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for lodgings in the
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Getting more bookings by improving the process

Good news: consumers will buy 22% of their travel online this year. **Bad news:** the rate at which e-commerce Web sites turned visitors into shoppers—the so-called "conversion rate"—dropped from 3.2 percent to 2.4 percent in 2003. These figures come from a study by Shop.org as quoted by Bob Tedeschi in his e-commerce column in the May 31 New York Times.

According to Trent Blizzard, 40% of web-site visits is just noise in the system with no value or relevance. So of each 100 visitors to web sites or directories, only 60 are real prospects, and of these only 2.4 on average, or one in 25, will actually book. So apparently it takes a customer 25 web-site visits to actually book a room.

Suppose we could make the online travel buying process more efficient, so it took customers only 10 web-sites visits to make a booking. Satisfaction would soar, and so would conversion rates.

Online marketing TIPS & NEWS

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1. How can I get more website visitors?
2. How can I turn more of them into bookings?
3. What will it cost me?

It isn't hypothetical any more—most bookings now originate online. You can grow or die by what happens online. How can you get visitors to your web site, then convert them to bookings, at a price you can afford?

How to get visitors to your web site

- **The days are almost gone** when search engines will send you most of your web-site visitors free. For two reasons: first, Google, the leader, now lists travel directories above individual lodgings, so to be found you have to be in those directories, most of which charge. Second, the search engines themselves have begun charging.

- **How are you going to secure** a stream of visitors online that you can afford? Maybe by going shopping. You may need to find what each search engine and directory charges, and how many visitors they'll send you?

- **Two things to find out.** Not only how much visitors cost from each of these sources, but also how qualified those visitors are. For example, some people say it takes more visitors from a search engine to get a booking than from a travel directory.

- **How are you going to figure that out?** Probably the usual way, by asking around. You can expect to get more visitors from local and regional directories than from national directories, so you could ask your lodging association to research the figures for your region.

- **Should you keep your information** to yourself, and not share it with your neighbors in your lodging association? Maybe later, but for now making sense of how things work online may be more vital than getting more visits than your neighbors. Getting this information and making sense out of it is likely to take some time.

- **Once you find out** who can send you well-qualified visitors at the lowest price per visitor, you sign up. But that's only the beginning. Then you need to track how well they deliver. The ones that do best you sign up with again the following year. And you go on doing that each year.

How to turn website visitors into bookings

- **Think of your website as an engine** for turning visitors into bookings. The fewer visitors it takes to generate a booking, the less that booking costs you. There's not much point taking the trouble to get visitors at the lowest cost if your web site isn't efficient at persuading them to make a reservation.

- **How many visitors does it take** to get one booking? Anywhere from 25 to hundreds. If your web site is efficient and needs only 25 visitors to get a booking, at a cost of 25 cents per visitor, say, that's \$6.25.

- **What's your web-site cost per booking,** not just for hosting and maintenance, but for having it redesigned every three years, probably a good goal? Suppose you pay \$2000 for a redesign of your web site every three years, that's a cost of around \$667 per year. Add in the cost of hosting and having someone update your, and even the simplest web site is likely to cost at least \$1000 per year.

If such a web site helped bring in 200 bookings in a year, you'd add a \$5-share of that \$1000 to the cost of getting each booking online. So bookings originating online via search engines and directories would be costing you \$6.25 for your visitors plus \$5 for your website, over \$10 per booking.

- **Can you make do** with your old website design one more year? Suppose your web site needs 75 visits to make one booking, instead of 25. Then you'd be paying for 75 visitors at 25 cents each for each booking, or \$17.50. And you're getting only one third as many bookings. The question you might ask is, can you afford an under-performing web site?

- **What should it cost?** That depends on how many bookings you want it to generate. If you've only a few rooms you could have your designer adapt a template. If you've more rooms, custom-design could pay for itself.

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Factors affecting cost

- **With visitors at 25 cents each** and a efficient website needing only 25 of these visitors to secure each booking, our cost per booking was \$11.25. Getting bookings online isn't cheap. What you pay per visitor and how efficient your web site is could really matter.

- **Can you depend on your regulars**, and continue mailing a few hundred photocopied brochures to the same list each year? From what we hear, people aren't as loyal as they used to be. It's so easy for them to go online and check out new places that they're less inclined to keep going back to the same place. Instead they choose some new place that looks good, and these days "looks good" is likely to mean looks good online.

- **Print isn't working as well as it used to.** As the web takes over from print, print advertising and brochures bring fewer customers, so the cost per customer rises. Many lodgings tell us they've abandoned print, they say it's become too expensive for the business it brings.

- **The pool of online visitors is limited.** You can't reach into people's homes and direct their attention to going away, as you could with print. For you to get the attention of online visitors, they've got to be already online looking for lodgings. And the number of people already online looking for lodgings is limited.

How big is the pool of online prospects for small inns and B&Bs? Probably around 10 million a month. Divide that by 50 for the number per state, you get 200,000. Divide that by 10 for the number of tourism regions in a state, say, and you've got only 20,000 prospects to share with everyone in your region. Competition for those prospects will probably get fiercer as everyone figures out the system.

- **How much can you afford to pay off-peak?** Your regulars cost you nothing. They just phone you and tell you when they're coming. Then you can get a certain number of visitors at a low cost from your favorite travel directories. But as you need more visitors than this you have to pay more, perhaps to get nearer the top of a list of lodgings in your town or for a listing in a directory that charges more. In your off-peak seasons, when it already takes more visitors to get a booking, you may have to pay a huge amount per precious visitor. How much can you afford to pay before you actually lose money? Knowing could help with making profit much of the year.

- **Install an online booking system?** We're less enthusiastic about this than we used to be. Online booking systems seem to convert visitors to bookings at a much lower rate than phone calls. You may be better off having people phone you. On the other hand, a booking system can take bookings when you can't. It can also tell you how highly-qualified your visitors are.

Tips for making it work

- **Avoid paying for visitors during your peak season.** Some directories will send you the most visitors when you least need them—in your peak season. You're not only paying for visitors you don't need, but their inquiries come just when you're at your busiest.

Here are two ways to deal with this: first, research to see which directories send you more visitors out of peak season. Second, invest in pay-per-click directories that let you turn your account on and off as you want to. Then you pay for visitors only when you need them.

- **Put eXTReMe tracker on your home page.** This tracks your visitors continuously so by the end of a year you have excellent data on where they're coming from. At year's end, you can reset the tracker back to zero. Unless you regularly analyze your web site log files, this is a good way to find how many visitors each directory sends you so you know what those visits cost you. Visit <http://extreme-dm.com/tracking/?reg> for information.

- **Group your web pages in folders** so the pages people look at first are in one folder, and those they go to only when they've become interested (such as "Directions") are in another folder. Comparing how much traffic flows through from the first folder to the second tells you if your site is holding people's attention. You'll have to view your log files for this.

- **Add an "Our phone number" link** to every page that links to another page that actually gives your phone number, plus maybe your cancellation information. Don't put your phone number anywhere else. The number of visits to that page will tell you how many people got interested enough to want to reach you. You can do the same thing with an email form inquiry and book-now buttons. This can tell you how efficient your site is at driving visitors to your contact-information pages.

- **Streamline your site.** The fewer pages visitors need to clickthrough, the more of them will end up on those contact-information pages. We recommend avoiding introductory "splash screen" pages with little information. Also, can you combine several pages into a single summary page?

- **Be smart with keywords.** Make sure the necessary keywords appear on your home page where the search engines can find them, in the text, not in graphics that they can't read. Don't struggle to come up with unusual keywords. You need only the most obvious ones—your name, your location, and any popular attractions nearby.

- **Don't use online services** you aren't likely to maintain. Don't register your lodging, with room prices, in a host of free directories. Once that information gets out-of-date it will come back to haunt you. Keep the prices on your web site up-to-date, and as far as possible have everyone else link to your site for information. ■