How to Make a Million with the New Email Marketing-CRM Paradigm

A NAVIS White Paper

An analysis of the shift in hospitality marketing to data-driven email marketing in the hospitality industry



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EXECUTIVE SUMMARY

The hospitality industry is in the midst of a paradigm shift of how properties market to guests. Results are in for the first pioneering hotels and vacation rental companies (VRCs) to make this change. Significantly higher bookings and conversions are the norm. Seven-figure revenue increases are not unusual.

What produces these results? An effective new approach that will change how the hospitality industry--and other businesses--execute email marketing. The two developments that converged to drive this paradigm shift are 1) Advanced database systems and data mining technology, and 2) The development of focused consumer-preference marketing strategies.

Guests who book a room or vacation rental unit, particularly at upscale destinations, expect a personalized experience from their first information gathering contact with a property to the post-stay survey. The old-school "email blast" approach to guest-contact email marketing fails to meet these raised expectations. Rather than attract new business, these repetitive generic promotion announcements annoy recipients and often cause a blow-back of negative feelings about the property.

Forward-looking operators understand the problem and are addressing it with refined email strategies that attract guests and build revenue. They are applying emerging database technologies that identify individual guest preferences. These systems create personalized message campaigns that target specific guest amenity and stay preferences to generate 22 to 26% and higher open rates, and motivate positive guest responses worth millions of dollars in new revenue.

The newest data-centric marketing tools enable operators to create comprehensive, actionable CRM platforms that pull guest information from property management systems (PMS), reservation systems (CRS), point of sale systems (POS), and other 3rd party systems. By combining multiple guest preference views, property emails demonstrate a personal interest in each guest's experience that creates a close relationship between the operator and its clients.

This white paper presents the email marketing processes used by three hospitality companies--two multi-property resorts and a vacation rental company. Each narrative details how the company applies advanced CRM email database technology to drive more leisure revenue based on guests' unique patterns and preferences.

The Cornerstone of Effective Marketing: Real-Time Program Results from Every Channel

Tina Newman describes data driven, guest-centric email communication as "the cornerstone of effective Marketing." Newman is Director of Sales and Marketing for Enchantment Group, which comprises three hotels and a golf course. Properties include three locations in Sedona, AZ: Enchantment Resort; its golf course, Seven Canyons; and Mii amo, rated as the world's #2 spa destination by *Travel & Leisure* magazine. The group also includes Tides Inn in Irvington, VA.

Enchantment Groups recently installed Reach, a real-time CRM data marketing system from NAVIS. Reach enables Newman to parse the data from global corporate guest and prospect lists based on user configurable factors that adapt to any campaign strategy. List criteria may include guests' geographic location, when and where they booked accommodations, special events (anniversary, birthday, family or class reunion), and activities and preferences (dining, sports, tours, etc.).

"This is an incredibly powerful marketing tool," Newman said. "I use it to search for guests with specific interests or stay preferences that coincide with campaigns we want to offer. We tailor our email program graphics to appeal to specific guest types--a food shot vs. a spa shot vs. a mountain biking shot. With the NAVIS Reach campaigns our open rates average 26% across our properties. This is huge. NAVIS will help with the creative in the future, if needed, although the system's email material is easy to produce on our own." Newman noted that Enchantment Group has done behavioral marketing for some time, Reach enables them to identify if a guest does not yet have a reservation to return, and their emails remind them.

Newman noted that Enchantment Group's system sends out each email campaign with a unique phone number associated only with that campaign. "The really valuable part is that the system measures responses in real time by phone, online, and through other channels so we instantly know if our campaign is effective," says Newman. "If someone opens an email and goes to our website, it automatically displays the phone number from the promotion. It

also measures the revenue each campaign generates. We know the ROI for every campaign and track its success on each channel. We are new to NAVIS Reach, but have already generated more than 300 bookings worth more than $300,000."

The Enchantment Group Builds Relationships Based on Guest Preferences

For greater penetration, Newman programmed their email marketing system to resend unopened emails. "We can also send personal emails to guests who have cancelled and those who have not booked for specific reasons, such as price or room availability. Reach can automatically send an email to guests that could not book due to availability when specific dates open up. When we respond to a guest's needs, they see we value them and they call us back."

Enchantment Group recently initiated a new behavioral marketing program for guests who stayed during a previous month but have not yet rebooked. "We reach out to them to say we are aware they will not be with us," says Newman. "We don't market offers. We send a note from the general manager that might say, 'We noticed you visited us last July but are not returning this year. We will miss you, but wanted you to know that we've added something new...'"

Reach also helps Enchantment Group's reservation agents increase conversion. According to Newman, the system links each campaign's phone number to the company's reservation system and displays the appropriate information associated with the call. "This helps our agents convert more reservations because they are ready to answer questions for the specific campaign each prospect is calling about."

Enchantment Group sees tremendous potential for NAVIS Reach. Newman said, "With a 26% open rate and almost 39,000 unique opens, the system has brought in $300K plus so far. "We use the system's reporting to guide our marketing spend to the most effective campaigns," Newman said. "We see the ROI and this enables us to target our marketing dollars. I expect to see a solid increase in our marketing-generated revenue."

TradeWinds Island Resorts Generates $2+ Million with Focused Email Messaging

TradeWinds Island Resorts on St. Petersburg Beach, FL, applies its new email and CRM database technology to make guests feel special before they arrive, says Chris Serfustini,

Electronic Marketing Manager. Company properties include Grand Island, Guy Harvey Outpost, and its stand-alone restaurant, Guy Harvey RumFish Grill.

The resorts are known for their "family fun" vibe, with attention also paid to Mom and Dad's need for sophisticated relaxation and amenities. The TradeWinds began using NAVIS Reach in early 2014. The company relies on NAVIS Reach StayCycle tracking to automatically send confirmation emails and pre-stay messages that welcome guests and inform them about resort amenities keyed to their individual interests.

Serfustini also mines the Reach LifeCycle database to open up new marketing possibilities:

- "Once a week, Reach sends automatic emails to people who have not booked in the seven days since we first contacted them," says Serfustini. "Seven days is the best time to follow up, and guests value our follow-up. The open rate for these emails have increased 25% over the normal 'eblast' process. Conversion increased 20%."
- Guest profiles in the Reach database allow TradeWinds to refine monthly newsletters according to recipients' interests, then send it to the appropriate sub-sets.
- TradeWinds recently took advantage of an airfare sale from carriers in several markets. "We saw the airline's promotion and mined our database for guests and prospects in those geographic areas." says Serfustini. "We alerted them to the sale and added our own small promotion for a rate discount. This was a limited time offer and NAVIS Reach enabled us to send it out fast."
- Serfustini is always on the lookout for leads from outside sources, such as the local chamber of commerce, magazine ads, and online postings with a "click here for more information" button. "We load these leads in to Reach and send out marketing pieces."

Serfustini said, "Our email CRM marketing system is easy to use and NAVIS' eLearning team can answer our questions on how to structure CRM database searches to create the most effective lists and promotions."

TradeWinds revenue reflects Serfustini's conclusion that guest-centric email marketing effectively reaches its target audience. With an open rate of 22% (294,550 unique opens), Reach email campaigns generated more than $2 million through July 2014.

Burr White Realty Targets Campaigns to Fill Shoulder Season Availability

Vacation rental companies also reap the revenue benefits of a switch to guest-centric email marketing. Craig Batley, owner of Burr White Realty in Newport Beach, CA, reports that "NAVIS Reach has paid for itself." Burr White has a 47-year history in Newport Beach, a family vacation spot flanked by the Pacific Ocean and Balboa Bay. Burr White rents single family homes and duplexes situated on or within steps of the beach. Options range from casual beach bungalows to million-dollar properties.

Burr White's high season from June through August produces 75% of the company's revenue. Batley uses Reach for shoulder season campaigns, particularly to fill last-minute availability. The company also sends email reminders to families that have not booked. Their emails offer a friendly reminders to past guests, 'We notice you have not rolled over for your next summer's reservation.' Burr White lets them know units are filling up quickly. "This has been successful," Batley said. Plans are in place to launch email campaigns for the winter season.

Batley noted the new paradigm for email marketing is not just for major players. "Vacation rental is more person to person oriented," he says. "Scientific data analysis is a new tool for VR operators. Large hotel resorts have done it for a long time. NAVIS is making it available to the vacation rental industry now." The numbers tell Burr White's story. With a 24% open rate (32,495 unique opens), Burr White revenue from Reach email campaigns alone was more than $450,000 as of July 2014.

Three New Rules that Drive Revenue with Guest-Centric Email

What does this new measurement capability reveal? Three new rules for guest-centric email marketing:

1. Carefully cull your mailing list. A targeted list generates higher open rates and revenue than large un-targeted eblasts

"We now have the ability to consolidate and 'refine' data criteria to merge contacts," says Ring. If a husband and wife both use their work and private email address to contact their favorite resort, we spot this so they will not be sent four emails per campaign...or even worse,

conflicting offers with different room rates. NAVIS Reach consolidates their contacts into one address and label the couple as returning guests." The result from smaller, carefully culled lists? "More revenue and open rates as high as 80%," says Ring. "The historic industry standard is 19%."

2. 'Brand exhaustion' offends your guests

Smart phones have amplified the 'eblast annoyance factor.' Ring said, "We carry our inbox with us. Constant eblasts are more likely to force a prospect to opt out of a promotion. Brand exhaustion wears out guests through trying to get their money and alienates them from the property sending the emails. The solution is to only send contacts personalized messages that appeal to their interests. This has value to recipients, they respond by opening the message."

3. It is not about how you see guests. It's about how guests want to be seen

"The Reach database is guest-centric," says Ring. "It reveals how guests want to be communicated with; how they want to be seen by a property operator. People do not respond positively to eblasts and general discounts that have no regard to timing or relevancy. People respond to relevant promotions that respect them and recognize their interests. Guests have their own unique booking journey. The hospitality business is not about technology, it is about people. If you recognize your clients as people with unique interests, not prospects, they respond."

In the emerging age of CRM data-driven email marketing, recognizing the value of ***guest experience*** is much more than a benchmark for amenities. It now determines the success of a property's email marketing...and its revenue stream.

About NAVIS

NAVIS is a reservation sales system company that increases leisure voice booking conversions and bottom-line leisure revenue for resort, hotel, and vacation rental companies. NAVIS provides a proven system that enables clients to build reservation sales and marketing decisions on accurate, real-time data. The NAVIS system uncovers previously hidden revenue sources. It provides operators with 100% of the revenue source picture, not just online and social media bookings. It implements powerful outbound leisure sales strategies and measures true marketing ROI for each online and offline campaign. NAVIS captures guest and prospect data, tracks key revenue metrics, and provides 24/7 reservation call center services to help operators increase occupancy, ADR, and close more leisure business.

Want to know more about how NAVIS solutions support the strategies discussed in this paper and increase revenue for hotels and resorts? Contact info@theNAVISway.com.

Premier hotels, resorts, and vacation rental companies across North America use NAVIS solutions to drive revenue from the voice channel.

The NAVIS Reservation Sales System includes multiple products and services, all designed to help your company optimize sales productivity and increase leisure revenue.

NAVIS Narrowcast

Captures and reports data about your callers, your agents, your marketing and your business.

NAVIS RezForce

After-hours and overflow professional call center booking services.

NAVIS RezCast

Marketing tracking and professional call center services.

NAVIS RezForce LUX

5-Star/5-Diamond professional call center services.

The NAVIS Data Marketing System includes multiple products and services, all designed to help your company optimize marketing productivity and increase leisure revenue.

NAVIS REACH

Guest-centric marketing system using actionable, targeted lists.

NAVIS Data Mining

Powerful data mining and segmentation.