

# Best Practices for Online Travel and Hospitality

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## INDUSTRY OVERVIEW

In today' multi-channel marketing world, the Web is quickly becoming not only the first "point of contact" with an overwhelming majority of travel and hospitality customers but also a key tool in achieving incremental growth and competitive advantage. What's more, an effective Online Marketing strategy in travel and hospitality plays a crucial role in establishing interactive relationships with customers and utilizes all channels available on the Internet.

To gather advantage in this highly competitive industry and win customer loyalty, travel and hospitality sites need tools and services that will help them gain insight into:

- ▶ performance of their online business across customer segments, markets, properties, packages, routes and destinations
- ▶ effectiveness of their online marketing initiatives by traffic source, online channel, advertising partner or individual campaign
- ▶ success of their e-CRM efforts in terms of customer satisfaction, retention and loyalty

IndexTools Professional Services division has built a set of Best Practices designed to specifically address the requirements of this industry. This comes from our own extensive experience helping clients from the online travel and hospitality industry deploy and optimize their online strategy based on our on-demand Web Analytics service. Our Best Practices framework is targeted at four key areas, each featuring a set of leading KPIs, as illustrated in the table below, to enable you to gauge the effectiveness of your own online initiatives and help you steer your business in the right direction.

Each analytics area and its KPIs will be explained and their application illustrated with examples from IndexTools Web Analytics suite in the paragraphs that follow.

If you would like to learn more and find out how our Professional Services division can help you optimize the performance of your online business, please contact us at [services@indextools.com](mailto:services@indextools.com) or +36 1 450 3017.

Key Analytics Area	Essential KPIs/metrics/dimensions	Multi-dimensional analysis by:
e-Commerce	<ol style="list-style-type: none"> <li>1. Bookings conversion rate</li> <li>2. Average booking value</li> <li>3. Look-to-book ratio</li> </ol>	Geography Property Destination Package/Room Ticket Type
Online Marketing Performance	<ol style="list-style-type: none"> <li>1. Campaign &amp; Channel Conversion rate</li> <li>2. Cost per Click/Cost Per Action</li> <li>3. Return on Ad-Spend</li> </ol>	Traffic source Channel Campaign Pages
Content and Usability	<ol style="list-style-type: none"> <li>1. Look-to-book ratio</li> <li>2. Funnel abandonment rate</li> <li>3. Conversion rate for self-service actions</li> </ol>	Content Groups Micro-sites
Visitor profiling and Segmentation	<ol style="list-style-type: none"> <li>1. Geography and Demography</li> <li>2. Traffic Sources and Channels</li> <li>3. Browsing behavior</li> </ol>	

## E-COMMERCE KPIs IN TRAVEL AND HOSPITALITY

The key business goal for any travel and hospitality site is revenue and profit margin growth. These are determined by a number of indicators, the most important being:

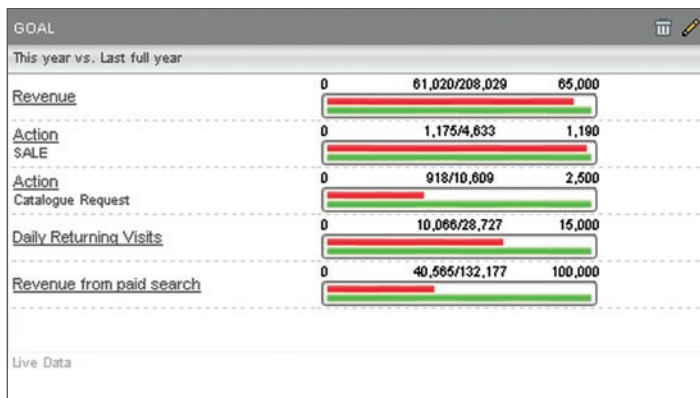
- ▶ Volume of bookings (total number of bookings)
- ▶ Bookings (sales) conversion rate (number of bookings/number of visitors to site)
- ▶ Average booking value (booking revenue/number of bookings)

For tactical decision-making, you need to break these strategic indicators down into manageable segments and analyze their performance by, for example, geography or property, in order to understand how well each is contributing to the overall result; or, assess them by traffic sources and marketing channels to see where you should direct your marketing budget.

## HOW TO MEASURE AND OPTIMIZE WITH INDEXTOOLS

IndexTools enables you to get a snapshot of your strategic KPIs, broken down by any dimension you might require, either in the form of a report, as illustrated below (broken down by traffic source), or as part of your Dashboard and shown in the form of a chart, gauge or KPI box.

Traffic Sources (Intelligent)	Revenue	Avg. Order Value	Action	Conversion
Paid search	€40,565.53	€57.53	705	0.95%
Direct access or bookmark	€11,994.84	€48.49	258	1.91%
Organic search	€5,908.33	€48.42	122	0.80%
Other referrals	€1,617.34	€24.88	65	0.67%
Other campaigns	€934.72	€37.38	25	0.80%
<b>Total</b>	<b>€61,020.76</b>	<b>€51.93</b>	<b>1,175</b>	<b>1.01%</b>



In addition to the overall view, IndexTools lets you track and itemize each booking according to: time of booking, transaction ID and associated revenue, discount, shipping and tax charges. You can also track and report on customer profile information like Date, Member ID, IP/Host, Country, Number of visits, Entry page, Referrer, Search phrase and export the details into your CRM database. In addition, you

can drill down to see the full visit path for each conversion session to analyze browsing behavior and identify patterns that drive visitors to convert (see below).

Date	Order ID	Amount	Discount	Shipping	Tax
2006-12-31 23:59:59	77837323	\$1,009.45	\$0.00	\$0.00	\$51.53
2006-12-31 23:34:37	77825323	\$1,082.03	\$0.00	\$0.00	\$248.87
2006-12-31 23:33:43	77525323	\$1,965.00	\$0.00	\$0.00	\$403.35
2006-12-31 23:23:47	77865323	\$3,690.00	\$0.00	\$0.00	\$421.26
2006-12-31 23:16:44	77245323	\$3,900.00	\$0.00	\$0.00	\$1,014.00
2006-12-31 23:00:50	77615323	\$4,180.00	\$0.00	\$0.00	\$836.00
2006-12-31 22:51:22	77315323	\$4,280.00	\$0.00	\$0.00	\$856.00
2006-12-31 22:48:37	77295323	\$1,330.00	\$0.00	\$0.00	\$204.82
2006-12-31 22:25:14	3502	\$5,000.00	\$0.00	\$13.50	\$0.00
2006-12-31 22:21:29	77005323	\$685.00	\$0.00	\$0.00	\$99.33
2006-12-31 22:19:16	77705323	\$1,620.00	\$0.00	\$0.00	\$194.40
2006-12-31 22:09:26	77305323	\$4,150.00	\$0.00	\$0.00	\$473.77

**Date:** 2006-12-31 21:40:23  
**IP/Host:** test IP address  
**Country:** United States, IL, Illinois  
**No. of visits:** 4 visits  
**Entry page:** Home Page  
**Visit path:** VIEW VISIT PATH - 22 page views - 29m 3s  
**Referrer:** Direct access or bookmark  
**Search phrase:** n/a  
**System:** Windows XP  
**Browser:** MSIE 6.0  
**Language:** English (United States)  
**Javascript:** Enabled [1.5]  
**Monitor color:** 32 bit  
**Resolution:** 1280x1024  
**Cookies:** Enabled

Merchandise reporting goes a step further by helping you measure your performance on the package and service level and identify the best-selling room types, packages, properties, destinations, or routes. It allows you to track how many times a product or service has been viewed, added to cart and purchased. Coupled with the powerful Custom Fields functionality, it will let you capture such important details as ticket class, type of seat or room, payment method, arrival and departure dates and any other information you deem valuable.

Cross-sell Analysis shows services sold together within a shopping cart, for example an insurance policy or car rental sold together with a holiday booking. Analyzing your customers' acquisition patterns allows you to fine-tune your cross selling efforts, by offering services that are known to sell well together.

## ONLINE MARKETING KPIs IN TRAVEL AND HOSPITALITY

Developing a robust and effective online marketing strategy requires a decision what your marketing objectives are and having the ability to measure return on investment into the strategy selected. The ability to capture and report on marketing spend and relate it to volume and rate of conversions is one of the key requirements, as it is the profit margin, not solely the amount of revenue, which is the true business goal. We therefore suggest monitoring the following KPIs in this area:

- ▶ Campaign & Channel Conversion rate
- ▶ Cost per Click/Cost Per Action (CPC and CPA)
- ▶ Return on Ad-Spend (ROAS)

## HOW TO MEASURE AND OPTIMIZE WITH INDEXTOOLS

IndexTools Campaign Management feature helps you to accurately capture and attribute traffic to appropriate traffic sources, enabling you to analyze performance of each traffic source and compare them against one another on a number of levels (campaign types, individual campaigns, search keywords and listings, affiliates, individual creatives, etc.) to identify the best performers and focus your ad spend accordingly. Integrated in IndexTools Campaign Management is the ability to capture costs and attribute them to conversions, so that you can understand how much it has cost you to acquire a new lead/customer and calculate ROI for a particular campaign. We can help you measure return on ad spend on all types of online marketing initiatives, from traditional display (banner) ads and classifieds to e-mail and affiliate marketing and, most importantly, paid-search campaigns.

You also have the ability to analyze performance of non-campaign traffic sources, like organic search, direct access or referrals to measure effectiveness of your Search Engine Optimization efforts or referrals from partner sites like hotel directories, travel advisory and holiday review sites. Moreover, you can use an edition of the Bid Management 2 product to retain control and maintenance of search engine marketing spend. With

Channel (Intelligent) <sup>i</sup> Campaign (Intelligent) <sup>i</sup>	Impressions	Clicks	Uniques	Returning	Bounce rate	Cost	Revenue	Action	Conversion	ROAS	CPA	ACC
<b>Paid Search</b>	0	672,431	250,333	11,058	4.19%	£0.00	£130,302.91	2,822	0.41%	0.00%	£0.00	£0.00
<b>Email Campaigns</b>	0	32,591	8,788	391	3.10%	£0.00	£4,729.85	112	0.34%	0.00%	£0.00	£0.00
<b>Banner Campaigns</b>	0	2,862	1,057	92	10.62%	£0.00	£457.78	10	0.34%	0.00%	£0.00	£0.00
<b>Total campaign activity</b>	0	707,884	260,178	11,541	4.19%	£0.00	£135,490.55	2,944	0.41%	0.00%	£0.00	£0.00

Please note that the table below displays only non-campaign traffic.

Non-Campaign Traffic Sources (Intelligent)	First Time	Returning	Visits	Revenue	Action	Bounce rate
<b>Organic search</b>	10,688	1,030	11,718	£5,839.96	160	10.14%
<b>Other referrals</b>	15,362	4,303	19,665	£16,526.41	368	45.52%
<b>Direct access or bookmark</b>	21,169	15,642	36,811	£48,297.60	1,120	8.94%
<b>Total non-campaign activity</b>	47,219	20,975	68,194	£70,663.97	1,648	19.70%

the Retrieval Edition, save hours of manually setting up and maintaining campaigns. Gain insight into your return on ad spend with the bid management capabilities of the Pro Edition, and again avoid the costly errors of manual management.

Using drill-down and drill-through functionality, you will be able to view, for example, the volume of applications for a particular loan or credit card that have been generated by a PPC campaign and what are the keywords that generated quality visitors.

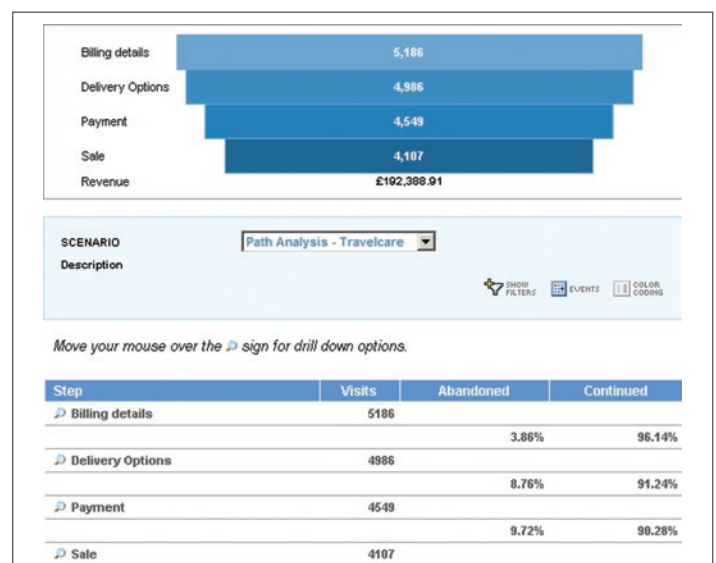
With this level of detail, you will be able to build a flexible and effective marketing strategy to maximize your reach while keeping costs at an optimum level and increasing profitability.

Understanding where your visitors come from and which traffic sources and referrers bring you qualified traffic is a prerequisite for success in the online world. This information will be the key factor in your online marketing strategy and distribution of marketing budget across channels and advertising partners.

## CONTENT AND USABILITY KPIs IN TRAVEL AND HOSPITALITY

Understanding why online travelers visit your Web site is of ultimate importance. Are they coming to make reservations? Compare rates with a third-party site? Or are they looking for the hotel's phone number? Once you understand what motivates their visits you need to keep them interested by providing relevant content and drive them to convert by ensuring superior customer experience. To measure how effective your site is in achieving these goals, we suggest looking at the following KPIs:

- ▶ Look-to-book ratio (number of bookings/number of availability checks)
- ▶ Conversion rate for self-service actions (internal search, subscriptions, catalogue requests, et.c)
- ▶ Bounce Rate (number of visits with single page view/number of total visits)



## HOW TO MEASURE AND OPTIMIZE WITH INDEXTOOLS

IndexTools can help you understand what visitors want from your site by letting you explore their navigation patterns, browsing behavior and what content and features are attracting their attention.

To calculate "Look-to-book ratio", for example, and see how visitors progress through a booking funnel, use Scenario Analysis functionality that will let you obtain success and abandonment rates at each step of the process.

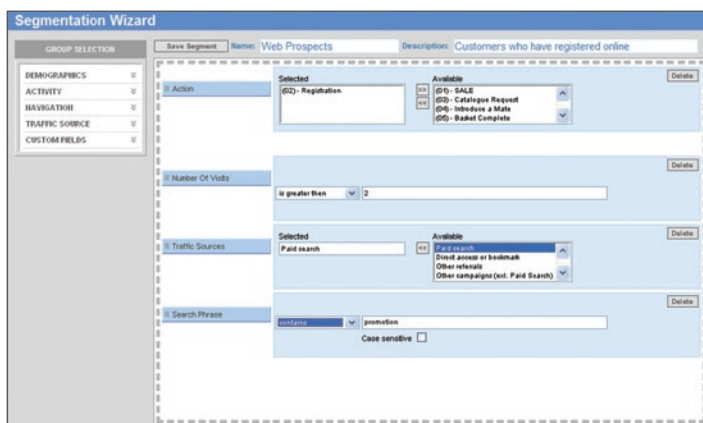
Integrated into Scenario Analysis is the "Path Analysis" feature that will let you analyze abandonment path of visitors who fell out of the funnel to understand where they went and identify causes for abandonment. For example, if the largest proportion of visitors falls out of the funnel at the billing details step, this would signal that something is wrong with usability features or content/design of this page (wrong buttons, too many questions, too many distracting messages, lack of privacy policy, etc.)

To measure popularity of various functions on the site use Conversion Analysis that will let you understand whether visitors are interested in becoming members, registering for loyalty programs, subscribing to your electronic newsletter or contacting your customer helpdesk.

We strongly suggest you track use of Internal Search function as a Conversion event too and capture search terms used by your visitors. Knowing what visitors are searching for on your site will help you tailor your offering to include products and services that match their needs and contribute to your bottom line.

## VISITOR PROFILING AND SEGMENTATION IN TRAVEL AND HOSPITALITY

Knowing your visitors is an extremely important consideration for the success of your Web site or online marketing strategy. Addressing



your key audiences and providing them with relevant information is one of the key aspects of any travel and hospitality site. If your site does not speak directly to each of these audiences, you will lose most of them to the competition.

Segmentation can help in the analysis and understanding of how important groups of people use the site by looking at the page-by-page activity of the group without being distracted by activity from other types of users. Some of the key criteria for segmentation would be:

- ▶ Demographics
- ▶ Traffic Sources and channels
- ▶ Activity and Navigation patterns
- ▶ Custom-built segmentation criteria

## HOW TO MEASURE AND OPTIMIZE WITH INDEXTOOLS

IndexTools offers a real-time segmentation feature that will let you create segments on the fly and apply them instantly, on both current and historical data. Applying visitor segments will allow you to identify who is buying, browsing, staying the longest, coming back the most often, visiting particular parts of the site, viewing certain content or using certain features. It can also isolate the behavior of visitors based on how they get to the site, be it a special marketing campaign, a search engine, or a partner site. Segmentation can also be performed based on demographics such as geographic location, gender, age group, etc. Based on the insight gained, you can:

- ▶ target the right groups of visitors with the appropriate marketing message
- ▶ adapt content to users' preferences
- ▶ improve usability to fit your visitor's browsing behavior.

## CONCLUSIONS

Web Analytics is an integral part of successful online distribution and marketing strategy in hospitality. The ability to measure and optimize the results of your online initiatives, which is the essence of Web Analytics, will help you retain your customers, increase revenues, and build brand loyalty.

IndexTools Professional Services division understands the specific needs of Travel and Hospitality industry and has the industry expertise, best practices and technical knowledge to help you deploy a successful analytics strategy based on our on-demand Web Analytics service. To find out how our Professional Services division can help you measure and optimize performance of your online business, contact us at [services@indextools.com](mailto:services@indextools.com) or +36 1 450 3017.