 billion).

In this new world, hotel operators are forced to be more strategic, measuring the cost of acquisition on each distribution channel and ensuring they're selling the right space at the right price at the right time — to the right guest on the right channel.

But the recent emergence of one player has the potential to monumentally shift the entire landscape. Today, a new channel promises a surefire way to reach and convert travelers way up at the top of the funnel, while they're still researching and dreaming, before they've even considered where to book.

Unless they've got a specific hotel in mind, nearly all travelers start their process by researching available options, and almost anyone conducting travel research today starts with Google. Where Google sends travelers to book their hotel has the potential to make or break entire business models.

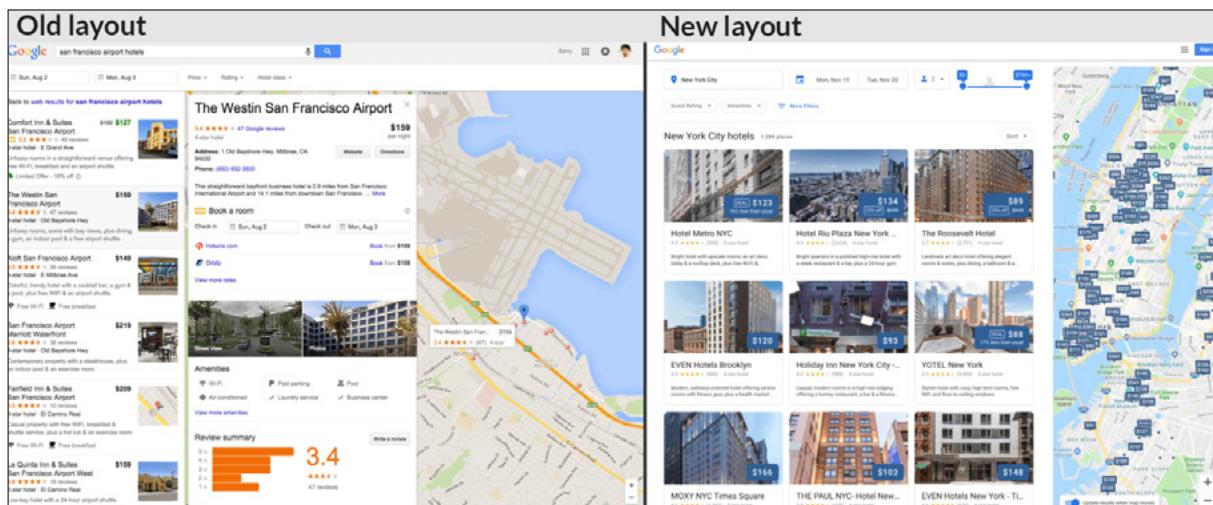
Somewhere around 2010, Google executives realized this power they were wielding. Although they were slow to lean all the way in, Google began taking advantage of its position at the top of the funnel by creating travel-specific products intended to help users find the accommodations they were looking for.

"Since then, we've expanded so it isn't just Google Search for hotels, but [also that Google] helps gather relevant organic content like photos and reviews into one place to help users choose the best hotel," says Rob Torres, who has been the Managing Director of Google's travel division since the beginning (2006). "Hotel ads are incorporated into that immersive experience, so when you are ready to book, a hotel's availability and rates are right where you'd want them."

In fact, a Google user might not be specifically looking to travel at all but could instead be asking a question such as, “Where is the Amalfi Coast?” She could find her answer on the search engine and then could be presented with a tempting travel offer.

Until recently, Google’s push into the traveler’s booking path was slow and calculated. But over the latter half of 2018, it has become clear that Google wants to capitalize on its place atop the travel funnel. Recent moves by the company include:

- Merging Hotel Ads and Google Ads products
- Announcing the development of a “hotel-plus-flight product”
- Offering exclusive hotel discounts to Google One users
- Introducing a mobile-specific hotel pricing tracker
- Boosting “Book on Google” features and availability
- Introducing new Google Maps hotel search functionality that highlights deals
- Announcing Your Trips, which collects flight price tracking, hotel research, etc.
- Redesigning a more modern hotel search experience on both desktop and mobile



Google recently redesigned the way hotels appear in both search results and Google Maps. “I think people like the difference that Google has. If they transitioned into a traditional meta look, I might stop using them,” says Lily Mockerman of TCRM. *Screenshots courtesy of Skift.*

Today, it is almost guaranteed that your hotel will not be successful unless it is positioned correctly across Google’s hotel platform. You can no longer talk about “the right space at the right time on the right channel” without including Google in that conversation.

“Over the years, Google has become the most important direct-booking channel in hospitality,” says Max Starkov, founder & director of HEBS Digital, a full-service digital consulting and marketing solutions provider.

But as Google introduces more products and converts more bookings, some fear the company could siphon more advertising dollars and put a dent in hotel revenues, following

the same path as traditional OTAs. One hotel marketing consultant who wished to remain anonymous called the company a “parasite,” covertly latching on to hotel bookings revenue while investing less of its own resources or energy than hotels themselves do.

“What is the most successful parasite? The one that lives on the host and feeds off it without killing the host,” the consultant said. “That’s what the OTAs are doing, implementing commissions as high as they can be but not to the point where they’re killing the hotel industry. Google is now doing the same thing.”

Nevertheless, the fact remains that hotel operators need to be assigning the same importance to Google as they do to OTAs and their own websites. Those that don’t are going to be left behind.

In the following report, hotel marketing experts detail how to best work with Google’s traditional offerings and consider new Google Travel products to drive more direct business and reduce guest acquisition costs.

Sources:



Rob Torres
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Chapter 1: Google Travel – a Threat or an Opportunity?

“Every hotel brand has different needs and goals. Our role is to make it easy for our users to be fully informed about their travel choices, to help our partners delight travelers in the right moments, and to provide paths for seamless transactions.”

— Rob Torres, Managing Director, Google Travel

Given the fact that Google sits atop the funnel, where the majority of travelers start their research on vacation destinations, group meeting locations, and flight and accommodations options, it's natural to wonder how Google might affect the customer booking path.

In fact, it's not outrageous to think that, as Google introduces and advertises more product features, it could disrupt the entire path, catching travelers at the beginning of their search and bypassing the dozens of sites normally visited before a booking.

With more verified reviews appearing directly in Google hotel search results each day, travelers could conceivably sidestep traditional review sites to find trusted hotel recommendations, whether they're from friends, family or simply a majority of like-minded travelers.

And with access to rates and availability for all brands and independent hotels across the spectrum, Google could replace traditional metasearch sites like Kayak, Trivago and Roomkey.

Should more travelers start and end their search at Google, other third-party booking sites would obviously lose their share of the market.

“Google might be the single biggest threat the OTAs have seen so far,” says Tim Peter, president and founder of Tim Peter & Associates. “As Google adds features and functionality to improve the travel search, shopping, and booking experience, it's possible that guests may ask why they'd bother searching anywhere else. And

that could result in guests choosing not to use OTAs as much.”

But the key here is that Google is not yet acting as a merchant of record (processing payment), nor do company executives indicate that is in the cards. In fact, Google Travel's stated goal has always been to provide the most relevant information to its users. There are four crucial pieces of information when it comes to a hotel:

1. Hotel location
2. Hotel description
3. Customer review
4. Price and availability

For many years, Google has been able to answer the first three questions, and, with the addition of Google Hotel Ads, it can now answer the fourth. But its aim has not changed: to provide complete information for the search queries of its users.

So while users might click “Book on Google,” in fact the transaction and subsequent customer service is being passed on to either the hotel directly or to an OTA.

HEBS' Max Starkov says Google is a major provider of traffic to hotel websites.

“More than 50% of hotel website bookings are direct referrals from Google: on average, 30% from organic and 20% from paid initiatives,” he says. “In this sense, it presents an enormous opportunity for hotel marketers to position their offerings at key points along the traveler journey and win the direct booking.”

Ask the experts:

"Google undoubtedly represents a clear opportunity for hotels in the short term, though the reality exists that they could represent a possible threat in the long term. In terms of opportunity, more competition is always a good thing. It forces other metasearch companies, intermediaries and OTAs to treat hotels fairly, offer better fees, and provide distinct value to guests and hoteliers alike. Of course, it's also true that Google could end up dominating everyone over time and ultimately reduce competition in the much longer term. So, definitely an opportunity today; but also be conscious of the potential threat if they were to start gaining significant market share later on."

— Tim Peter, Tim Peter and Associates

"It's probably to the hotels' advantage to the extent that it's not just Expedia and Booking that are disrupting things. Now they're all going to be fighting for the same marketing dollars, and more competition is a good thing. Separately, while Google may become more of a threat to OTAs, third parties work with each other all the time. Booking and Expedia both work with TripAdvisor. TravelClick works with Sabre. Companies tend to work together when their self-interests are aligned, because what's the alternative? It could be a bit scary for Expedia and Booking, though, now that they are getting some real competition."

— Patrick Bosworth, Duetto

"Google could easily choose to direct business away from the OTAs. On the other hand, by allowing both the hotel and OTAs to bid equally on placement, they do level the playing field for hotels a bit too in terms of advertising their direct-booking engine. While this still goes through a metasearch platform, it is not much more expensive than paying for other PPC or marketing campaigns to achieve the same result. For OTAs, this increases the potential threat of having to compete with direct booking, and I anticipate it will not be long until there are ways to highlight your placement on Google with offers such as rewards points, etc., for choosing that option."

— Lily Mockerman, TCRM

Chapter 2: Setting Up Your Google Strategy

“Hotel rates and inventory are provided from our partners, specifically hotels, online travel agents and meta-searchers. Partners can send us rates and availability directly or work with their connectivity providers to get started with Hotel Ads.”

— Rob Torres, Managing Director, Google Travel

Ten years ago, Google started its foray into travel on the airline side by purchasing ITA Software and integrating the company's flight rates and availability. On the accommodations side, the search giant started by including hotel information in search results, slowly tweaking and improving the way those results were displayed.

Once that information gained traction with users, the next step was to monetize it by allowing hotels and hotel brands to pay for better placement.

Today, Google Hotel Ads has evolved into many things. It can be considered a metasearch service, or a referral partner if hotels use the cost-per-click model, or a distribution channel if hotels use the cost-per-acquisition (commission) model. This leads hoteliers to struggle with which department should oversee their hotel's presence on Google.

“Maybe instead of using pay-per-click to get top positioning on Google, you just get the demand through an OTA and it's cheaper,” says Robert Cole, Founder of RockCheetah. “There's no risk here because it's paid-on-arrival business.”

With Google's CPA model, bookings are handled by Google and all relevant customer data and payment information is relayed to the hotel. It is in this regard that Google most closely resembles an OTA or a metasearch provider. But Google's products are still widely regarded as platforms for digital marketing, therefore marketing teams are often overseeing spend.

A closer look at measuring spend across the Google platform shows that the company utilizes a number of cost models:

- CPC (cost per click) for some advertising
- CPM (cost per mile/1,000 impressions) for its display ads
- Either CPC or CPA (cost per acquisition) for its newer Google Hotel Ads

But Tim Peter suggests hoteliers not worry about the technicalities of whether Google is considered an OTA or a marketing channel, and instead focus on where you're getting the right volumes and return.

“When you talk about looking at Google specifically, and metasearch more generally, in terms of digital marketing vs. distribution, I'd suggest that's a somewhat artificial distinction,” he says. “The companies having the greatest success instead think in terms of the overall cost of reservation regardless of the marketing or distribution channels used.”

“The reality is that guests don't care. We need to stop thinking in terms of channels as defined by marketing and distribution partners and focus on where we're connecting most successfully with the guest to improve their overall experience and drive the greatest return on spend,” he continues. “Winning players pay attention to what's best for your guests and what's best for your business.”

Ask the experts:

“Hotel marketers often ask: Are Google Hotel Ads a digital marketing channel or a distribution channel? The answer is very simple. If you run a CPC campaign on Google Hotel Ads, then you’re doing pure digital marketing; if you use a CPA model, then you’re using Google as a distribution channel. Similar is the situation with a number of other metasearch players, like Kayak, TripAdvisor’s Instant Booking and Trivago.”

— Max Starkov, HEBS

“Just as I would say with an OTA, you’re not going to ignore Google, but you’re not going to be dumb about it, hand over the keys and stop doing your own marketing. If all you want to do is search ads, you’re probably doing OK. If, however, you look at stuff they’re doing with metasearch, and the evolution of having someone logged in and having access to that database and being able to offer out-of-parity loyalty rates, that goes beyond marketing. Then you’re getting into revenue management, distribution and loyalty.”

— Patrick Bosworth, Duetto

“I think this is more of a PPC, whereas an OTA is traditionally a commission on bookings. I would put this solidly in the marketing and metasearch category for now vs. the OTA category, at its current stage of evolution.”

— Lily Mockerman, TCRM

“In practical terms, Google really only works on a cost-per-click model. While they offer a cost-per-acquisition model, the relatively low volumes it provides to most hotels right now limits its overall utility and effectiveness. Obviously, OTAs are pretty much the reverse, focused heavily on CPA, whether as a commission, merchant model, or something similar. And their volumes on those models are significant for a great many properties.”

— Tim Peter, Tim Peter and Associates

Chapter 3: The Data That Makes the Difference

“At Google, we aim to help partners understand travel expectations and deliver automated, connected and personalized experiences at scale — and measure the effectiveness of their efforts.”

— Rob Torres, Managing Director, Google Travel

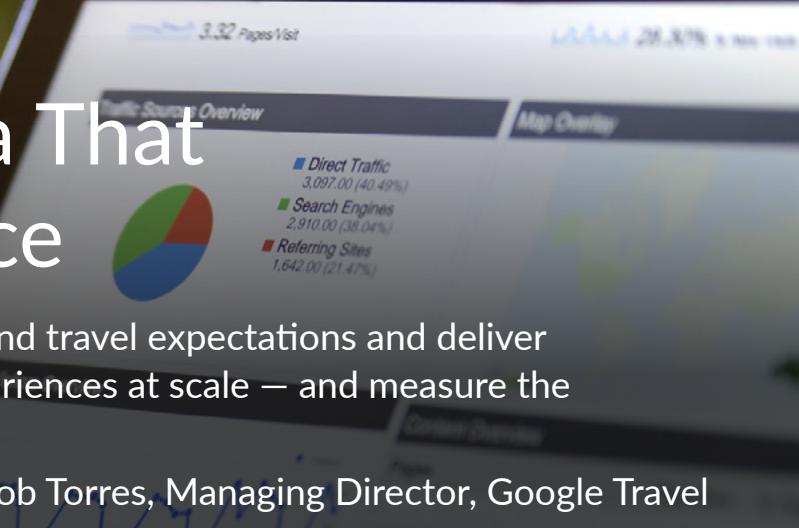
As hoteliers begin to see the impact data and analytics can have on better understanding their guests, marketers are only finding more and more ways to collect that data. Of all the players involved in a hotel guest’s stay, it’s the hotel itself that should have access to the most — and best — data.

After all, while distribution partners can measure and analyze search and transaction behavior, it’s the hotel that gets facetime with the guests and can collect preference and spending data throughout the on-property experience, from check-in to post-stay follow-up.

In fact, technology platforms like Duetto are helping hotels centralize the data that is collected from the various touchpoints and systems so that it can be analyzed, used to forecast, and then be sent back out to the right systems at the right time. This allows hotels to use the data they’ve collected to provide a superior experience, including a tailored offer and rate that is personalized to each individual visitor.

There’s a debate, however, over who has more impactful data: hoteliers themselves, or OTAs, which can collect and measure search and transaction data across thousands of hotel brands and properties.

“The deck is stacked against independent hoteliers and even brands because the information that an OTA has, and now Google also has, is so much more robust,” says Robert Cole of RockCheetah. “While Marriott might have imperfect information on Hilton, for example, the OTAs have got cross-brand data. Groups like Google, they can look at that data and ask, ‘Is that a good price or a bad price?’ and that determines their whole sort order.”



With access to a tremendous amount of consumer data, Google can take that analysis many steps further. For example, they might have segmented data on country music fans that prefer female lead singers. With their advertising platforms, they can provide hotels with the ability to target a small, niche audience, and your advertising is almost guaranteed to deliver results.

“That’s the real power of Google,” Cole says. “They’ve got all the information — all the anonymous stats. They know me, they know where I am, they have freaking amazing consumer behavioral data. And they can provide all these options, such as video advertising through YouTube.”

Does Google provide hoteliers with everything they’ve collected, such as insights into what’s driving guests to book? No. But they’re offering enough to make smart decisions about where to invest your resources and marketing spend, which is more than can be said for most OTAs.

In fact, unlike Expedia and Booking.com, which only share the bare minimum when it comes to guest data (first and last name, stay dates, room type), Google relays all available customer information to the hotel, including their direct contact information.

Here’s where hotels can get a leg up and use the available analytics to give guests exactly what they want, therefore improving guest satisfaction and driving profitability.

Ask the experts:

“This is very much a one-sided relationship at this point. I think that sharing of information, especially seeing demand for searches, information on how people are searching, etc., would be very useful to hotels, and a trade off of that nature might make it worth closer participation.”

— Lily Mockerman, TCRM

“Google is providing a variety of data around costs, clicks and conversions. As with many things, you get as much out of it as you put into it. It comes down to how engaged you are, how much support you’re getting from your connectivity partners, etc. The most important thing is to put the energy into getting that data and work with your connectivity and agency partners to put that data to work for your properties.”

— Tim Peter, Tim Peter and Associates

“It’s true that OTAs do not even share contact information for guests, so pre-arrival contact is difficult. In fact, Expedia is now offering as a service the ability to configure your pre-arrival messaging. Google also is not in the business of sharing data of any kind. However, this is less problematic in that they’re not transacting. Google no doubt has data that would be really useful, but it looks like their efforts are in collecting more rather than sharing what they’ve got.”

— Patrick Bosworth, Duetto



Chapter 4: What Should Hotels be Doing Now?

It's clear that Google is leaning further into the traveler booking path, so ignoring any potential effect it will have on your hotel's demand is futile. Look for the areas of opportunity but ensure that you participate strategically.

"In the original crash of 2001 that spurred the widespread use of OTAs, too many hoteliers jumped in with both feet, with no attention to clauses that could have protected some of their interests," cautions Lily Mockerman of TCRM. "It will be important to avoid the same with Google, but with the massive search engine market share Google has, I think that working with them in some form will be inevitable."

Over the past several years, hotel marketing and advertising on Google has become increasingly complex, due to changes instituted by Google, changes in

consumer travel planning behavior and advancements in technology.

The best way to get the best results from Google is to implement a strategic, multi-channel approach to your hotel's digital marketing plan. Pay attention to what the data's telling you. Are you gaining impressions? Clicks? Return on spend? Double down on what's working and test additional bid strategies to improve your placement and performance.

A lot of times these efforts will come out of your hotel's digital budget. Options like metasearch, Google Hotel Ads, Google Maps, and assisted bookings are gaining momentum, but there's always the tried and true SEO strategies, such as bidding on keywords like "San Diego Honeymoons."

Our Strategy

Awareness Layer (dreaming)

- In-Market or Affinity Audiences on the GDN
- TrueView
 - Life Events
 - Affinity or In-market audiences
- KPI – Impressions & CTR

Consideration Layer (planning)

20% Budget Allocation

- Focused destination keywords related to the location of each hotel, geo targeted to top
- KPI – Impressions & CTR

Direct Response Layer (experience)

70% Budget Allocation

- Remarketing
 - GDN
 - YouTube
 - Search
- Branded keywords
- KPI - Return

On Google, all advertising formats are intertwined and work in concert, from user engagement in the upper funnel that influences conversions, all the way down at the bottom of the funnel. *Graphic courtesy of HEBS Digital.*

"I'd recommend a relentless focus on rate parity," says Tim Peter of Tim Peter & Associates. "Guests increasingly turn to metasearch sites at some point during their browsing and booking journey. Properties with disparate rates not only run the risk of losing revenue from guests cancelling and rebooking at a lower rate, those guests may cancel and book at another hotel altogether as they're out shopping for a better deal. Use rate parity to keep them from shopping around in the first place."

In the longer run, continue improving your direct channels. Invest in content and functionality that helps attract and convert guests. Use data like loyalty preferences, past purchase behavior and customer value to create personalized offers and rates tailored specifically to each individual shopping your hotel website.

"Google is in the business of helping guests find the right answer for their needs. And that strongly suggests

that better converting properties will overperform on metasearch channels in the long run," Peter says.

Google is attacking personalization head on as well, and your marketing team should be able to use the platform to get a head start.

"At Google, we aim to help partners understand travel expectations and deliver automated, connected and personalized experiences at scale — and measure the effectiveness of their efforts," says Google Travel's Managing Director Rob Torres. "Loyalty is an important topic in travel, and our research has shown that travel marketers may need to rethink their approach to customer engagement, differentiation and loyalty."

Use audience lists and data attribution to customize search text ads, for example. Hotels can use audience lists for Hotel Ads, allowing you to optimize bids to reach new travelers with similar audiences or re-engage people who have visited your site.

Ask the experts:

"Claim your Google listing! So many hotels are only managing TripAdvisor and ignoring Google. Get out in front of those reviews, ensure your listing is optimized and attractive, make sure the pictures are up to date, etc. That will help to steal business from the competition."

— Lily Mockerman, TCRM

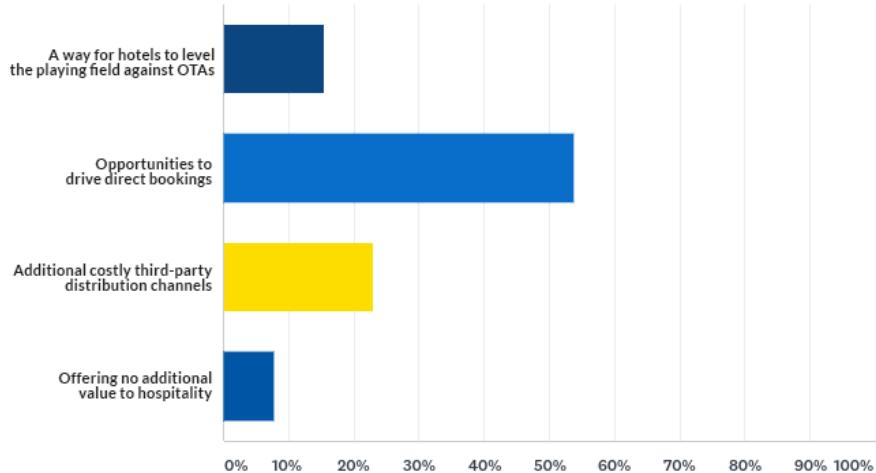
"Based on all of these developments, hotel marketers must now view the Google ecosystem as a fully-integrated advertising platform. For example, in the U.S. market, consumers exposed to a display ad show an average lift of 49% in site visits and 40% in branded searches."

— Max Starkov, HEBS

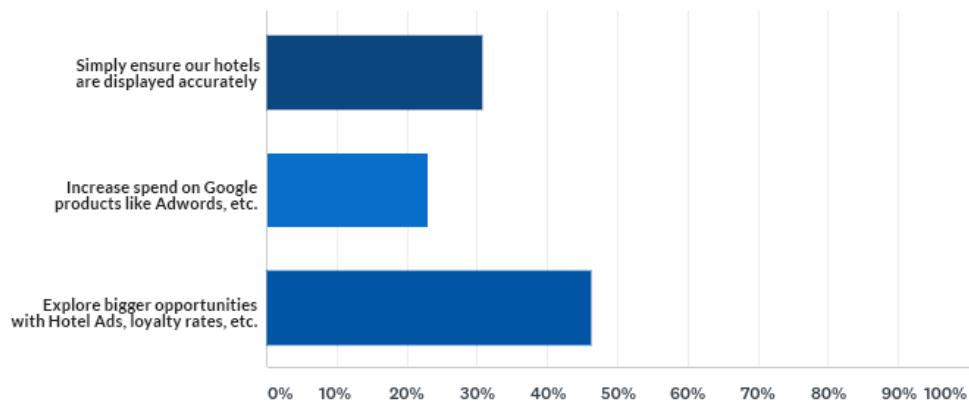
"YouTube is great because it can target users in a more direct-response way by applying your remarketing list to the campaign. As for targeting the users in the dreaming phase, we can pick from what their interests and habits are (affinity or custom affinity) and what they are actively researching or planning (in-market or live event). Similar to YouTube, the Google Display Network allows hoteliers to target users in the dreaming and planning phases with the in-market and affinity audiences."

— Angela Mates, HEBS

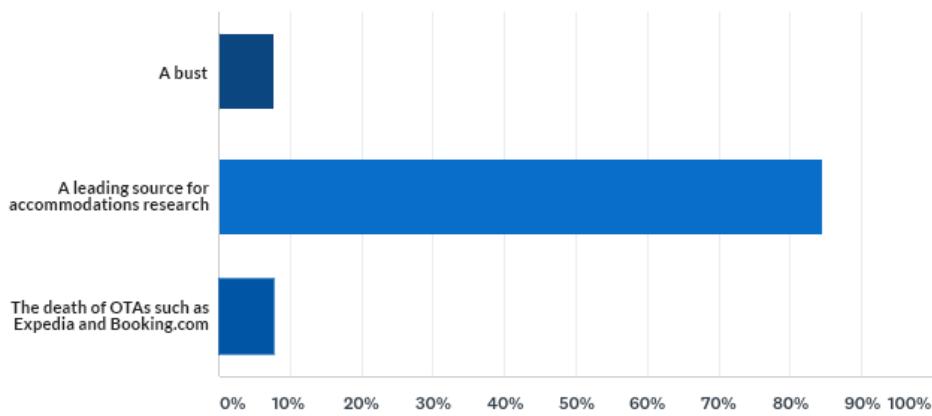
Do you view metasearch sites like Google, Kayak, Trivago mostly as:



Which best describes how you plan to work with Google in 2019?



Do you expect the future of Google Travel to be:



Survey conducted by Duetto between Oct. 18, 2018–Nov. 2, 2018.

Conclusion

Think about the amount of traffic originating from Google search alone. Recent moves to improve their products simply represent an evolution of the search experience, and hotels should expect to see more over time.

Google is working to get closer to the customer every single day. Its mission is to be the place guests go for answers. This means Google Travel teams will continue to invest and test to improve metasearch as both a standalone product and as a component of its overall search results.

Google's influence throughout the traveler journey will continue to grow. From dreaming to planning, booking to experiencing, and even sharing, Google will capitalize on the opportunity to gather as many data points about its users as possible.

"Experience shows that Google has a pretty good practice in testing what works to drive clicks and conversions within search," says Tim Peter of Tim Peter & Associates. "They simply know more about what drives clicks than other players."

Because of that, hotels must apply that same relentless effort to improve their direct channels, as well as optimize their content, rates and availability through metasearch. This will signal to Google and to guests that your booking engine is the best answer more times than not.

"Google's on the move, and they've got big ambitions," says Patrick Bosworth of Duetto. "Some could hurt you, some could help you. If you think that all they're doing is advertising, you're wrong."

"Wake up and make sure you're paying attention, otherwise you'll get blindsided and lose an opportunity to drive a competitive advantage."

About Duetto

Duetto is hospitality's only Revenue Strategy Platform. A powerful suite of cloud applications addresses the industry's complexity in distribution and technology, providing solutions that increase organizational efficiency, revenue and profitability.

The unique combination of hospitality experience and technology leadership drives Duetto to look for new and innovative solutions to the industry's greatest challenges. Duetto delivers software-as-a-service to hotels and casinos that leverage dynamic data sources and actionable insights into pricing and demand across the enterprise, enabling a holistic and more profitable Revenue Strategy.

Duetto's fully deployed hotel clients using GameChanger have recorded an average RevPAR Index lift of 6.5%. More than 2,500 hotel and casino properties in more than 60 countries have partnered to use Duetto's applications, which include GameChanger for Open Pricing, ScoreBoard for intelligent reporting, PlayMaker for personalization, and BlockBuster for contracted-business optimization.

For more information, visit <http://duettocloud.com>.

About HEBS Digital

Founded in 2001, HEBS Digital is headquartered in New York City and has global offices in Las Vegas, Tallinn, Munich, and Asia-Pacific. Through its guest acquisition products, including the smartCMS®, Content Personalization Module, and full-stack digital consulting and marketing solutions, HEBS Digital helps hoteliers boost direct bookings, lower distribution costs, and increase the lifetime value of guests. The agency has won over 400 prestigious industry awards for its digital marketing and website design services, and has a diverse client portfolio consists of top-tier luxury and boutique hotel chains, independent hotels, resorts and casinos, franchised properties and hotel management companies, convention centers, spas, restaurants, DMO and tourist offices.

Part of NextGuest Technologies, HEBS Digital and Serenata CRM, the most comprehensive Hotel CRM Suite today, are the creators of the hospitality industry's first fully-integrated guest engagement & acquisition platform.

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