Netroomz "Success Stories"

Interview
Julian Bish, Managing Director, Biko Technologies and Mike Evans
Rooms Division Manager of Duxton Hotels International

Julian:
I'm joined today by Mike Evans who is Rooms Division Manager with Duxton Hotel in Melbourne, thanks for joining us Mike…

I guess to kick off it would be useful to get a little bit of an introduction on Duxton Hotel International, size and location of the hotels and the markets you operate in.

Mike:
Duxton Hotels International is a small boutique group of hotels consisting of 6 properties; we've got properties in Rotorua, NZ, Auckland and Wellington in NZ, Perth Australia, (ourselves Melbourne) and Saigon Vietnam.

Properties range in size from 44 rooms country lodge style in Rotorua, to ourselves which is 338 accommodations rooms. Perth is also 306, which is 5 star, ourselves 4.5 the NZ properties ranging in the 4 star market.

Privately run and owned, the focus really is on providing the best service we possibly can at all times to all guests that stay with us.

But we do have a strong emphasis on trying to yield the product and adapt to market environments which are out there in the city to get the most that we can for our product.

Julian:
Excellent. Thanks for that.
You've been using Netroomz as your web booking engine on Duxton.com now for about 14 months.
What are some of the main initiatives that you've implemented in order to, first, drive traffic to the duxton.com website and then, once visitors are there, to get that conversion rate up, to actually get them to make the booking?

Mike:
The way that we looked at it first of all was we did a lot of studies on other hotel groups and what their websites looked like.
We thought about using the website as if it were our families, a corporate person traveling, somebody wanting to book a leisure weekend away.

Took a lot of lessons from the complex way that you could actually make a booking through other websites and gave up half way through, and came back and identified objectives, which was to keep it simple and minimize the steps it took to make a booking direct with the hotel.

Netroomz "Success Stories"

So we redesigned our whole website, used neutral colours, created an image of quick, easy, simple, relaxed, no stress, no pressure, the colour we used, the layout of the pictures – really to create "this is easy, I'll just book here".

With the website, we loaded the availability option of where you could actually buy a room in the different cities or different locations, on the front page on the left hand side, at this stage - through whichever page you moved through.

What we wanted to do was really use the website first predominantly as a retail site, and that you could make a booking at any time and any stage or location of where you were within the website.

So if you looking at what our rooms look like, straight away you can click and make a booking, you don't have to return to home page.

Julian:
In terms of driving traffic to the website, we've talked about the booking engine itself and the way that you've set that up, and made it easy to access once I'm on your website.

Are you also doing offline marketing of Duxton.com in telling your guests about the fact they can book online and so forth?

Mike:
Initially for the first few weeks, no. We just wanted to see how it worked. Once the booking started flowing through pretty much instantly we saw the potential of what it could actually bring to the group.

We then set out about trying to broadcast our website in as many places as possible. We had pens printed with our website address on it with no other information; rulers, even when you checking into the hotel now, you're greeted with the welcome page on your TV and it says "to make bookings direct go to duxton.com".

We target guests arriving into the hotel and inform them that if they are using other distressed inventory websites that they can now book direct with us, it doesn't have the same booking fees, it's the same quick easy process.

It's really about educating the consumer to come direct to the hotel.

Any promotion we do; we had broadband installed, down the bottom of every piece of literature put in rooms, out there in the market, is "book direct duxton.com"

Julian:
So, it's very much a part of your offline marketing as well as your online operations?

Netroomz "Success Stories"

Mike:
Also in reservations as well, we also had a couple of situations where say, our POS was down, or front office operating system, so we haven't been able to make bookings immediately, then we direct people through to Duxton.com.

If you're doing a reservation inquiry, the final sentence really has always said, "Would you like to be wait-listed or anything like that…No? That's ok. You can always book direct through our website, just go to Duxton.com".

So, it's really a second language.

Julian:
Perfect. What has been your approach to pricing and availability on your website, say Vs the other intermediary and portal websites that you're also represented on?

Mike:
The main goal really was to drive as much business to us, ourselves as possible. We aggressively manage one other competitor within the website market.
And we run parity in regards to all room types between the two. We also have a feature on the website which is called Duxton Hot Deal, and that's always predominantly loaded $1.00 cheaper than the competitor…

Julian:
So therefore you're offering a best rate guarantee…

Mike:
That's correct

Julian:
And of course, no booking fee for the consumer as you mentioned.

Mike:
Correct.

Julian:
Has that approach generated any problems or challenges for you such as in terms of channel conflict?

Mike:
Not at all.
I suppose you have to look at the results you're getting in, and figure out where you should be putting the most time, together.
But no conflict.
It's our website, so we should be able to manipulate and manage as we see fit, were still producing on the other websites, but no conflicting.

Julian:
What degree of effort is required on a day by day basis to manage netroomz on duxton.com, and also by comparison to the other 3rd party websites that you are also managing?

Mike:
Probably takes no more time, in fact probably less time, but it depends on how much you want to go into it, the more you put into the website, or the booking engine, the more you'll get out of.

Predominantly first thing in the morning, maybe around about an hour all up, and that is looking at what our competitors are charging on other distressed inventory websites; reviewing what's out there; coming in and coming up with a strategy for that day and then loading and updating all the product on all the websites.

Duxton.com probably consists of around about 10 minutes of that time, in the actual updating of inventory, and then once again in the afternoon, before heading home in the evening, uploading.

Its more about time really spent on looking at what the competitors are charging, not updating information.

Julian:
Are you varying rates day by day?

Mike:
Yes! Dynamic pricing! So we will vary it sometimes 2-3 times a day.
At the moment, the market is quite aggressive out there this month, so for example yesterday the rates got varied 3 times, today they've been varied twice.
It's also having a good impact on the city, as well, because the competitors are starting to see what you are charging so you'll go $1 less than them. Then they think "Our product is better than yours."
So they'll (put) it up $5, so you'll come up and creep up $4 or $1 behind them again then they push it up a bit higher.
So the city as a whole is benefiting. And vice versa in low occupancy periods, it's trying to flow through the volume.

Julian:
So what you're saying, it's not a matter of "set it up and forget about it," it's very much a day by day thing:

Mike:
If you set it up and forget about it you won't produce productivity out of it, as much as what you're expecting.

It really is what you use, how you use it, how you load your product, how you represent your product out there in the market place, how you educate and train your staff to promote the product, and then you'll start seeing results…

Julian:
As long as you're seeing the results it makes it all worthwhile to invest that effort.
What have the results been for Duxton in the first 12-14 months?

Mike:
Did a first analysis for 3 months after operations;
Now the previous booking engine on our website for the full 12 months for the 6 properties really brought in about mid-1900 room nights.

What we did in the first 3 months?
…in the first 3 months of having Netroomz up on our website we produced close to 2000 room nights.

Previously for the full 12 months before, this is talking about the group as a whole, on our previous booking engine on our website, we only produced 1400, so in the first 3 months we already exceeded what we did previous - for the12 months prior.

Julian:
So what you're saying, you exceeded the previous 12 months, in the first 3 months using Netroomz?

Mike:
We've been now operating (with Netroomz) for about 14 months.
If you compare what we did previously with the previous booking engine on our website…

…with total room nights we really had about a 575% increase from our previous booking engine. Room revenue about a 515% increase…

Julian:
So it's a terrific result!

Mike:
Outstanding!!

Julian:
What lessons would you say have been learned through this last 12 months and what advice would you give to hotels who are maybe struggling to generate more significant volumes of bookings direct off their own website?

Netroomz "Success Stories"

Mike:
Don't ignore the booking engine, use it to its fullest capabilities –

I believe we are only really about 20-25% utilizing what we possibly could do as a group to push this forward out into the market place, so don't become complacent use the booking engine;
Educate your staff to promote it, educate your customers to use it, and really it should be out there, wherever you go, (you should be having a banner and running down the street, telling everybody "book direct with us.")

Lessons?
If you do ignore it, the bookings stop, or if you go away for 2 weeks annual leave and no one is managing it, bookings substantially decrease.

You need to have a look at your lead time, when are your bookings being made.
If that's the case and what your yielding capabilities or yielding objectives are, look at when the bookings are being made, who's booking those bookings.

Either you put the rate up high because there're people booking it from international with the exchange rates, and increase your yield;

…perhaps closer to the point you want to discount a little bit more to fill the room and there's domestic people buying so it depends on your properties where it's located. Try different things;

…watch the product that you load in regards to not offering too much choice and you should be telling the consumer what they should buy.

Julian:
Just to add to that, you mentioned before the rate parity, as a key part of your strategy.
You'd see it as pretty vital to be matching rates to other third party channels direct off your own website?

Mike:
Why tell somebody to go to your website if they can book it cheaper elsewhere, on the other distressed inventory websites.

It defies everything that you're trying to attract, which is customer loyalty, repeat business…
If you don't do that you probably won't convert too many bookings, they'll book elsewhere.

Julian:
I think that's about all… Thanks very much Mike for making the time available, we appreciate the time.

Mike:
Thank you.