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A Comprehensive Guide to Merchandising Bed and Breakfast Inns

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Recommended Citation

Carroll, B., Gomez, B., Huen, A., Lanier, P., & Lui, I. (2006). A comprehensive guide to merchandising bed and breakfast inns. *Cornell Hospitality Tools*, (8), 6-25.

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A Comprehensive Guide to Merchandising Bed and Breakfast Inns

Abstract

The many methods for merchandising a bed and breakfast inn embrace both traditional means and the growing areas available online. The key to all tactics is to show would-be guests how the B&B matches their lodging preferences. Getting that message to the proper guests is essential regardless of the approach. Despite the growing popularity of the internet, nearly three-quarters of B&B guests still prefer to telephone the innkeeper for a reservation. In many cases, however, such calls are influenced by an inn's internet presence. Traditional means for promoting a B&B are guidebooks and local associations' publications. The inn can also gain notice if it attracts the attention of travel journalists. The inn can present itself as a venue for special events, notably weddings and family dinners. In any case, the inn should participate in community events and be seen as a participant in the local business community. If an inn is large enough it might want to deal with tour wholesalers or incentive travel, but that is an entirely different world from the typical B&B guest. One traditional method of spurring reservations is to send a direct-mail piece, preferably to the inn's own list of previous guests or to a prequalified list of people who like to stay in B&Bs. The internet offers a more direct way to interact with would-be guests and to gain reservations, but it also has pitfalls-the most common being that the inn can be lost in the huge volume of websites. Thus, an innkeeper may wish to create a website with keywords that search engines will notice in conjunction with queries about lodging in the area. A well-designed website is essential, and it must include a way for the guest to make a request for rates and availability. That request may be in the form of a web-based booking engine or an email link. Innkeepers can use email to send messages about upcoming promotions to a list of previous guests or those who have inquired about the inn-or purchase a third-party list for this purpose. A most important issue relating to email is to avoid being seen as a spammer. Moreover, the innkeeper must be in a position to respond to guests' email requests in a prompt and personal manner. In the midst of all this, the innkeeper must find time to operate the property. Thus, engaging outside professional help for many of the merchandising tasks may be appropriate, depending on the inn's size and situation.

Keywords

Cornell, tools, bed and breakfasts, marketing, innkeepers, merchandising

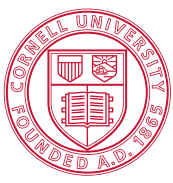
Disciplines

Hospitality Administration and Management | Sales and Merchandising

Comments

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Cornell University
School of Hotel Administration
The Center for Hospitality Research

CHR Tools, No 8, August 2006

Cornell Hospitality Tool

A Comprehensive Guide to Merchandising
Bed and Breakfast Inns

by William J. Carroll, Ph.D., Betsy Gomez, Anna Huen, Pamela Lanier, and Iris Lui





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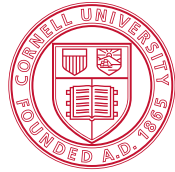
CHR Tool No. 8, August 2006
Single copy price U.S. \$50.00
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CHR Reports are produced for the benefit of the
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A Comprehensive Guide to Merchandising Bed and Breakfast Inns

by William Carroll, Betsy Gomez, Anna Huen, Pamela Lanier, and Iris Lui

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The authors wish to express their appreciation to Stephen High and Marie Lanier for their invaluable assistance in developing this report, which evolved from a semester project by Cornell Hotel School students, and staff members at Lanier Publishing, which supported the project. Since initial publication of this report, we have updated and clarified some of the information in Exhibits 3 and 4.

EXECUTIVE SUMMARY

The many methods for merchandising a bed and breakfast inn embrace both traditional means and the growing areas available online. The key to all tactics is to show would-be guests how the B&B matches their lodging preferences. Getting that message to the proper guests is essential regardless of the approach. Despite the growing popularity of the internet, nearly three-quarters of B&B guests still prefer to telephone the innkeeper for a reservation. In many cases, however, such calls are influenced by an inn's internet presence. Traditional means for promoting a B&B are guidebooks and local associations' publications. The inn can also gain notice if it attracts the attention of travel journalists. The inn can present itself as a venue for special events, notably weddings and family dinners. In any case, the inn should participate in community events and be seen as a participant in the local business community. If an inn is large enough it might want to deal with tour wholesalers or incentive travel, but that is an entirely different world from the typical B&B guest.

One traditional method of spurring reservations is to send a direct-mail piece, preferably to the inn's own list of previous guests or to a prequalified list of people who like to stay in B&Bs.

The internet offers a more direct way to interact with would-be guests and to gain reservations, but it also has pitfalls—the most common being that the inn can be lost in the huge volume of websites. Thus, an innkeeper may wish to create a website with keywords that search engines will notice in conjunction with queries about lodging in the area. A well-designed website is essential, and it must include a way for the guest to make a request for rates and availability. That

request may be in the form of a web-based booking engine or an email link. Innkeepers can use email to send messages about upcoming promotions to a list of previous guests or those who have inquired about the inn—or purchase a third-party list for this purpose. A most important issue relating to email is to avoid being seen as a spammer. Moreover, the innkeeper must be in a position to respond to guests' email requests in a prompt and personal manner.

In the midst of all this, the innkeeper must find time to operate the property. Thus, engaging outside professional help for many of the merchandising tasks may be appropriate, depending on the inn's size and situation.

A Comprehensive Guide to Merchandising Bed and Breakfast Inns

by William Carroll, Betsy Gomez, Anna Huen, Pamela Lanier, and Iris Lui

The number of bed and breakfast inns, also called country inns, has grown to over 100,000 worldwide. While the exact definition of a bed and breakfast inn varies somewhat, B&Bs as we define them share a common characteristic in that they are typically founded and operated by an entrepreneurial owner. They are usually small enterprises with a limited number of sleeping rooms—in addition to limited time and funds for marketing.

The objective of this report is to suggest various ways in which B&B operators can promote and merchandise their inns. It is not anticipated that the owner-operator will find everything suggested here to be useful or applicable. Rather, the objective is to offer a comprehensive list of suggestions from which to choose. We've assembled the checklist on the next page, the items of which correspond with the various promotional ideas that are discussed on the pages listed.

This report particularly addresses using the internet for promotion, communication, and booking. Indeed, we see the internet as a near-perfect medium to promote B&Bs, be-

cause of the personal nature of websites, web searches, and email communication.

This report is organized into four sections. The first section provides an overview of the B&B market. The second presents traditional (that is, not internet based) marketing methods. The third section describes the still-evolving online methods of merchandising B&Bs. In the final section we summarize the discussion and present a comprehensive checklist that the B&B operator can use to evaluate his or her current position and consider alternative means of marketing.

B&B MARKETING CHECKLIST

This checklist is provided for innkeepers as a device to inventory current marketing activities and to suggest potential additional areas for action. It is keyed to pages in this report for quick reference.

Traditional Marketing (pp. 8–12)

Make use of appropriate traditional marketing techniques.

Direct Promotion to Customers (pp. 8–9)

Ensure that the B&B is listed in the following venues, as appropriate

Guidebooks (p. 8)

Look for free listings or consider paid advertising

Local Publications (p. 8)

Look for free listings or consider paid advertising

Press Releases (p. 8)

Send releases to local media to highlight events at the inn

Travel Writers (p. 8)

Contact travel writers with information about your inn

Brochures and Press Kits (p. 9)

Develop a brochure and press kit

Wedding and Family Events (p. 9)

Be aware of hosting guests for weddings and other family events

Signs (p. 9)

Make certain guests can find you with appropriate signs

Onsite Activities (p. 9–10)

Encourage visitors to the B&B with the following activities, as appropriate

House Tours (p. 9)

Offer tours of your inn, particularly if it is an historic building, possibly in conjunction with other operators

Food-and-beverage-based Promotions (p. 9)

Host special-interest meals, particularly if you offer dinner

Workshops (p. 10)

Host special-interest workshops, particularly if the innkeeper has a special hobby

Coupons (p. 10)

Hand out coupons to attract people for a drink or a snack

Community and Destination Organizations (p. 10)

Participate in community organizations and events, as well as cooperate with other businesses

Community Activities (p. 10)

Join or support the activities of local clubs or churches

Charity Events (p. 10)

Sponsor or support a charity event

Businesses in the Surrounding Areas (p. 10)

Coordinate activities with other inns and related businesses

Room Referrals (p. 10)

Seek referrals from businesses with high traffic, including hotels and hospitals

Third Parties (pp. 10–11)

Investigate potential for marketing through the following third parties, as appropriate

Traditional Travel Agents (p. 10)

Investigate the economics of travel agent representation

Tour Wholesalers (p. 10)

Investigate the economics of working with tour wholesalers

Incentive Organizations (p. 11)

Investigate the economics of hosting incentive trips

Affiliate Network (p. 11)

Work with regional B&B associations or AAA to promote the inn

Specialist Service Providers (p. 11)

Check for possible arrangements with nearby spas, golf courses, and schools that bring in potential guests

Partnerships (pp. 11–12)

Make arrangements with companies that can promote your business while improving their own sales

Destination Marketing (p. 12)

Participate in organized efforts to promote your region as a tourist destination

Convention and Visitors Bureaus (p. 12)

Join or coordinate with your local convention bureau to know when visitors are coming to town

Own Guests and Prospects (p. 12)

Develop a list of and keep careful track of guests and potential guests

Prospective Guests (p. 12)

Collect names of prospective guests

Own Guests (p. 12)

Maintain a list of guests

Direct Marketing (p. 12)

Send letters or cards to lists of prospective and past guests

Online Marketing Opportunities (p. 12)

Make full use of online tools for promoting and marketing the B&B, including websites and email, as appropriate

Online Guide Services (p. 13)

Make sure that your B&B is listed in the appropriate online directories

Fee-based Directories (p. 13)

Pay for a listing in an online directory, if appropriate

Regional Directories (p. 13)

Be listed in online directories covering your region, usually a benefit of B&B association membership

Free Directories (p. 13)

Make sure that your inn is listed on free directory sites

Websites (pp. 14–22)

Make certain that your inn has an appropriate presence on the worldwide web

Elements of a Good Website (p. 15)

Ensure that any website connected with the B&B is easy to navigate and use

Make certain that the reservation page is easy to find and easy to use

Keep contact information visible

Depict the inn with photos and text describing every room and other features, such as a menu

Provide directions, along with area points of interest, news, events and specials

Determine whether to build the website or engage a website service

B&B Industry Services (p. 15–18)

Investigate the use of local or national web hosting and web constructed services

Determine which reservation engine is best for your website

Make sure to track website traffic, including sources and clickthroughs

Search Engines (pp. 19–21)

Keep track of the extent to which the B&B appears in relevant searches on different search engines

Note which keywords and phrases are used by potential customers, ensuring that the inn's site uses those terms

Submit the inn's website to search engines

Consider whether professional assistance is needed

Search Engine Marketing (pp. 21–22)

Consider whether to bid on pay-per-click search keywords

Email Marketing (pp. 22–24)

Develop an email program that allows would-be customers to receive a personal response to queries

Consider whether to send out email messages to qualified lists

Build your own email list or purchase a qualified list from another source

At all costs avoid being considered a spam source

Market Overview

In this report we focus primarily on bed and breakfast inns that fit the following definition by Lanier, Caples, and Cook: “a small, independent commercial lodging property often found in a current or former residence. Breakfast is the only meal served, and it is included in the room rate. The owner is most likely the innkeeper and lives on site.”¹ While we acknowledge the purpose-built country inns that operate in a similar fashion, our focus is on the owner-operator style of B&B. Since many B&Bs offer more than breakfast, some of the promotional suggestions we present here are for those inns that offer other meals (typically, a *prix fixe* dinner). Ninety-five percent of B&B visits are for leisure stays, and (as shown in Exhibit 1) 71 percent of inn goers prefer to telephone the innkeepers to make the reservation.

Guests choose B&Bs for their ambience and personal service. Each B&B owner has his or her own approach to operation, including distinctive furniture, theme, and style. While guests staying in a chain hotel will know what to expect even at different locations, guests staying in a B&B will experience the innkeeper’s idiosyncrasies. Given that most B&Bs have fewer than 20 guestrooms, the level of interaction between guests and the innkeepers is relatively high, as is that among guests.

By the same token, a limited room inventory can be seen as a B&B’s weakness, since it cannot offer extensive room availabilities to mass-market distributors such as travel agencies or online intermediaries. B&Bs normally do not have a sales and marketing staff, making the large-group business also problematic. Sometimes innkeepers do seek help from experts or align with other organizations to expand marketing capacity.

Despite their size disadvantage compared to hotels, B&Bs can take advantage of their distinctive features through internet sites. The web allows a B&B to target specific types of customers who will appreciate the property’s special features. Needless to say, hotel chains can also take that tack by using their websites to promote their large room inventory, using considerable marketing resources and skilled distribution staff. In view of this, the next two sections of the report suggest promotion and distribution strategies to help B&Bs best manage their market situation in concert with their resources. The suggestions are based on the following premises about B&Bs:

- There are enough sleeping rooms and sufficient peak occupancy times to warrant a merchandising and distribution effort;

¹ Pamela Lanier, David Caples, and Helen Cook, “How Big is Small?” *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 41 No. 5 (October 2000), pp. 90-95.

- The B&B’s marketing budget is small, and activities must be inexpensive or represent a small percentage of direct expense; and
- The owner-manager is willing to devote personal time to marketing activities in lieu of other activities.

Traditional Marketing

We see five potential traditional channels for promoting a B&B: (1) direct promotion to customers, (2) onsite activities, (3) community and destination organizations, (4) intermediaries (third parties), and (5) partnerships.

Direct Promotion to Customers

The goal of promotion and merchandising is to convince guests to pay the innkeeper for his or her services. With the limited budget and time constraints, direct promotions to customers through guidebooks, local publications, press releases, travel writers, brochures, and press kits can be effective in gaining exposure for B&Bs at a relatively low cost.

Guidebooks. Guidebooks are among the top three sources of B&B reservations, especially for mature and affluent guests.² A guidebook listing is normally an effective and inexpensive way for an innkeeper to put the B&B’s name in front of the public. An effective approach is to send information to guidebook authors along with a personal note describing attributes that make the property different from others as well as creating some reference to the property itself.

Local publications. To gain media exposure, innkeepers can submit to local editors suggested articles, recipes, and features on the inn, the innkeeper, or the family—that is, anything that an editor might find interesting. Magazines, chamber of commerce guides, regional publications, and local newspapers often need such “filler” information. Innkeepers can get to know a newspaper’s lifestyle and travel editors and send them an article with photos. It may take time, but chances are good that an editor will, at some point, choose the story to fill space.

Press releases. In addition to features, the innkeeper should think in terms of “news hooks,” sending out press releases when something noteworthy occurs—an award, a partnership, or an enhancement in décor, service, or food. Two points regarding press releases are: keep them brief and send photos. Photos capture attention and quickly tell the story. Don’t forget to identify the photo, and include background information about the innkeeper and the property, along with contact information.

Travel writers. Coverage in newspaper and magazine travel articles is one of the best sources of free promotion.

² Arrington’s *Bed and Breakfast Journal*, Survey, 2002

EXHIBIT 1

Preferred method of reserving a B&B room

Telephone call to the innkeeper.....	71%
Book on-line using the internet.....	27%
Book through a travel agent	2%

Sources: March 2005 survey from the Illinois B&B Association, West Virginia B&B Association, and Michigan B&B Association; September 2004 survey from Texas HAT; and November 2004 survey from New York B&B Association.

The innkeeper can contact travel writers and tell them what is outstanding about the property and the personal touches it has to offer. Two examples of organizations that innkeepers can contact to get the names and addresses of travel writers are The International Food and Wine Travel Writer's Association (www.ifwtwa.org) and The Society of American Travel Writers (www.satw.org).

Brochure and press kit. When promoting a B&B, one should create an integrated set of collateral material, including a brochure, postcard, and note paper. In addition to helping innkeepers develop such materials, including good-quality photographs and a press kit, public-relations firms can use their contacts in an effort to garner magazine exposure for the B&B. Of course, innkeepers can study what successful inns have done to gain publicity. In particular, innkeepers can exchange brochures for display with other local businesses, such as restaurants, health clubs, delis, tourist attractions, and museums—even other B&Bs.

Guests often ask for recipes of a B&B's signature food items. The innkeeper can create a recipe booklet, contribute to the recipe sections in online sites and directories, or distribute laminated bookmarks with a recipe on one side and the inn's information on the other side. Another good memento is to place a postcard with a photo of the property in each guestroom—perhaps with postage already affixed. Family and friends who receive those postcards are potential guests that the inn may not have reached on its own.

Wedding and family events. Weddings present an important business opportunity for inns that can accommodate small groups. A B&B operator can offer a wedding package that includes complete yet flexible components. Then the operator can encourage the newlyweds to celebrate their anniversary at the B&B.

Signs. Proper signs can direct customers to the property as well as serve as a way to identify and differentiate the B&B.

Advertising and Coupons

A traditional means for promoting a B&B is paid print advertising, which may also include coupons. Advertisements can be placed in local and regional print publications such as newspapers, magazines, and directories. Ad space can be purchased, and coupons can be inserted (usually at addi-

EXHIBIT 2

U.S. distribution of B&Bs and country inns (by size)

Number of rooms	Percentage of total
1 to 4.....	33%
5 to 8.....	33%
9 to 12.....	14%
13 to 20.....	11%
21 or more	9%

Sources: Lodging Resources workshops and Lanier study of bed and breakfasts

tional cost). In addition to the cost of purchasing the space, the expense of advertising includes copy preparation and the cost of inserting a coupon (if it's a separate piece of paper). B&B operators who use advertising should understand a publication's market reach both in terms of circulation and in terms of readership and use—in particular, its capability to target the B&B's audience. That audience is often the profile of existing or typical guests.

To judge the net value of advertisements and coupons, one should find a way to track both leads and guest registrations from them. We suggest calculating the incremental revenue or number of guests produced by the ad or coupon—that is, those who would not have come to the inn without seeing the ad or clipping the coupon. Tracking business sources in this way is part of the larger, essential matter of determining how guests learned about the property and why they chose to stay there.

Onsite Activities

In addition to hosting other groups' events, the B&B can host its own activities, including tours, F&B promotions, and other activities that relate to the innkeeper's own interests.

House tours. An open house is an effective way to promote a property, particularly if the B&B is in a historic or architecturally interesting structure. One time to offer an open house is the first week in December, which is National Bed and Breakfast Open House Week. Innkeepers can arrange with other nearby B&Bs to organize a tour in the area at this time or any other logical time, if early December is not a good time in a particular market.

Food and beverage activities. Food promotions not only draw dinner guests but can entice them to stay at the property. Inns that offer more than breakfast can offer seasonal feasts, such as a fixed-menu dinner, a breakfast buffet, or bedtime snacks for special times of the year—usually tied to a night's stay. Innkeepers or their chefs can cook a candlelight dinner for special occasions. If the inn features a signature dish or a particular style of cuisine, the B&B may then become known for such dishes. Inns can also offer to host holiday or special-occasion meals for families who want to get away from home or who need a bigger space. Cooking

classes and dinners are ways to build midweek or Sunday night business. Inns can cater a local fund-raising event or provide appetizers and snacks. By donating the proceeds of a meal at the inn to local charities, the innkeeper is helping the community while promoting the B&B.

Workshops. Inns can also offer workshops, such as food and wine or design classes (or any other skill). Local women's and men's groups, service organizations (e.g., Lions Kiwanis, Rotary), and teachers associations, among others, can be notified of these workshops. If appropriate, classes can be packaged with a night's stay.

Coupons (for site visits). Like the coupons printed in advertising, coupons for various offers can also be sent to local customers by mail or email, with an eye to promoting the inn and increasing local recognition. Coupons can be sent out to local business people for events such as an *hors d'oeuvres* reception. The innkeeper can sponsor a wine-and-cheese party with local vintages (and, preferably, a local winemaker) to allow local business operators to meet the innkeeper and visit the inn. The goal is to encourage local businesses to book the inn for offsite meetings and to recommend it to clients from out of town.

Community and Destination Organizations

If it suits their business model and personality, innkeepers can become involved with local service and special interest clubs and otherwise be active members of their community. We think it important for the inn to be known as a business that is involved in the community. The inn might sponsor or co-sponsor such events as a bicycle rally, a charity drive, walk, or auction, or a tea party, garden tour, or garden-club party. Depending on the way the local media operate, the innkeeper could call the press to cover the event or send out a release, making sure that his or her property is included in the coverage. Another approach is to donate a percentage of room revenues to a selected charity, whether as a one-time drive or as an ongoing commitment.

Businesses in the surrounding area. Depending on its public space, an inn can also host conferences, such as writing workshops, literary societies, teachers groups, and educational groups. Since inns tend to be located in historic buildings, the innkeeper can promote lunches or other activities with preservation groups and historic societies. If an inn is near a college or university, the innkeeper can coordinate activities with the college calendar (usually available several years into the future) and contact administrators and department heads to learn about events that bring people into town. Reunion, home football games (particularly homecoming), and, of course, graduation bring people to town, and many of those visitors appreciate a distinctive place to stay. Many churches sponsor conferences that require housing, especially when a national speaker draws

people to town. The inn could offer a percentage of the room rent as a donation to the church. Inns near hospitals can offer special rates for families of hospital patients. To that end, innkeepers can create a brochure for the hospital's social services staff to distribute to the families of patients. For less-happy occasions, funeral directors can give referrals to their clients for out-of-town relatives.

Room Referrals

In as many ways as possible, innkeepers should solicit referrals from businesses that bring people to town. In particular innkeepers should contact real estate agents, who can suggest the inn to their relocating clients. In such a case, the inn can offer the agents a sales commission as an incentive. Innkeepers can also get to know hotel concierges. When hotels are overbooked or have corporate guests who want a weekend getaway, the concierge could send guests to the inn. Similarly, innkeepers should participate in room-referral arrangements, whether across town or in other locations, since innkeepers can give their overflow to other innkeepers and seek their overflow in exchange.

Third parties. Third parties are in the business of promoting or selling facilities for lodging or tourism firms, a category that could include large B&Bs. In this group we include traditional travel agents, tour wholesalers, affiliate networks, incentive organizations, and specialist service providers. In most cases the size of the inn will determine whether using a third party warrants the expense of participation in a referral system or of third-party representation.

Traditional Travel Agents

Although many B&Bs have established a strong internet presence that mimics the functions of a traditional travel agent, travel agents can be a source of business if the B&B can meet the requirements of the agent's clients and the innkeeper is willing to pay the agent's commission. Currently, travel-agent bookings account for a tiny percentage of total B&B bookings, probably because most B&Bs are small, and perhaps because paying a commission is an issue. We believe that an inn needs to have more than 25 rooms to make it economical to work with traditional travel agents.

Tour Wholesalers

Tour wholesalers "assemble travel packages, which could include accommodation, transportation, meals, group transportation, and entertainment, usually targeted at the leisure market."³ Tour operators typically create packages that comprise most of the lodging, meals, and activities on

³ Philip Kotler, John Bowen, and James Makens; *Marketing for Hospitality and Tourism*, third edition (Englewood Cliffs, NJ: Prentice Hall, 2003), Chapter 13.

We believe that it is important for a B&B to be known as a business that is involved in its community.

a trip, including rental cars and admission to attractions, if appropriate. An innkeeper who is willing to cooperate with other inns and work with the tour wholesalers on room rates could entice a special interest or affinity tour operator. As with other sales activities, a market's size, destination, and room inventory will determine whether such a promotion makes economic sense.

Incentive Organizations

Incentive organizations operate in large part like tour wholesalers, in that they package tours. Their clients, however, are companies that use travel incentives as rewards for exceptional performance among salespeople, dealers, wholesalers, retailers, and employees. Once again, size may be an issue with incentive-travel groups. Moreover, the inn's primary customer is effectively the incentive organization, rather than the guests staying in the inn—a situation that may be awkward for an innkeeper.

Affiliate Networks

Affiliate networks are “voluntary links between hospitality properties and other properties for such mutually advantageous purposes as distribution and marketing.”⁴ Affiliate networks can be local, regional, statewide, or national. B&Bs can consider joining a state or regional bed-and-breakfast association, for instance, which would “promote the B&B experience, fostering the professional development of members, and enhancing the lodging experience of guests.”⁵ Most B&B associations charge a fee for membership and programs. If an association does not exist in the area, we urge innkeepers to create one!

In addition to promoting higher standards and improving B&B operation, state and regional associations can create

⁴ William Lazer and Roger A. Layton, *Marketing of Hospitality Services* (Lansing, MI: Educational Institute of American Hotel and Lodging Association, 1999), Chapter 11.

⁵ LanierBB.com: “Innkeeper Corner —Bed and Breakfast Associations,” www.lanierbb.com/innkeeperscorner/associations.html (viewed on 2/22/05).

joint marketing programs. Being part of a regional association known for high standards can be the inn's credential with many potential guests. Most statewide associations inspect their members' properties, conduct meetings, produce a state brochure, and work with other state tourism bodies to promote B&Bs and small inns. Other business networks worth joining are the Professional Association of Innkeepers, or the local Chamber of Commerce, a connection that will make the B&B a part of the business community. Similarly, joining or working with local service clubs and organizations can be a way to promote the B&B operation. In this regard we are thinking of, for instance, Kiwanis, Lions, Moose, Rotary, and Veterans of Foreign Wars, or even symphony or museum boosters. In addition, many clubs have annual events that attract people from out of town.

An innkeeper whose business depends heavily on automobile-based transient guests may seek a rating in the travel guides published by the American Automobile Association (AAA). Although listing with AAA can be relatively expensive, innkeepers who are interested should contact AAA directly for information. Typically, an AAA inspector will come to a property once a year and update the inn's information in the club's tour book.⁶

Specialist service providers. If an inn has special-interest service providers nearby, such as a spa, golf school, or a trailhead for fishing and hunting guides, the inn may be a likely stop for these niche markets. By using specialist service providers' creativity and imagination, innkeepers can extend and promote the availability and attractiveness of their services.⁷ If the inn's location is attractive to those niche markets, a partnership with those specialists may offer the inn as part of a package.

Partnerships

Inns can arrange partnerships with related businesses, such as credit-card companies and, going beyond referral associations, with other B&Bs that have similar standards or with

⁶ Barbara Notaruis and Gail Sforza Brewer, *Open Your Own Bed and Breakfast*, fourth edition (New York, Wiley, 2001).

⁷ *Ibid.*

Because a B&B's success depends on its relationship with guests, a fruitful source of new business is the inn's own guest database.

destination institutions such as schools, churches, and museums. A partnership with credit-card companies, for instance, might involve offering special discounts to cardholders or offering free accommodations through reward programs. Other businesses might make good partners. For instance, mattress maker Temper-Pedic created a program in which inns become mattress test sites. Big players in the food industry (e.g., Uncle Ben's Rice) have offered cross promotions with the B&B industry.⁸

Strategic alliances include consortiums and reservation networks. A consortium consists of “independently owned and operated properties that loosely join together to distribute and market their offerings,” while in reservation networks a set of properties uses “common reservation facilities and procedures.”⁹ In either format, B&Bs can seek alliances with properties with similar standards and similar components, particularly those in different regions. For example, the Select Registry, lists upscale B&Bs in North America by region and supports a gift-certificate program.

Destination Marketing

Destination marketing relates to activities that promote a specific city, region, state, or group of states. A destination-marketing campaign combines the efforts of local authorities and businesses (even competitors) to create compelling reasons for travelers to visit the destination.¹⁰ One popular activity for destination-marketing organizations is to sponsor special events, such as the New Orleans Jazz and Heritage Festival or the New York Wine Tour.

Convention and visitors bureaus. The destination-marketing organization in a location might be known as the convention and visitors bureau. This organization compiles schedules of upcoming events, including sponsors and the

expected number of visitors. Innkeepers can search through those schedules, as well as contact local concert venues and conference centers to see if they have any events booked that might bring out-of-town visitors. The innkeeper can send information about the B&B to the sponsoring organizations. Vendors, speakers, and VIPs for those events may also need lodging.

Tracking Guests and Prospective Guests

Because B&B operations depend on the relationship with guests and because repeat customers are frequently the largest source of business, a fruitful source of new and repeat business is an inn's own guest database.

Potential-guest database. Many of the activities we have discussed so far involve collecting information on guests and potential guests. In addition to the usual directory and contact information, the inn's database should record personal preferences or other information relevant to marketing—for example, whether the guest is part of a couple, has expressed interest in a future stay, has familiarity with a B&B experience, or has stayed at the B&B. This information should be systematically collected and periodically updated as a resource for direct marketing, including telephone solicitation, direct-mail messages, or email marketing.

Guest database. In keeping with a classic marketing principle, a B&B's most fruitful source of new guests is its past guests. Thus, the inn's most valuable marketing resource is most likely a database of past guests. That information can be used to remain in contact with guests and offer them promotions—in short, its own “loyalty program.” Much can be learned by studying major lodging chains' loyalty programs and replicating what makes sense.

Direct Mail

Direct mail and telephone solicitations are costly and have relatively low success rates. Defined as the number of incremental bookings divided by the number of mail pieces sent, the response rate for direct mail is often below 1 percent—a level that is considered “successful.” Targeting direct mail according to the guests' characteristics can improve the response rate and thus reduce the cost of each reservation.

⁸ Uncle Ben's—BBIGI Promotion 1988 and 1989.

⁹ Nigel Morgan, Annett Prichard, and Rachel Piggott, “Destination Branding and the Role of the Stakeholders: The Case of New Zealand,” *Journal of Vacation Marketing*, Vol. 9, No. 3 (June 2003), pp. 205–212.

¹⁰ Philip Kotler, John Bowen, and James Makens, *Marketing for Hospitality and Tourism*, third edition (Englewood Cliffs, NJ: Prentice Hall, 2003), Chapter 18.

Service and price comparison among major fee-based directories

	Bbonline.com	Bedandbreakfast.com	iloveinns.com	Lanierbb.com Travelguides.com	The Innkeeper.com	Virtualcities.com
Price	\$149–495 (four levels)	\$99–559 (four levels)	\$100–250 (three levels)	\$99 (one level) \$139 with link*	\$249 (one level) \$349 (extra features)	\$95–200 (four levels)
Guarantee	At least 500 visitors or second year free	90-day money back (prorated thereafter)	Not specified	Money back first year (satisfaction guarantee)	Not specified	Not specified
Support	Included	Included at \$559 level (other levels limited)	Not specified	Included	Included	Included
Tracking	Not specified	Yes	Not specified	Yes	Yes	Yes
Media Marketing	Internet	Internet Allied mega-sites	Internet Printed guidebook	Internet Printed guidebook Allied mega-sites	Internet	Internet
Web-site Link	Included at all levels and above	Included at \$229 level and above	Included at \$150 level	\$40 extra	Included	Included at \$120 level and above
Photo Policies	1 image at \$149 level up to 16 images at \$495 level	1 image at \$99 level up to 10 images at \$349 and above	1 image at \$100 level 10 images at \$250 level	Up to 9 images included (one level)	1 image at \$249 level added images \$40 each	3 images at \$95 level up to 15 images at \$200
Promotion Packages	Up to 3 at \$149 level Up to 12 at \$495 level	Included at \$229 level and above	Not included	Up to 5 (one level)	Special announcement feature \$35	Included
On-Line Reservations	Via property site	Via property site Merchant direct-booking option and availability status	Via property site	Via property site Deep-link option E-mail	Via property site	Via property site
Page Placement	Based on payment level	Based on payment level and inventory	Based on payment level	Alphabetical	Based partially on payment level	Based on payment level

*\$50 one-time new-member fee. Notes: The above is based on the information available as of September 2006. Prices depend on levels of service. Check sites for specifics. Reservations can be booked on BedandBreakfast.com (some through Expedia, Inc.) as part of a merchant program, with availability status provided. Sources: Public information and phone calls to the web purveyors.

Guests who stayed during their wedding, for instance, may respond favorably to an anniversary promotion. Parents of college students can be solicited for future parents' weekends and graduations. Guests vacationing in the summer can be solicited with packages for other seasons. Essential for all such campaigns is a careful analysis of results.

Online Marketing

It's no secret that an internet presence has become nearly indispensable for travel firms. A PhoCusWright survey of travelers who booked flights on the internet found that nearly one in three Americans who had traveled by air in the previous year indicated that they used the internet for travel arrangements in the month prior to the survey. By 2007 over one in five hotel rooms will be booked online. Moreover, twice the number of those who book on the web will shop for a lodging online and then book by conventional meth-

ods (usually by telephone). While there are not comparable statistics for the B&B market, it is reasonable to assume that some travelers who shop for lodging online and are predisposed to use B&Bs are likely to want to shop for and book B&B rooms online.

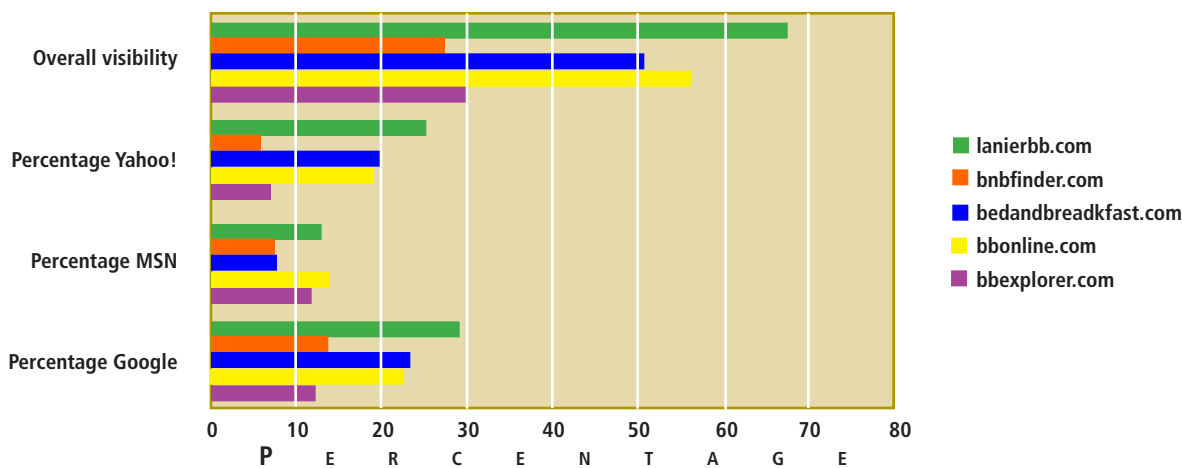
As we discuss next, B&Bs can market themselves through the following five main online channels: online guides, their own website, a third-party website, a search engine, and email.

Online Guides

Purchasing an online guide service is one way to market a B&B online. Innkeepers need only provide information and pictures typically used in their brochures or press kits, and the online guide provider transforms these into a listing or even a web page. The cost of online guide services ranges from \$95 to nearly \$600 for a basic package.

EXHIBIT 4

Search-engine visibility (March 2005)



Source: Lanier International.

Fee-based directories. Depending on the type, size, and location of a B&B, fee-based directories can bring in web traffic. More important than site traffic is the amount of incremental revenue and customers that a fee-based guide generates. Hence, it is crucial for an owner to track online site metrics that indicate the source of traffic and the financial return for fees paid.

Examples of major fee-based directories and their characteristics are shown in Exhibit 3 (on the previous page). The value of all such sites is the return on investment (ROI), which is the incremental revenue produced as compared to the cost of participation. We know of no proven measurement of ROI, but one can track site traffic using sites such as Alexa (www.alexa.com), Google, and Caphyon (www.caphyon.com, a paid tracking service; results of such a search provided by Lanier International are shown in Exhibit 4). Each of the major search engines support tracking and keyword-analysis tools. B&B owners must use tools like these as well as their own analysis to evaluate the value of their participation in fee-based sites.

Regional directories. Regional B&B directories are a distribution medium often sponsored by B&B associations, such as www.sonomabb.com and www.cabbi.com. Regional directories have the advantage of marketing a B&B along with the services available nearby. In addition to listing Sonoma Valley’s B&Bs, for example, www.sonomabb.com provides tourist information for the area, allows customers to search room availability, and provides links to properties where guests can make online reservations. Regional directories are particularly helpful for travelers who aren’t sure of the city or local names of the region they’re planning to visit.

For its part, www.cabbi.com, operated by the California Association of Bed and Breakfast Inns covers the entire state of California. As an example of promoting special-interest visitors, its website in spring 2006 welcomed would-be bicycle tourists with a list of “bike friendly” B&Bs.

Free directories. The web hosts numerous free directories, including www.dir.yahoo.com, www.aardvarktravel.net, www.dmoz.org, www.freebnbdirectory.com, www.innsite.com, www.planetbnb.com, www.travel.com, www.travel-directory.org, and www.travigator.com. It makes sense to be listed in the free directories, especially because they help catch the “attention” of search engines. Search engines rank websites by both keywords and link relevance, which is promoted by increased like popularity (from click-throughs) as calculated by the search engine’s algorithm. (See the organic-search-engine marketing section below.)

Websites

Even more than online purchasing, the internet has become a vehicle for would-be guests to shop around and learn about an inn (and its competition) before booking a room. Therefore, a B&B’s website should be as detailed and user friendly as possible. An inn’s website will gain greater exposure when it is linked to other sites in various online channels. The website also creates and manages brand image and identity by allowing guests to view the specific information about a B&B that relates to them. The fewer clicks needed to find that information, the better. General descriptions are all well and good, but web visitors seek specific information. Thus, care should be exercised in design, structure, and grammatical and factual accuracy.

In summary, a website serves the following seven main functions. As part of a marketing strategy, the website:

- Provides details on rooms, rates, and reservations;
- Communicates specials and events;
- Provides access to information on targeted travel segments;
- Supports traditional marketing strategies;
- Provides an interface for media and news coverage;
- Helps an innkeeper keep in touch with and foster repeat customers; and
- Optimizes positioning in search engines based on content structure and other elements (discussed below).

Elements of a Good Website

A good website is not only aesthetically pleasing, but also encourages booking. Here are some elements of a good website:

- A clear design and layout that makes a good first impression. Paolo Torchio, of E-site Marketing, suggested to us: “Remember you have about eight seconds to convey what a user is looking for!” Therefore, a good first impression is essential.
- Easy to navigate. Users should immediately understand how to get to any page on a website within two or three clicks.
- Fast to load. Fast load times to encourage consumers to use online booking means.
- Visually appealing. The website should display great photos of rooms, common areas, exterior and grounds.
- Clearly identified. The B&B’s contact and reservation information should be displayed on every page.
- Excellent copy and imagery that encourage visitors to book.
- A reservation process that is easy to find and use.
- Structure, content, and other elements designed to optimize positioning in popular search engine results (discussed below).

At minimum, the website should include photos, room rates, and reservations. The following is a more comprehensive list of website features.

- Room-rate information, especially when rates fluctuate due to local events or the changing seasons;
- Reservation functions. Guests should be able to check for availability and book directly through the website, even if the actual reservation is completed via email;
- Photos of every room and details on each room’s amenities;

- Specific directions, plus information on the locality, including a map with points of interest, pictures of downtown areas, and popular attractions;
- News, events, and specials;
- Menus with recipes and pictures; and
- Restaurant and entertainment suggestions, gift certificates, monthly newsletters, and links to local travel resources.

Building and Maintaining a Website

Given the many activities involved in building, updating, and maintaining a B&B website, the innkeeper can invest the considerable personal time needed to maintain the website or can use one of several free website developers. If maintaining the website is too time consuming, the innkeeper may decide to outsource website management.

Obtain domain names. The first step in building a website is to choose and register a domain name—typically one that uses the B&B’s name or another word relating to the B&B that is simple and easy to remember. Innkeepers can search for a domain name on www.networksolutions.com, for instance, and then register it with the accredited registrar, Internet Corporation for Assigned Names and Numbers (ICANN). If the domain is available, an inn may register it for as little as \$9.99. Another place to search for a domain name is www.godaddy.com. If the domain is available there, it may be registered for as little as \$7.95 per year. It’s essential to renew the domain name rights as they expire, or the name will undoubtedly be grabbed by someone else, sometimes by a speculator who would ask a considerable price to release the rights to the name. Long-term registrations may also be available.

An innkeeper may register as many different domain names as he or she is willing to purchase. Each name can be registered and redirected to the same website to increase visibility and traffic to the site. If customers do not know the name of a particular inn, they may search on, for instance, a region or town. Thus, a domain name that includes a geographical name can expand an inn’s chances of being included in the search hits. Domain names are a relatively inexpensive way to increase a B&B’s presence on the internet and secure its brand and identity.

Website Hosting

Web hosts provide the actual computer space (i.e., server space) for an inn’s website. Many internet service providers (ISPs) host a personal webpage for their customers at no additional cost above the monthly service fee. Those sites might be limited in size, and their address will be connected to the ISP, which would hinder search-engine marketing efforts. In this situation, even if the inn’s website address (URL) is based on that of its ISP, the innkeeper can still

The internet is well suited to promoting B&Bs, but the question is whether the innkeeper has sufficient time to maintain a website or should hire a website manager.

acquire a domain name that redirects people to the inn's website. Multi-page commercial websites, hosted at a wide range of prices, will be based on the registered domain name. A single server can hold dozens, even hundreds of small websites, while a dedicated server or multiple servers may be used for one large website.

Web-hosting organizations can provide a full range of services, including site design, programming, promotion, and booking. It's wise to check with other innkeepers or businesses when choosing a web-hosting service, particularly with an eye to whether the website drives sufficient business to the inn to justify the hosting costs.

Hosting services specifically for inns can offer advice on how a B&B can compete. One drawback to businesses of this type, however, is that they charge for services that are usually free from local or national hosting services. Some state and local associations also offer these services. Some examples of industry-based hosting services are: www.acornis.com, www.bbinternet.com, www.savvyinnkeeper.com, and www.strategicwebventures.com.

Local hosting services. Local services can be less expensive than national or B&B-specific services but may lack industry-specific information or services. State and local associations are likely better resources for researching local markets, although the extent of involvement will vary. Associations such as the Finger Lakes Bed and Breakfast Association (www.flbba.org) or New York Finger Lakes Bed and Breakfasts (www.bbnyfingerlakes.com) are examples.

National hosting services. National hosting services typically are less expensive than other providers and generally offer access to diverse markets. National web-hosting services offer many features, including hosting multiple sites for the same property or set of properties, website-design support, domain registration, marketing reports and tools, tutorials for web design, and online and call center support.¹¹ The comprehensive tools supported by national hosting services may be overwhelmingly more than a B&B requires. Signing on with these services might not be feasible,

¹¹ See: websitesource.com/ for an example of comprehensive services and particulars found on the internet on April 3, 2005.

however, for B&Bs, which rely mostly on local business or customers from nearby areas. For example, a five-room B&B in upstate New York would most likely not attract west coast business, unless it is located at a popular destination. Some examples of national hosting services are www.smallbusiness.yahoo.com, www.interland.com, www.microsoft.com/small-business/products/online/wh/detail.msp, www.lunarpages.com, and www.websitesource.com.

Site Management

With regard to hiring a professional website developer, Strategic Ventures suggests: "It is important [that a] website developer has some strategic knowledge of what hosting plan is best for [his client]."¹² We believe a professional web manager can help an inn realize its website's potential. Some professionals may charge as much as \$60 per hour for a consultation.¹³ Despite the cost, hiring a professional to manage the website may prove to be advantageous if it frees the innkeeper to run the inn. A professional would also bring technical expertise to the website's design and functionality, in particular ensuring search-engine optimization. If an innkeeper does contract for such services, clear performance standards and results must be included in the contract—standards based on revenue produced.

Control of Room Inventory

Innkeepers who do engage a website manager must remain vigilant and independent. To stay in control of a website, innkeepers can periodically check up on their manager or hosting provider. Some important questions to ask the manager are:

- When was my website last updated with changes and new content?
- When were links last added to my website?
- What steps have been taken to optimize my website for use and search-engine positioning?

¹² Strategic Web Ventures, www.strategicwebventures.com/articles/hiring-website-developer.htm, as viewed April 3, 2005.

¹³ www.savvyinnkeeper.com/marketing.html, as viewed April 3, 2005.

- How much has been spent on the pay-per-click campaign for my inn and what are the results?
- What directories are being used?
- What steps have been taken to align the website with niche online markets and other relevant associations?
- How much is being paid monthly for the domain?, and
- What extra fees are charged?

Innkeepers should sign up only for programs and services that allow them to stay in control of their costs and inventory. Staying nearly full at all times is not realistic for any lodging establishment, at least without outside help. Therefore, it may be beneficial to work with organizations that have the marketing reach and name recognition to increase bookings, but also permit suspension of services during off-peak periods or low seasons. Partnerships of this kind must be considered carefully. For example, while innkeepers may be willing to pay a 10- to 30-percent commission to fill rooms during times of low occupancy, they would not want to be locked into such agreements during peak periods or on special occasions. Specifically, agreements to allocate inventory must be carefully crafted to ensure maximum flexibility in inventory control and to relate commissions to both revenue generated and the capability to handle guest demand.

Some management firms offer computer applications to help innkeepers maximize occupancy. Such programs, many of which work through a property management system (PMS), may make economic sense. However, they could actually lose money if the service agreement locks the inn into a PMS where periodic service charges and a high initial start-up fee for the software and training exceed the financial returns. Paying explicitly for individual services rather than allowing them to be bundled may be the best course.

If an innkeeper can reliably predict that a certain portion of the B&B's inventory will go unoccupied, the inn might participate in a program managed through a third-party web operator, such as Expedia, Hotels.com, or Trav-

The Newbury Guest House

Boston's Newbury Guest House, a 32-room property, is owned by local resident Lee Der Hagopian. Located in Boston's Back Bay, the inn is in an area close to historical sites and cultural activities, such as major universities, museums, and art galleries. The Newbury Guest House attracts many family members of students in the area and "romantic young people" looking for a weekend getaway. The average annual occupancy percentage is 90 percent.



The Newbury Guesthouse relies mainly on its location to draw customers. Much of its marketing takes place by building relationships with nearby businesses and schools. The majority of business comes from families who visit students over the weekend or during special events such as graduation. Hagopian also plans events with museums and art galleries to attract people who are part of these organizations. Other sources of business include word of mouth, such as people who walk by the property and decide to recommend it to family and friends. It also uses print media such as brochures and is listed in bed and breakfast guidebooks.

The Newbury Guesthouse's main online distribution channels are the property's website, online travel agencies, and third-party websites (i.e., Hotels.com and Expedia), as well as its GDS presence. Online reservations constitute about 25 percent of its bookings. Hagopian estimates that the majority of online reservations are made via the inn's website. To do business with the internet distributors, the inn agrees to give a set amount of rooms a year to Expedia and Hotels.com, at a rate discounted 20 to 30 percent of the rate paid by the guest for the rooms. The main marketing strategy behind appearing on these sites is to gain exposure for the property. The Newbury Guesthouse would prefer that customers use its own website, but it is difficult for customers to find the Newbury site unless they know to search for it.

elocity. Gideon Stanley observed that if a B&B "needs to run at 100-percent occupancy during a period of time, a service like Hotels.com will do a good job of selling those rooms."¹⁴ But Stanley believes that some properties "are likely to participate simply...for more prominent positioning"¹⁵ The downside of such arrangements is that such third-party sites may require a committed inventory allocation at a specific (low) net rate with no control by the inn over either the inventory or the rate. In essence, the B&B has "sold" those rooms to the third-party site at a discounted rate. Instead, the inn must be able to add and remove rooms for sale at any time to maximize revenue. The innkeeper must determine whether the inn is able to book rooms through its own marketing efforts or whether it really needs the third party. The

¹⁴ Gideon Stanley, "Appealing to the Masses," *Technology Trends—2005*.

¹⁵ *Ibid.*

following questions pertain to anyone who wants to assist in selling the B&B's rooms.

- Is there a start-up fee?
- What are all the distribution channels, their costs, and potential to bring in business?
- How many reservations are booked on average?
- Is training needed, and if so, how long on average is it to complete the training?
- What discount percentage (commission) or net rate must be contracted?
- Is there a minimum inventory-participation requirement?
- Can rooms be removed and rates raised at any time?
- Is there an additional charge or minimum number of bookings?
- Are there any hidden fees or costs?
- Are there cancellation fees?

Updating Information

Regardless of who manages the website, it must be updated regularly, as the innkeeper reevaluates marketing goals and performance and develops web-content strategies to reinforce weak areas, including information posted on the site.

The website should also be updated to match the season. Given the ambience that B&Bs seek to create, they can use images on the website that correlate with the changing seasons. For example, if the B&B is located in a skiing destination, the website should not use spring pictures of the B&B during wintertime. When B&Bs launch special events and news releases, they should be included in the site, perhaps in a "news section." By the same token, outdated or inappropriate content should be eliminated. For example, displaying winter holiday specials in the middle of spring tells the website visitors that the site has not been recently updated.

Choosing a Reservation System

Large B&Bs may find it cost effective or competitively necessary to maintain a website booking engine, which is "the technology that allows reservations to be made."¹⁶ Even though most B&B guests still prefer to speak with the innkeeper on the telephone, we can expect an increasing number to expect to make the transaction online, especially for inns with a large number of rooms. Having a booking engine increases conversion from web visitors to web buyers.

It is important to select the booking engine that best fits the B&B's needs. Cindy Estis Green suggests the following questions for choosing a booking engine.¹⁷

- Is it easy to use?
- Does it have visual appeal? Does it look "cool" to a user?
- Can multiple stays be booked in one shopping visit?
- How many clicks does it take to make a reservation?
- Can it handle the all room types, rate types, packages, promotions?
- Can the booking engine's look and feel be easily changed to match that of the website?
- Can the booking sequence be modified to suit a B&B's needs?
- Are geographic and date searches possible?
- What is the possible extent of email?
- What is the possible extent of customized messages?
- Can messages be automatically set up to handle communications just before arrival and just after departure?
- Is there any form of registration required, and is the registration function flexible enough to occur at the beginning or end of the process, or can it be bypassed altogether?
- Does the calendar for a date search work well?
- What are the fewest number of screens that maintain functionality while still appearing easy to use?
- Does it connect seamlessly to a property management system (PMS) if the engine is not already part of a PMS?
- Can the booking engine be linked to a customer data base?

As a cautionary note, the innkeeper may find that some website booking-engine providers may want to redesign the inn's website. It may well be that the site needs revision, but the booking-engine provider is probably using the redesign "service" as a revenue source. Some providers also include global distribution system (GDS) services. Depending on the cost, a GDS connection may be worthwhile, particularly if the inn can maintain a single rate-and-availability database for both the booking engine and the GDS. Major booking-engine vendors include: Book-A-Rez (SynXis), I-Hotelier (TravelClick), NetBooker (Pegasus), Open Hospitality, Pelican Hospitality, Secure-res, RezOvation, Booking Center, and Webervations. Costs for booking engines often depend on property size (number of rooms), although fees can be assessed per room per month, flat regardless of property size,

¹⁶ Cindy Estis Green, "De-Mystifying Distribution—Building a Distribution Strategy One Channel at a Time," *TIG Global and HSMAI Foundation*, 2004.

¹⁷ *Ibid.*

Ensuring that your B&B will be “found” by search engines is a key to visibility.

or per reservation. Per-reservation fees can range from \$5 to \$15 and are sometimes even higher than that.¹⁸

Instead of a booking engine, B&Bs can use an email-based online form that allows potential customers to send the innkeeper an email containing a form filled in with reservation information. While the email form is less costly than a booking engine, it lacks an instant response to the customer. That is, the potential guest has no way of immediately identifying the available inventory. This approach may prove to be a competitive disadvantage for the inn when competitors have bookable sites.

Another option for the B&B is to have a remote web-based application which provides a PMS, reservations, and an asset management function that provides real time responses to reservations requests from the innkeeper, from the inn’s web site, and from other customer portals seeking room rate and availability information. Such an approach provides current availability and allows guests to immediately make online bookings from an inn’s website.¹⁹

The advantage of a web-based application is that the provider, an application service provider (ASP), can maintain the application across key functions—PMS, reservations, price, and availability control as needed. This takes the burden off the innkeeper, but can be expensive.

Tracking Website Traffic

Needless to say, once the website is up and running, innkeepers should promote their websites through all printed materials, as well as through search engines (which we discuss momentarily).²⁰ With the promotion in place, the innkeeper should track website traffic to determine its sources—especially traffic that results in reservations.

¹⁸ Neil L. Salerno, “New Consumer Hotel Booking Preference—They Love the Internet, Now What?,” Hospitality Net, www.hospitalitynet.org/news/154000392/4022534.html (viewed on 3/18/05).

¹⁹ www.gracesoft.com.

²⁰ Park Davis and Susannah Craig, *The Complete Idiot’s Guide to Running a Bed and Breakfast* (New York: Alpha Books, 2001).

Most hotel hosting services include free website analytics. Unfortunately, the firms that host B&B sites have yet to follow suit, but instead typically charge B&Bs for their own statistical data. As a consequence, innkeepers may wish to consider the cost of a professional analytics tool. Such a tool can help innkeepers track the return on online marketing investments by analyzing how customers are interacting with their website (that is, the site-navigation patterns), checking conversion rates, and monitoring responses to email marketing campaigns, or evaluating search-engine optimization strategies. Examples of website analytics are: Awstats (www.awstats.sourceforge.net), SiteCatalyst from Omniture (www.omniture.com/products/web_analytics), Urchin (www.urchin.com), and WebTrends (www.webtrends.com).

Some website-traffic trackers don’t support historical website traffic information by month and year, making it difficult when calculating ROI for any given period. Innkeepers should make a point of archiving their previous year’s web stats, and resetting them for the coming year if this option is not available to them.

Search Engines

In business to make money through advertising and by featuring paid website referrals, search engines provide marketing capabilities and act as distribution channels. Many guests begin with a search engine as they plan their trips, including where they will stay and what to see. Therefore, it is important to understand how search engines work and optimize a B&B’s website so that it will appear prominently during relevant searches.

Understanding how search engines work and building a website to ensure that the search engines will put that website high on their display list involve a function known as search engine optimization, which is both an art and a science. Search engines use technology called “spiders” that “crawl” through a website picking up text that relates to a user’s search request. The spiders also search websites that have links to the inn’s website. Based on proprietary algorithms, search engines assign each website a ranking according to how relevant the website’s content and links are to

The Halcyon Hotel

The 25-room Halcyon Hotel is just three blocks away from San Francisco's famed Union Square—close to transportation links and within walking distance of many of San Francisco's major attractions. Approximately 70 percent of the inn's guests are European vacation travelers, 20 percent are business travelers, and the remainder are typically relocating to the city. Occupancy is between 95 percent and 100 percent, even during the off-peak seasons.

The Halcyon Hotel employs several traditional merchandising strategies: marketing through the convention and visitors bureau, strategic alliances with other hotels in the area, and keeping in touch with previous guests. The visitors bureau charges annual dues of \$300 a year to be a member, and its recommendations result in 5 to 10 percent of annual reservations. Halcyon general manager Davis Hale thinks that those results are well worth the expense.

The hotel hands out its brochures to other hotels and related parties, such as car rental companies, as a friendly "reminder" that the Halcyon is available should guests need a room or if a neighboring hotel is overbooked. Traditional travel agents, who charge a 10-percent commission, bring in about 2 percent of the inn's reservations. To retain its existing customers, the hotel collects information about its guests at check-in or when they are making a reservation. This information is then used by the email advertising system, whereby the inn sends messages to those previous customers about upcoming special rates and promotions.

Halcyon's online referral sources are its own website, websites with traveler's reviews, and online travel agents. About 90 percent of Halcyon's online reservations are from its own website. Currently, the hotel has outsourced its website management to a website service provider. The hotel does not pay for any online advertising like pay-per-click or the purchasing of keywords. However, the hotel does make sure that certain keywords, like "relocating" and "pet-friendly," are on its website, so that the search engines will be able to bring up the site in response to queries using those words. Online travelers' reviews available on sites like frommers.com also bring in business.

Halcyon has a contract with Expedia. Depending on demand, the hotel will update its availability on Expedia by removing rooms from Expedia's inventory if the property is getting full. The hotel views online intermediaries favorably, as they help fill the hotel during periods of low occupancy.



Identify the competition. A B&B's competitors for this purpose are other websites that the search engines find for searches on a particular keyword or phrase. To that end, the innkeeper or web master must constantly evaluate the overall popularity of the keywords used in searches and also their popularity compared to all competing URLs. Free search-engine-marketing tools are at www.marketleap.com, including link-popularity check, search-engine saturation, and keyword verification. As defined by Marketleap.com, "link-popularity checks help innkeepers measure a website's online awareness or overall visibility, while link popularity refers to the total number of links that a search engine has found for the website."²² Search-engine saturation helps an innkeeper evaluate how he and his competitors perform in each search engine. Keyword verification checks whether the website is in the top three pages of a search engine's result for a specific keyword, which helps to assess whether the keyword is highly relevant.

Identify an inn's keyword phrases. A keyword market is "the total number of searches on the internet that are relevant to a website." Identifying keyword phrases is an important success factor of search-engine marketing. In view of this, innkeepers (or their web masters) need to understand the keyword market

by doing the following analysis.

the keywords that are searched. Search-engine optimization includes on-page and off-page characteristics. On-page characteristics relate to keyword density and relevance and title descriptions. Off-page characteristics relate to link popularity. Therefore, if an inn's website has content and links related to the keywords that customers search, the B&B will come up high on the list of results.²¹

by doing the following analysis.

Vertical and lateral keyword analysis. As explained by [marketleap.com](http://www.marketleap.com), this refers to "the discovery process an innkeeper can go through to determine which keyword markets are relevant to the inn's website. A vertical analysis looks at both singular and plural forms of the word and all

²¹ Green, *op.cit.*

²² Marketleap Search Engine Marketing Tools, www.marketleap.com/services/freetools/default.htm (viewed on 04/05/05).

Keyword vendors

Vendor	Directories or Search Engine Served
Findwhat.com	CNET's Search.com, Excite, Webcrawler, MetaCrawler, Dogpole and Microsoft Internet Explorer Autosearch
Google Ads	Ask Jeeves, Earthlink, AOL, Netscape, NY Times, Washington Post
Yahoo!/Overture	Yahoo!, Lycos, Alta Vista, MSN, CNN.com, InfoSpace

the popular variations that may be used as a keyword phrase. A lateral analysis queries hundreds of other websites that deal with similar markets and extracts those keywords from the title tags, meta tags, and body text. The most frequent keywords end up at the top.” Meta tags are definitional terms not visible to users that relate visible content to other parts of the site or other site content. They are behind-the-scenes navigational and content-generating elements that form the structure of a site.

Qualify relevant keywords for the target audience.

After conducting a vertical and lateral keyword analysis, the innkeeper will have a list of keywords that are relevant to the inn's website. Qualifying relevant keywords is a decision that must be made based on the inn's target audience.²³

For example, an inn catering to elderly guests may avoid describing the area's "active night life" despite its popularity in searches for the inn's location.

Add keywords to website content. The arrangement of the website's text is important because "search engines usually read and index the first 500 words from each page they monitor. The text within that span of words is one factor that helps to determine relevance for a particular search term," suggests marketleap.com. To evaluate keywords, an innkeeper can run a report of the website's log files to determine what keywords people are using to find the site. Meta- and title-tags are also important tools since they determine the relevance of a website for a particular search phrase. Therefore the title tag should "describe exactly what the document contains including keywords that the innkeeper hopes to be found for."²⁴

²³ Keyword Market Analysis, by Marketleap, www.marketleap.com/help/seo101/keywordmarket.htm (viewed on 04/05/05).

²⁴ Title Tags, META Keywords, and Descriptions, www.marketleap.com/help/seo101/titletags.htm; and Search Engine Marketing Content, www.marketleap.com/help/seo101/content.htm (viewed on 04/05/05).

Submit a Site to the Search Engines

Submitting a website to a search engine refers to "the act of getting a website listed with search engines. Another term for this is search-engine registration."²⁵

Websites can be submitted for free, but there is no guarantee that the submission will be reviewed quickly or at all. Free submissions can be sent, for example to Yahoo Search Submission (www.submit.yahoo.com/free/request), Open Directory Project (dmoz.org/add.html), Google/AOL/Netscape/iWON (www.google.com/addurl.html), Search It (www.searchit.com/addurl.htm), and Splat! (www.splatsearch.com/submit.html).²⁶ To register, one simply logs on to the site and follows directions.

To gain a speedy submission response, an innkeeper can also pay to be considered for inclusion on a search engine. An example of a paid submission mechanism is Yahoo Express, which has an annual fee of \$299 at this writing. While paying this fee does not guarantee that the inn will be listed, it does guarantee that the inn will get an answer about being accepted within seven business days.²⁷

Build link popularity. Among the algorithms used by search engines is the supposed popularity of a link. Thus, as we have mentioned several times already, one wants to build link popularity in hopes of optimizing search-engine marketing. Marketleap.com explains: "The number of websites that link to the inn's website is one of the factors that help search engines determine relevancy for a search term." Search engines' algorithms are set up according to the principle that the bigger the community connected to a website, the more valid the information that the website provides. Search engines also evaluate the importance of the sites that

²⁵ Search Engine Submission Tips, searchenginewatch.com/webmasters/index.php#essentials (viewed on 04/05/05).

²⁶ Search Engine Submission Links, www.marketleap.com/help/seo101/freesubmission.htm (viewed on 04/05/05).

²⁷ Keyword Market Analysis, *loc. cit.*

link to an inn's site. For example, a particular website's credibility and ranking will be higher if, for instance, *The New York Times* site links to the website. Gaining link popularity is a matter of offering content and features that encourage other web masters to put links on their websites. It is also important that the website be linked to specific or niche directories, in this case, online B&B directories and those of B&B associations.²⁸ Building popularity is like building a strong network to bring in search-engine traffic. When B&Bs in the same area link to each other, it creates higher link relevancy and pushes their ranking up.

Review the Inn's Progress

Search engines' processes and algorithms change constantly, which means that an inn must continually monitor its position on the search results. The online tools mentioned above will help in this task. In the search engine market, an inn is competing for keywords. If competitors change their strategy, the inn can adjust its own approach to keep search-engine marketing optimized.

Avoid over optimization. At the same time, the search engines' algorithms penalize overly aggressive search-engine tactics. If a website is repeatedly submitted, for instance, the search engine may ban it entirely. Therefore, submissions should be made with great care, even if they are free.²⁹ Search-engine spam is also penalized, according to searchenginewatch.com: "pages created deliberately to trick the search engine into offering inappropriate, redundant, or poor-quality search results." Some examples of search engine spam are having keywords which are unrelated to the website or creating a website that automatically redirects the user to another, unrelated website. Therefore, an inn should make sure that the content of its website is useful and beneficial to its target audience.³⁰ To find more information about organic search-engine optimization, the following websites are useful: www.bruceclay.com, www.marketleap.com, www.patrickgavin.com/seo-resources.htm, www.searchenginewatch.com, www.searchengineworld.com, and www.webmasterworld.com.

Hiring Professional Assistance

The complexity and time-consuming nature of search-engine optimization argues for seeking professional assistance, even if the innkeeper is an effective webmaster. The innkeeper can

²⁸ Link Popularity and Analysis, www.marketleap.com/help/seo101/link-popularity.htm (viewed on 04/05/05).

²⁹ Kevin Curran, "Tips for Achieving High Positioning in the Results Pages of the Major Search Engines," *Information Technology Journal*, Vol. 3, No. 2 (2004), pp. 202-205.

³⁰ What, Exactly, Is Search Engine Spam?, searchenginewatch.com/searchday/article.php/3483601 (viewed on 04/05/05).

then monitor the professional's optimization efforts using the above-mentioned areas as a gauge of success and a way to maximize the value of this service. The same services may also be available from industry site-hosting organizations.

Pay-Per-Click (PPC) Advertising

Everything is for sale with search engines, including specific keywords. Pay-per-click (PPC) marketing involves an innkeeper's "bid for keywords. If he or she is one of the top bidders (normally there are around ten), the B&B site listing appears in a sponsored section of the search webpage (returned for that keyword) and the B&B will pay a per-click amount for every visitor who clicks on its sponsored listing," wrote Cindy Estes Green. The cost per click is determined by a competitive and dynamic bid process. Commonly used keywords cost more per click. Some popular keywords are bid up so high that they are rarely available to individual hotels or smaller chains. As a result, it is harder for individual lodging properties to compete.³¹

Advantages of pay-per-click. Winning the bid on a pay-per-click keyword improves a business's advertising exposure. First, a PPC keyword is likely to produce a high website conversion rate because the keywords improve target marketing. One can then measure when the "click" turns into a booking, that is, a conversion. Given that so many would-be travelers start with a search-engine query, the B&B benefits from higher traffic and the fact that it has a position on the search engine's first page. Payment occurs only when a customer clicks on the link, and thus there is no upfront cost. At the same time, a high click-through rate may earn an advertiser a higher position in the sponsored listings even if the amount bid is less than the amount bid by another advertiser.³² An innkeeper can time a pay-per-click campaign according to business strategies, for instance, launching a PPC effort to correspond to specific low-demand periods.

Developing PPC campaigns. To develop a strategy for keyword bidding and evaluate the results, the innkeeper should set a proposed budget, target search sites, and determine how to track results. Based on several sources, we suggest the following steps.

- *Bid only on words and phrases that truly represent the B&B and the target market.* Cost per click is based on what competitors are willing to pay, so targeting ads to specific markets ensure that the inn is competing in the right market and paying only what it needs to pay.³³

³¹ Green, *op.cit.*

³² Google Help Center, "How Do I Control the Cost of My Ads?," adwords.google.com/support/bin/answer.py?answer=6383, viewed on April 5, 2005.

³³ Eric Ward, "Taking the Plunge in Pay-per-click Pool Can Pay Off," *B to B Chicago*, Vol. 86, No. 14 (July 16, 2001), p.17.

Properly handled, email is an excellent way for an innkeeper to maintain connections with past and potential guests.

- *Don't overbid.* If a competing site is outbid by a cent in order to display ahead of it, and the competitor then drops its bid by 10 cents, the innkeeper has a bid gap he or she doesn't need to pay for.³⁴
- *Edit the site title and description shown in search results.* Essentially, the site title and description are the marketing pitch. Since it is PPC, the innkeeper should not be too aggressive with a pitch that attracts nonbuyers to the site.³⁵
 - Select a set of sites on which to bid for key words. Google Adwords (www.google.com/ads), or Yahoo (www.yahoo.com/marketing/sponsoredsearchphp), or MSN (www.msn.com/advertising/microsoft-adcenter) are companies that assist users in establishing, maintaining, and reporting on PPC campaigns. These sites cater to a small business budget.
- *Choose a bid amount.* For example, advertisers using Google can choose a maximum cost per click (CPC) that ranges from five cents to one hundred dollars. The lower the cost per click, the lower the position on the page. When using Overture by Yahoo, one can set a daily budget. Innkeepers should consider the vendors' rules. Some require a minimum spending level each month, for instance.
- *Document keyword use and effectiveness.* Many vendors provide tracking tools to measure a PPC campaign's return on investment. For example, Overture provides its trademarked Conversion Counter, which measures the number of clicks that lead to a sale, product registration, or any lead-generating activity.³⁶
- *Be wary of "click fraud."* It is common for malicious web

³⁴ Overture, "Conversion Counter," www.content.overture.com/d/USm/ac/pr/cc.jhtml?pl=1, viewed on April 5, 2005.

³⁵ Howard Wen, "Third-Party Verifiers Ensure the Clicks That Pay," *InternetWeek*, www.internetweek.com/allStories/showArticle.jhtml?articleID=57300648, viewed on April 5, 2005.

³⁶ HotelMarketing.com, "Search-engine Industry Goes through Big Changes," www.hotelmarketing.com/index.php/content/article/search_engine_industry_going_through_big_changes/ (viewed on 04/30/05).

users to automate the process to repeatedly click on a site to make the advertiser lose money, paying for clicks that will not generate a sale. Common signs of click fraud are: low rates of conversion, clicks made during odd hours of the day, or the same key words being clicked on repeatedly.³⁷ If an innkeeper suspects click fraud, contact the site that is hosting the ad, or consider hiring an independent verification service to determine where the fraud came from.

- *Pick specific times that will control PPC costs and improve effectiveness.* For example, if an event will bring many travelers to town at a particular time, bid on the keywords related to the event for a limited time in advance of that event.

Future of PPC. Search engines such as Google, MSN, and Yahoo! change their search approaches to account for user behavior and new competition. For example, Yahoo! has launched a personalized search service, which is expected to be a portent of future personalized and regionalized searches. Because these are focused searches, B&Bs can better optimize their content to ensure a good placement in the search results.³⁸ When search engines become regionalized (see, for example, Google Local), the cost of the keyword within the region should be lower and more affordable for B&Bs.

Email Marketing

Email marketing is well suited to the bed-and-breakfast market, as it allows innkeepers to engage customers in personalized relationships. As a consequence, email marketing increases conversions and allows a B&B to sell rooms more efficiently than traditional means. A common approach to email is to send messages to a group (or list) of prospective and former guests. Forrester Research notes that on average only 5 percent of recipients have ever unsubscribed from any travel-related list. Some travel-related email campaigns

³⁷ Jason Price & Max Starkov, "Developing an Email Strategy in Hospitality," Hotel Online, www.hotel-online.com/News/PR2004_3rd/Sept04_EmailStrategy.html, viewed July 3, 2006.

³⁸ *Ibid.*

report response rates as high as 25 percent.³⁹

Permission-based guest email. Permission-based email is a particularly strong merchandising method. Since customers in this instance, have asked to be included on an email list, this approach enhances the likelihood of readership, general satisfaction, and willingness to purchase. To build a database, all customer emails and relevant guest data from the point of sale (registration), hosting reservations center (system), and web should be consolidated.

Innkeepers should consider the following two points when developing an e-mail marketing (permission-based) database from a customer database.

First, the shift toward online purchasing means that the B&B's website is becoming the point of entry for customers. Therefore, capturing client email profiles on the website is important. Failing that, one can gather email addresses at the front desk, through promotions, via customer surveys, and email data cards. A comprehensive capture strategy should create an email customer list that permits a robust direct distribution channel. As a result, conversion rates from such an organic email list can be many times greater than any stand-alone rented mailing list. The targeted group already knows and has experienced the product first-hand.

Second, using the list with other guest information in a customer or prospect database, the innkeeper can exploit guest characteristics to communicate and offer value in the message, and send targeted, relevant mailings to an intended audience.

The other choice for developing an email list is to rent someone else's list, typically a list compiled by a travel-oriented website or publication. We must emphasize that rented lists rarely perform as well as an inn's own organic database. If innkeepers decide to rent such a third-party email list they should be concerned with the following points.

Perhaps the most important consideration is whether the list is an opt-in list—that is, a list of people who want to be included. As is the case with the organic list, opt-in lists tend to perform better than opt-out lists, from which recipients must specifically ask to be removed. Be sure to ask to look at the mechanism that put members on the list, and what they expected to receive for contributing their email address. It may be that they will be offended to receive a promotion from a B&B (or, on the other hand, they may be receptive to travel ideas).

³⁹ Jeanne Jennings, "Renting E-Mail Lists: What to Ask Before the Send," www.clickz.com/experts/em_mkt/em_mkt/article.php/3492736, viewed April 6, 2005. For technical assistance with e-mail campaigns, see search.constantcontact.com.

Second, before renting a list, the innkeeper should find out who will physically send the message, and how well past efforts have performed for similar enterprises. Ask how the sender calculates delivery ratio, and what processes are in place to ensure that the message reaches the inbox instead of the junk folder. Look at the list's historical performance and calculate a return on investment accordingly.⁴⁰

Email etiquette. Needless to say, if a would-be guest takes the trouble to send an email message (whether as a cold query or in response to a campaign) a quick and appropriate response is essential. This includes messages that have come in via a website or other online channels. Timeliness of response is particularly important if the prospective guest has also contacted other properties to determine rates and availabilities. Responding slowly may result in the loss of reservations to a competitor who was quicker to respond. One way to respond promptly is with an auto-responder, with a carefully constructed message that delivers instant information to potential customers. The problem with auto-responders is that they can really only say that a customer's email has been received and that the innkeeper will reply soon. That's better than nothing, but a personal response should soon follow.

Address customer segments. Email messages, whether as campaigns or responses, need to address various key audiences by providing them with relevant information. Different characteristics of the B&B and its product appeal to different customer segments. For example, to the business traveler, the choice of a B&B might be influenced by the availability of high-speed internet access or proximity to corporate offices, while a leisure traveler may find the same B&B attractive because of its great location near shopping, museums, and entertainment. Thus, one must craft the email marketing message according to the guest's market segment or purpose of visit.

Test Email Campaigns

Before sending a mass email message, run a test by sending the message to a sample of customers. This will test responses to the sales message as it appears in the subject line. By narrowing choices to a small set of different versions of the message and tallying click-to-view and click-through rates, the innkeeper can determine which sales message draws the greatest response.

⁴⁰ Larry Chase, "Top Ten Success Secrets of Email Marketing," Jupiter Research, 2002, www.rightnow.com/resource/em10_white.html, viewed April 6, 2005.

Set goals. The best measure of the success of an email marketing campaign is the number of new reservations it generates. One can track results by using a special code embedded in the email-only offer or by asking guests to respond to a specific toll-free number. Other ways to measure success are the number of phone calls received, revenues from special-rate-code bookings, the number of guests who printed out the emails to present at front desk, and the number of repeat guests generated.

Campaign timeliness. Because most people receive large amounts of email, an innkeeper can consider placing a time constraint on the promotion to provoke a response. Also, if the innkeeper is trying to reach people during the day, the campaign must be launched in the late morning or early afternoon, after the overnight junk mail has been cleared. Emails should be sent as often as consumers expect to hear from the property.⁴¹ A good time would be during the planning season for the upcoming vacation period, or prior to a B&B's running a holiday promotion.

Personalized Email

The inn's most frequent and valuable customers should receive messages that are appropriately customized. By all means, use the guest's name wherever possible, particularly in the greeting and in the subject line. The guest's name coupled with the inn's name and an enticing subject line will boost reading and response dramatically.

Message and landing-page coordination. The email message should be coordinated with the website landing page—that is, the web page link that the reader will reach as a result of responding to the message. Such an approach streamlines the recipient's response. The user can go directly to the site for more information specific to the package or special mentioned in the email to complete the transaction. If the inn's home page is the landing page, the guest may not bother to click through for the promotion in question.

Spam avoidance. Above all, innkeepers do not want to be considered spammers. Before renting, sponsoring, or bartering email lists, innkeepers should perform a background check of the list owners. Ask how they obtained their email addresses. Avoid guilt by association by being perceived as doing business with a spammer.⁴² The good

⁴¹ Jeanne Jennings. "Renting E-Mail Lists: What to Ask Before the Send," www.clickz.com/experts/em_mkt/em_mkt/article.php/3492736, viewed April 6, 2005.

⁴² Larry Chase, "Top Ten Success Secrets of Email Marketing," Jupiter

news is, most qualified email vendors serve as protectors of privacy and enforcers of the anti-spam efforts. Their entire business depends on the success and integrity of a business's email marketing. The Coalition for Unwanted emails (www.cauce.org) and Spam Haus (www.spamhaus.org) are two excellent organizations offering guidance on spam issues.

Email Message Design

Emails that are formatted are much more inviting to read than simple text messages.⁴³ Attractive design helps direct the reader's eye and communicates a favorable brand impression. An innkeeper must consciously decide and design where he wants his reader's eye to travel. Also, emails must be designed to be viewed in Outlook's preview pane, given the ubiquitous nature of that email application, and make the focal point of the email message obvious. The preview pane allows five inches or less to squeeze in the content or offer that will encourage the recipient to read further.

Information must be presented in small doses. Bullet points, check boxes, and lots of "air" around each unit of information should be the format. The "look-and-feel" should say, "Come on; I'm easy to read." With many emails competing for the readers' time and attention, readers generally have little patience for long email messages.

Essential Email Requirements

The innkeeper should check that the emails sent fulfill the following requirements:

- The email recipient should have an ongoing business relationship with the email marketer, or should have had such a relationship during the past;
- The subject line must authentically represent the content of the message;
- The sender's full name and both return email and ground address must be included in the email message; and
- The recipient must be able to unsubscribe easily right on the email or via a link from the email.

Research, 2002, www.rightnow.com/resource/em10_white.html, viewed April 6, 2005.

⁴³ *Ibid.*

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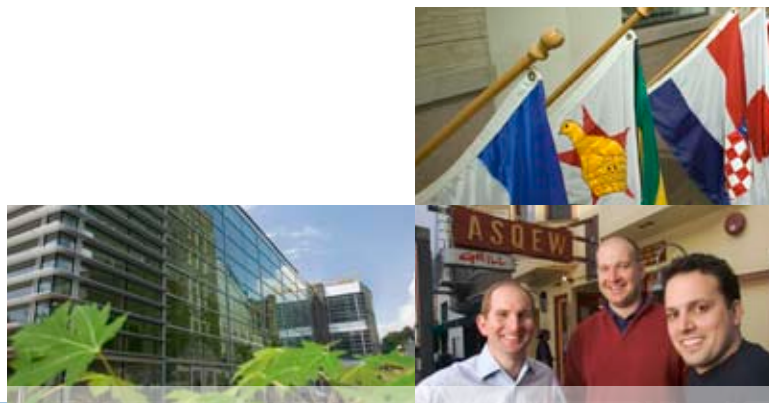
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