

Hotel Brands Coping with Online Marketing: An Operator's Perspective

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2015 was a challenging year for the Middle East and North Africa ("MENA") hospitality industry, with some countries' performance being impacted by currency fluctuations and other macroeconomic and geopolitical factors.

The MENA region is one of the most rapidly developing hospitality markets with a continuous influx of international hotel brands. A 2015 study conducted by Knight Frank found that international operators are responsible for operating approximately 61% of the total hotel supply in the region, whilst international brands operate 24% of the existing supply in relation to serviced apartments. A study conducted by the Dubai Department of Tourism and Commerce Marketing predicts that by the end of 2016 Dubai is expected to see a tremendous rise in new hotels including Renaissance Dubai Downtown, The Westin Dubai, and W Hotel Palm Jumeirah, bringing total rooms to 110,000 and by 2020 to 150,000. As new hotels continue to open, one of the greatest challenges facing hotels today is competition. As customers now have greater choice, the intense competitive market has forced hotel brands to focus on providing memorable experiences to their guests rather than selling a service. As such, a dedicated focus on customer loyalty and brand name is prerequisite for the survival of hotels today.

A hotel trademark acts as an essential identifier. A hotel's trademark is associated with a hotel's image, reputation, design, cleanliness, hospitality, demographics and underlying value or quality of a hotel. Such association ultimately leads to an identity of a hotel and is often perceived as the personality of an intangible entity: the Brand.

Hotel Rooms: a commodity or a quality service?

The industry has witnessed the rise of new online service providers such as Airbnb, Expedia, Hotel Search and Booking.com. Airbnb alone has served over 30 million guests since 2008. Nevertheless, Airbnb appears to be less damaging to hotels than Uber may have been to pre-existing licensed taxis. This is partly due to the fact that before the internet the market for renting a room (in the commodity sense of a service) was not limited to hotels (renting rooms in the quality sense of a service). Airbnb has however been a platform to combine and grow this market. The brand operating the hotel is the main reason why hotels will continue to grow, as they offer assurance and predictable consistency in quality service, amenities and facilities.

Rise of Mobile Apps

Mobile apps and specialized accommodation websites have allowed customers more freedom to choose the best value options for their preference, opening the path to healthy and fair competition after it was restricted to tourist agencies (who would often use restricted lists). Guests are presented with cheaper accommodation and flexibility in relation to checking in and checking out. However, many of the mobile apps themselves face fierce competition from new comers year on year, and so these platforms always need to improve and invest into research and development to keep their apps and sites friendly and attractable to consumers, and allow the hotel brands excellent exposure with minimal expenditure.

But is it all good?

Not quite. As with anything in the cyber world, the forums, apps, and sites related to hotels allow for ratings, reviews and commenting by consumers and users on their experience or opinion to be shown adjacent to the hotel brands. Regardless of how objective or truthful, the reviews reflect opinions of users not that of the internet based company. This may be at times damaging to the brand if the reviews posted next to the name of a certain hotel have rated the brand unfairly below what it represents. The integrity of a trademark may be held hostage to exaggeration or non credible opinions. It would nonetheless be fair to argue that however opinionated users may be, the overwhelming sensible reviews would balance against those that draw an untrue picture. Furthermore, and as a result of the tremendous exposure offered by the online world, those less fortunate brands and hotel brand owners who previously could not afford advertisement are now on par with the 5*+ hotels in terms of exposure. This is obviously good for these brand owners yet narrows the gap previously enjoyed by the richer hotels.

What does this mean to Hotel Brand owners?

The internet has shifted the advertisement of a trademark and its use from printed media to online. This means that whereas printed media was under control of and instructed by hotel brand owners, the online use is controlled by third parties. The responsibility lies with the hotel brand owners to monitor proper online use of their trademarks in a manner consistent with its branding guidelines. Hotel brand owners also need to secure registration of their trademark and defend the integrity of the brand by taking action against any social media accounts, professional forum accounts, mobile apps or hotel related sites that misappropriate their trademark. This may mean putting in place mechanisms to monitor against misuse, infringements, cyber-squatting, and misappropriation of the brand.