

# THE ROAD TO RECOVERY

A recovery guide for hoteliers in the wake of COVID-19

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# THERE IS A PATH FOR RECOVERY AND DATA CAN BRING IT TO LIGHT

The COVID-19 pandemic has upended countless industries, with travel and hospitality having the unenviable distinction of being one of the hardest hit. And yet, as an industry, travel has always proven resilient in the face of unprecedented global crises.

While every hotelier's experience during this pandemic has been unique, all have faced cancellations and dramatic reductions in demand, causing many to reduce or suspend advertising activity. Already, brands are looking to the coming weeks and months and they're planning recovery efforts, even as questions still linger.

Although none of us have a crystal ball that can determine exactly when and where travel will rebound, we're confident that there is a path for recovery and that data can help bring it to light. As recovery unfolds, one of the first questions asked will be "When should I start marketing again?" We've put together the following guide to help you redefine your marketing strategy, goals, and advertising plans for recovery mode.

# TIMELINE FOR RECOVERY



# WHEN IT COMES TO THIS PANDEMIC, TIMING IS EVERYTHING

When it comes to this pandemic, timing is everything—and it's also one of the most difficult-to-predict elements of recovery, given the varying degrees of action being taken around the world. But for hotel marketers, especially global brands, reigniting and bolstering campaigns will likely begin in the regions where COVID-19 hit earliest or recovery efforts are further along.

The earlier that you start showing that you are there for your customers during their time of need, the more likely it is that they will keep you in their consideration set as the demand for travel increases. For properties that have remained staffed throughout the crisis and are ready to receive travelers immediately, earlier revival of marketing efforts will make sense. On the other hand, those hotels that have furloughed employees or temporarily closed should ensure that they've properly reinstated and ramped-up operations before reactivating their marketing campaigns.

# ASSESSING SIGNS OF RECOVERY

As you begin to look toward recovery, it is important to capitalize on demand as quickly as you see it. With daily shifts in trend data and opportunities, you'll want to carefully assess when the market conditions look right for your business.

Koddi has organized recovery signals into five main categories, which will help aid reactivation decisions:



## DOMESTIC VS. INTERNATIONAL TRAVEL

We expect to see short distance domestic travel (largely driven by road trips) pick up first, followed by longer distance domestic travel. Longer distance domestic travel and international travel, both of which typically require airfare, will likely take longer to recover due to ongoing restrictions and quarantine measures which will remain in effect for an extended duration.



## LEISURE VS. BUSINESS TRAVEL

We anticipate domestic shorter distance leisure travel to rebound first, followed by business travel.



## PROPERTY AND DESTINATION TYPE

Our expectations show a gradual rebound by property type with economy and roadside properties as the first movers, followed by more rural areas and nature destinations. Urban hotels will likely be the last to rebound to pre-COVID levels.



## LOYAL VS. NEW CUSTOMERS

A safe and clean environment will be key for many travelers during recovery, and loyal travelers will likely stick to the brands they trust. Brands that can assure customers with safe and clean stays will gain new loyalty members.



## SHORT VS. LONG BOOKING WINDOWS

Shorter booking windows have carried demand in the United States, largely due to shifts in travel demand, with roadside hotels and economy hotels faring comparatively well amid the pandemic. In Europe, longer booking windows have better-retained demand – possibly due to stricter travel restrictions early on in the crisis (even for essential workers). We anticipate these trends holding true in the beginning stages of recovery.

# DEFINING GOALS



Knowing that recovery will most certainly happen in phases and that each business will be affected differently depending on their property set, how each media channel is leveraged and to what extent could vary widely depending on the strategy. There is no one-size-fits-all recovery strategy.

Are you only willing to reinvest if you can do so at the same profitability level that you were optimized against pre-pandemic? Or, are you willing to accept lower returns in order to drive near-term business?

For some brands, getting customers re-engaged, even at a near-break-even cost, will be well worth the effort. This is particularly true for full-service hotels with restaurants, spas, and other ancillary offerings. For a hotel where room nights are the primary source of revenue, mitigating the cost per booking becomes much more important.

For many brands, winning long-term means getting customers back into their properties as soon as they safely can, even if the return on ad spend

(ROAS) is historically lower. Driving occupancy once conditions allow can have downstream impacts in improving hotels' ability to rehire essential workers when staffs have been reduced and to build back service offerings for food & beverage, spas and other ancillary services. Additionally, each safe stay can help reinforce health & safety measures and any improvements to sanitation practices, helping to build consumer confidence.

For this reason, we're already seeing some travel brands ramp up activity in APAC regions where COVID-19's peak is thought to have passed.

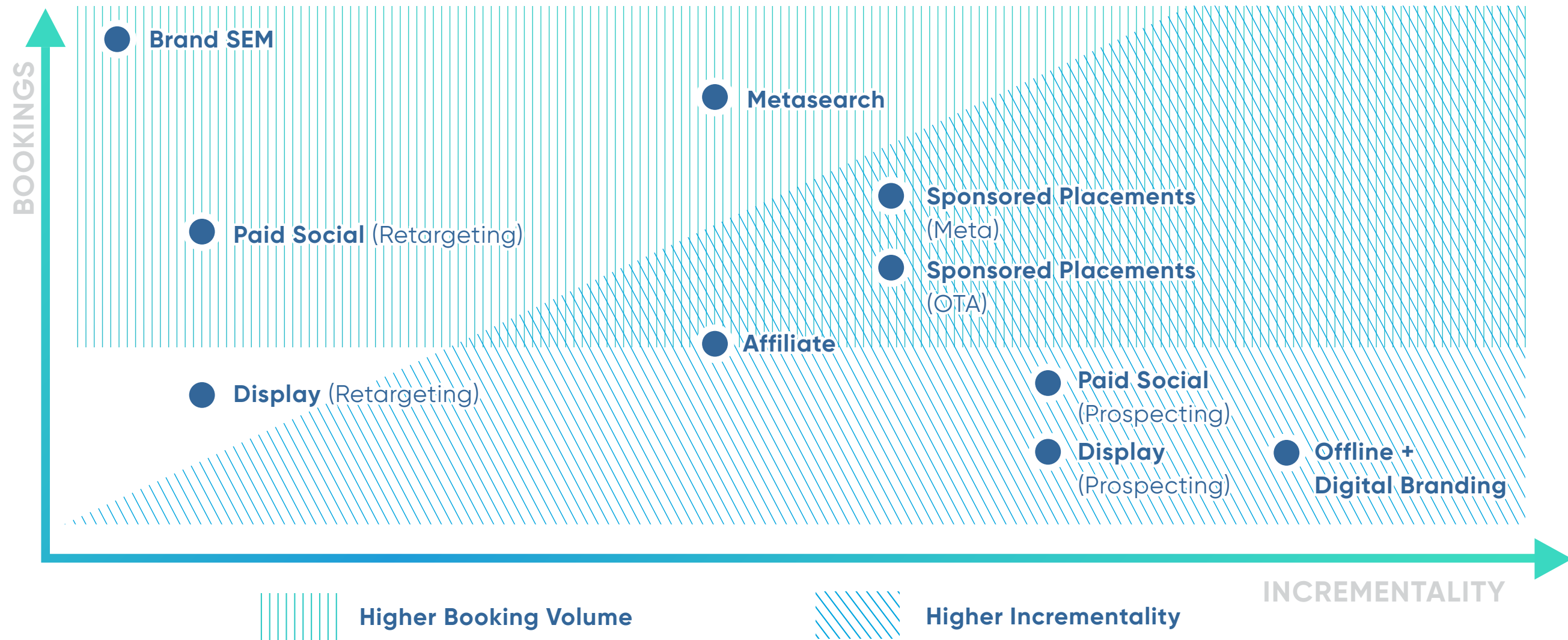
Deciding on the right channel mix for your business will be about striking the right balance between volume/efficiency and incrementality. Are you looking to maximize direct bookings within existing demand? Or are you looking to drive incremental demand by shifting share away from your competitors? From there, we can determine the best combination of activations that aligns with your budget and reinforces business objectives.

A large graphic on the right side of the page, featuring a teal background with a large, semi-transparent teal circle and a blue background with a large, semi-transparent blue circle. The text "THERE IS NO ONE-SIZE-FITS-ALL RECOVERY STRATEGY" is written in white, bold, uppercase letters across the center of the graphic.

## THERE IS NO ONE-SIZE-FITS- ALL RECOVERY STRATEGY



# CHANNEL MATRIX



As an example, if your main objective is to maximize booking volume and drive occupancy, you might launch with a blended approach that incorporates lower-funnel tactics like meta-search to increase the direct booking mix, coupled with more aggressive mid-funnel tactics, like sponsored placements to drive incremental bookings. That way, you're operating across the booking funnel to both capitalize on existing demand and shift share away from competitors.

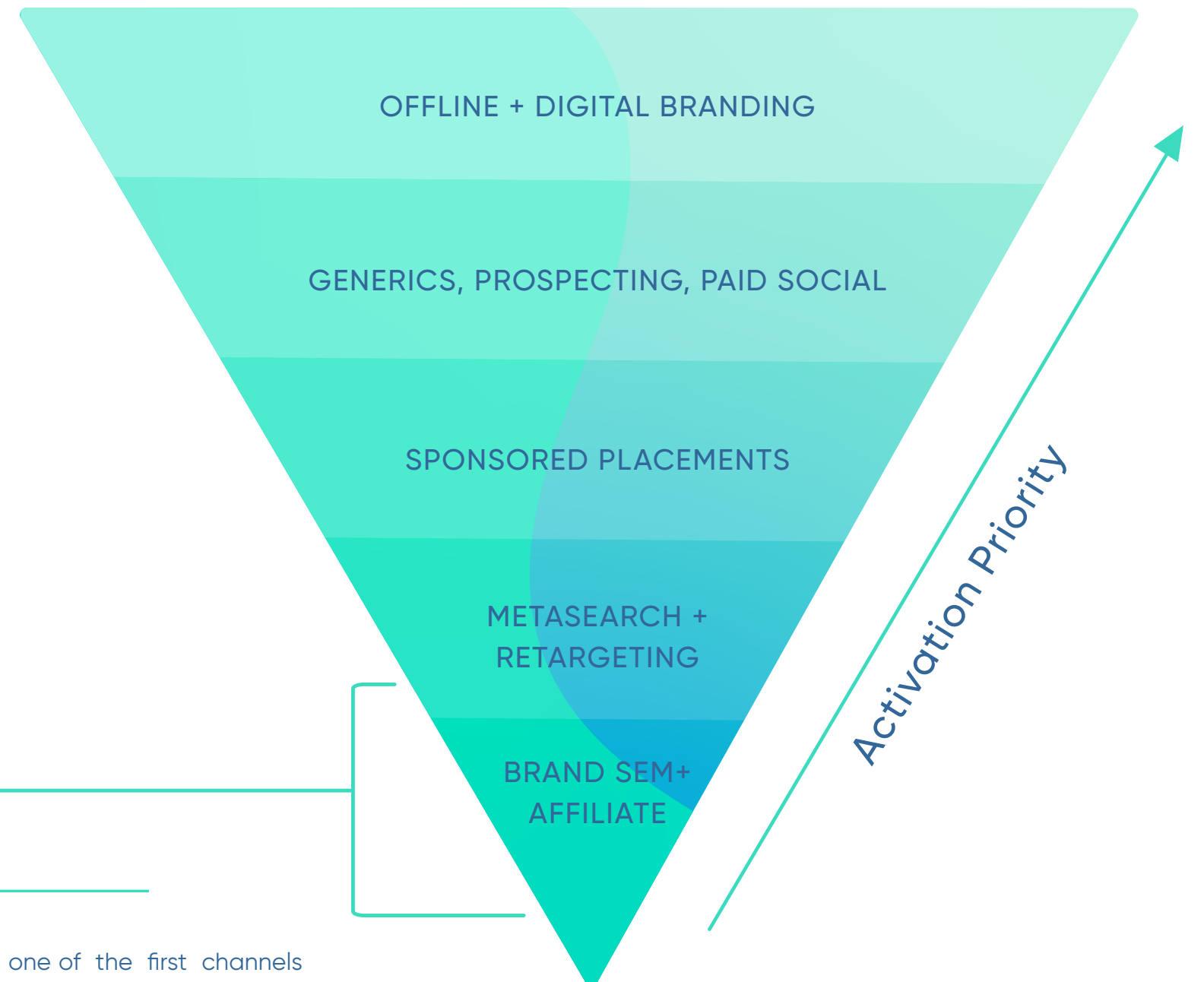
In the next section, we'll walk through how to best leverage each channel as well as the key trends we're seeing from a demand standpoint. Leveraging these insights and deploying optimization strategies that are unique to your business will be critical in making the most of every dollar invested against your business goals.

# CHANNEL PRIORITIZATION



In "Assessing Signs of Recovery," we established that recovery will likely happen in stages - with certain regions reactivating sooner than others and notable differences in recovery timelines for different property types, different booking windows and different travel types (e.g., domestic vs international).

When it comes to re-engaging travelers through advertising, Koddi recommends a funnel-based reactivation strategy, beginning at the bottom of the funnel in channels like affiliate marketing or metasearch, which can capture immediate demand and get sales flowing. From there, you can reignite business and begin to work your way up the funnel to activities like retargeting and branded display and TV at the top of the funnel.



We recommend metasearch as one of the first channels to be reactivated. Nearly all top metasearch publishers have introduced adjustments to the auction dynamic that have significantly reduced the associated costs and maximized the projected return for metasearch ads.

## METASEARCH

Metasearch will be the earliest indicator of recovery trends. Offering demand, impression, and conversion data, metasearch is critical in gauging the pulse of recovery and where and how prospective travelers are actively looking to book your hotels. Continuously analyzing key data points (advanced booking windows, length of stays, and geographic data) will help you to stay ahead of immediate demand trends and opportunities. Bearing in mind that recovery will be gradual and will differ region by region and country by country, bid modifiers will be an important tool to push your brand into the right areas and pull back from inefficient investments.

## SPONSORED PLACEMENTS | ON METASEARCH

While typical metasearch ads help push your ad to the top slot for a particular property, sponsored placements push your property to the top of the page for destination-based search results. This would mean that when a user searches for hotels in New York, your property would be pushed to the top of the search results with your website as the only available booking option.

sponsored placements are particularly helpful for directing focus to key need areas (e.g., at-risk properties with comparatively low demand), or for zeroing in on pockets of opportunity that can sustain additional investment (e.g., high-performing properties like extended stay or roadside hotels, where your click share and impression share is high and efficiency has remained strong for traditional ad placements).

## SPONSORED PLACEMENTS | ON OTAs

Sponsored placements with online travel agencies (OTAs) present another opportunity to steal share from competitors. Unlike metasearch sponsored placements, however, these ads drive indirect bookings. Because these bookings occur directly with the OTA, there is limited disruption to the booking process for users, which can lead to higher conversion rates. Similar to sponsored placements for metasearch, these ad placements are particularly well suited for need areas or top-performing properties that merit additional investment. Some of the more popular opportunities for OTA sponsored placements are with Expedia and Agoda.

## PAID SEARCH

As metasearch demand ramps back up, search demand will follow. Branded search terms with a high ROI are always valuable, but during this recovery period, non-branded search will also be an effective lever to drive incremental revenue and shift share from qualified in-market demand. With CPCs at historically low levels and decreased competition, re-entering paid search early on could yield short-term efficiencies.

## DISPLAY

Display advertising can fast track awareness quickly, delivering hotel's im-

agery and messaging to your desired audience. One of the biggest benefits of using display advertising is the ability to influence each stage of the marketing funnel.

It's important to consider the changes in your audience's needs and pain points. For this reason, creative etiquette will become imperative for a smooth reactivation of this channel. Brand safety controls should be checked closely to prevent ads from showing on sites with virus-related or otherwise undesirable content.

## **SOCIAL** | FACEBOOK TRAVEL ADS

The same principles for display apply to social. Because users can comment directly on paid social ads, there is heightened risk of negative consumer sentiment. As a result, striking the right tone will be very important as travel recovers. Take care to pressure test any previous copy, as it is possible that your messaging pre-COVID could appear overly "salesy" or insensitive if shared today.

Koddi recommends going live on Facebook Travel Ads with both retargeting and prospecting campaigns. With site traffic down significantly, retargeting audiences will naturally take some time to replenish and return to typical levels. Going live with a blended model that targets users across retargeting and prospecting (broad audiences) can ensure that you are both growing your audience pool with qualified site traffic and driving conversion with a holistic marketing approach.

# RECOVERY MARKETING CHECKLIST

We've put together the following checklist to help you prepare for reopening or reactivating certain marketing channels.

## WEBSITE

- Update your website messaging to indicate that your hotel is now open.
- Review website photos to ensure that the imagery matches revised messaging (e.g. a focus on cleanliness or social distancing).
- Create a COVID-19 FAQ page to provide travelers with quick answers to their questions.
- Document measures taken to comply with health protocols established by local governments and the World Health Organization.
- Promote accessibility and transportation amenities such as ample parking, shuttle services, and access to public transit.
- Ensure that the contact information for your hotel is up to date and includes multiple ways to get in touch, as many customers are now calling and emailing directly to ask questions prior to booking.

## ALL CHANNELS

- Before launching any media, check that all on-site tagging is in place and functioning correctly for attribution. Consider a rolling launch before fully ramping up to validate tracking.
- If using a third-party ad server for reporting and attribution, make sure that all campaign, placement, and ad end dates are still valid to ensure proper reporting.
- Review and update your inventory list with all the open properties to leverage in your marketing campaigns.
- Inspect bids and budgets for all placements and programs to ensure they match the demand you are anticipating and require.
- Refresh any first-party audience segments in your DMP prior to activation to minimize exposure to customers who may no longer be in-market for travel.
- If you are sending any automated reports to partners or agencies, make sure that they are reactivated and the appropriate contacts are included in the distribution list.
- Review cancellation data for new bookings to avoid making incorrect decisions based on total cancellations.
- Set expectations that performance will likely be dramatically different than prior to pausing media, and it will continue to evolve over the coming months.
- Stay informed of any publisher initiatives or incentive plans to leverage.
- Set up a regular review cadence to revisit your marketing efforts as recovery happens and conditions change.

## SEARCH

- Provide all media agencies with your reopening date so they can reactivate your search campaigns.
- Review and update your paid search ad copy and extensions to ensure that you are displaying relevant, up-to-date information that is sensitive to the current travel climate.
- Update your local listings (Google My Business, Bing Places, Yelp, Yext) to reflect new business hours, contact information, and any important check-in procedures.
- Utilize your SEO data to better understand any changing search behaviour, and apply those learnings to your paid search campaigns.
- Apply negative keywords to make sure that your ads are not showing up around negative keywords related to COVID-19.
- Review keyword lists for new inclusions such as nearby properties that may be closed.
- Apply tailored keywords and restrictive match types to drive the most efficient per-click performance.

- Reassess your promotional extensions to ensure they are portraying an emphasis on social distancing (i.e. not promoting spas or pools).
- Build out detailed RLSA audiences to help continue a relevant dialogue with site visitors.
- If using a bid management platform for optimization, closely monitor the performance of your existing models when you reactivate, as they will need to "relearn" and you may experience dramatic swings in performance.

## METASEARCH

- Adjust mobile bid modifiers and your strategy for mobile bookings to account for the increase of users searching on their mobile device.
- Leverage callouts to highlight special messaging such as free cancellation policies and clean stay initiatives.
- Deactivate the TripAdvisor 'business closed' notification, if implemented.
- Provide metasearch partners with updated cancellation and health and safety policies to be published on their sites.
- Work with metasearch publishers to showcase cleaning policies with banners, badges, and filters where applicable.
- Update itinerary strategies based on shifts in user behavior.
- Confirm that price accuracy and rates feeds are running as expected.
- Monitor key data points (advanced booking windows, length of stays, and geographic data) to stay ahead of trends.

## SPONSORED PLACEMENTS

- Create dedicated sponsored placements campaigns and reach out to publishers to ensure that new campaigns are whitelisted and to see if an additional insertion order is needed.
- Update your ad copy or callout to highlight updated cleaning measures, free cancellations, and other valued benefits (or features).
- Work with publishers to showcase cleaning policies with banners, badges, and filters where applicable.
- Make data-driven decisions for bidding in the right areas of demand such as booking window, device type, length of stay, etc.

## DISPLAY & SOCIAL

- Hold kickoff calls with any managed-service partners to ensure they are able to support your needs and have clear goals from the onset.
- Validate all insertion orders and ensure that preexisting payment terms are still agreeable for your business.
- Refresh creative for your display and social ads with messaging focused on thoughtful service offerings such as flexible cancellation, refunds, or rebooking policies.
- Reevaluate any creative imagery that shows interactions like hand shakes, hugs, large crowds, or other behaviors that go against social distancing norms.
- Apply location targeting to your campaigns to reach potential customers in areas where there is travel demand.
- Closely evaluate brand safety settings - consider additional exclusions around news, politics, and health-related content to avoid controversial ad placements.
- Review creative copy for phrases with double meanings like "going viral" or "sick and tired of" that could be misconstrued as insensitive.
- Focus on activating retargeting audiences first to focus on travelers that are already demonstrating interest before expanding into prospecting or new customer acquisition.



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While recovery in the travel industry is inevitable and, in some cases, already beginning, it could be a long road back to previous demand, ROAS, and occupancy rates. Now is a good time to take a step back, refine operations, and evaluate opportunities through a new lens.

We're confident that the travel industry will recover, just as it has from previous crises. The brands that position themselves wisely during this downturn have the opportunity to emerge stronger than ever from this challenging time.

We hope the resources and recommendations in this guide will help you to plan, execute, and manage your hotel marketing during the recovery period. For the latest travel data and recovery trends from our team, check out our blog at <https://koddi.com/blog/>

## ABOUT KODDI

Koddi is a provider of comprehensive marketing management software and services, powering advertising programs that drive measurable revenue growth to the best hospitality and travel brands in the world. Our award-winning SaaS platform, coupled with superlative customer service, provides a robust network for hospitality brands and online travel agencies to connect with consumers and generate more revenue through unified metasearch, social, and programmatic campaigns. Brands can consolidate and manage the entire purchase funnel and gain insights at each point to adjust and optimize campaigns across all channels. With Koddi's help, marketers harness real-time intelligence to make informed decisions across their marketing and media activities and, ultimately, to fuel their growth.

For more information, please visit <https://www.koddi.com>.