

WE DON'T NEED (HOTEL) BRANDS ANYMORE

OPINION

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By Erik Saelens, founder & executive strategic director of Brandhome, author of The Marketing of Meaning, is a keynote speaker at the upcoming Arabian Hotel Investment Conference 2017 (AHIC) – which is being held from 25 to 27 April at Madinat Jumeirah. To register: www.arabianconference.com

A lot has changed in the world of consumerism. We suddenly don't need brands anymore. Consumers do not blindly trust brands just because they're advertised, but choose brands that are meaningful to them. It's time for hotel brands to acknowledge the fact that other players are ahead of the game, and to prepare for the new generation of consumers.

HAVE HOTEL BRANDS BECOME OBSOLETE?

Imagine that you are going on a relaxing holiday with your family. Did you pay attention to the hotel brand when you were booking your hotel? If you did, you are in the minority! Recent Brandhome research shows that 85% of people do not look at the hotel brand when going on holiday. Other studies, such as Havas' Meaningful Brands, tell us that people would not care if 74% of the brands they use just disappeared. That is a shockingly high number. So we can ask ourselves the question: Do we still need hotel brands?

WHAT IS A BRAND EXACTLY?

There are as many definitions as there are marketers. At Brandhome (brandhome.com), the branding agency I founded in 1995, we believe that a brand is a belief system. People reward you with loyalty if you can offer an ownable experience that creates inelasticity to price, service, distribution and the loyalty of our customers ... or, in other words, they stick with you. People seek trust and have certain expectations in brands. But in the case of hotels, they also look for unique experiences. Hotel brands need to search for a balance between consistency and uniqueness. And this is a 180-degree turn from a traditional, hospitality marketing point of view.

CHANGE IS THE ONLY CONSTANT

Three major changes have taken place in recent years. People search and find hotels differently thanks to Google. Hotels have lost control over their pricing and margins because of Booking.com. And finally, following the rise of Airbnb, there has been a change in the definition of what and where a hotel can be. Do you want to sleep in a tree house (airbnb.com/rooms/1415908) in the woods? Done. Or in an historic castle (airbnb.com/rooms/13253) in the countryside? Off you go. Or perhaps a luxury penthouse in downtown New York? Or a submarine in Ireland? All possible!

The past few years have thereby seen a lot of changes. And the rising interest in shared spaces will most likely change the industry even more. Frederik Korallus, CEO of Generator Hostels, says that, to him, "the least important part" of the hotel experience is the bedroom. It may only be a small part of the experience, but hotel star ratings still depend on the square metres of the room. Hotels will need to reinvent themselves in order to remain relevant. Yet the biggest change does not come from within or outside the industry, but is happening in the minds of consumers worldwide.

SHIFT IN MINDSET

For years, consumers all over the world have been told what to eat and drink, what to brush their teeth with, and what to feed their dog or cat. Buying for the sake of buying felt great and, in recent decades, people had the money to do all this. Now, however, we have had one economic crisis too many. The money has run out, the world's oil and gas supplies are running out, and the planet itself is running out as well. We are stumbling upon the limits to growth. There is a growing sense of doubt about human behaviour in general, and consumer behaviour in particular. And this mental turnaround is here to stay.

In my latest book, *The Meaning of Marketing* (marketingofmeaning.com), I write that people are tired of consumerism. People are suddenly taking an interest in issues that don't normally arise in day-to-day conversations, such as sustainability, green energy, authenticity, honesty, responsibility, etc. One word truly captures it all: meaning. Consumers from all ages and regions are shifting their state of mind towards more meaningful consumer behaviour. But marketers should take one generation in particular into account. And that is the millennials. This generation, born between 1980 and 2000, will soon outspend the baby boomers, who were born between 1946 and 1964.

MEANINGFUL MARKETING

To adapt to all these changes, hotel brands need to change the way they act and communicate. Traditional marketing is not going to do the trick anymore. Brandhome research shows that 83% of people trust a community of strangers on an online platform more than they trust expensive advertising campaigns! The trust provided by a hotel brand is now given by a platform approving the hotel, or by other peers.

According to the Meaningful Brands report, 75% of people expect brands to contribute to our quality of life. This does not start by sending them an overload of messages. The average person receives over 3,500 commercial messages a day. You can choose to be the 3,501st, or try to add value to your customers' lives. You need to put the customer first by responding to a specific need that this person is experiencing at the time. Hotels therefore need to know their customers. This is made possible thanks to on-demand technologies, the Internet of Things, sensors and social media. By using data in a positive way while respecting your customers' privacy, you can add value to the hotel experience. W Hotel, for example, offers you a slice of cake on your birthday, which will always put a smile on the face of the birthday boy or girl.

DOING GOOD IS GOOD FOR BUSINESS

Secondly, you also need to be meaningful to society. If you were the CMO of a big hotel branch and you had €100,000, how would you choose to spend it? Would you spend it on online banners, or would you support organisations that give refugees a warm bed at night? Our Brandhome research states that 82% of customers would rather stay in the hotel that invests in people. Be meaningful to society and communicate your actions, and people will take notice. Airbnb leads by example here (thenextweb.com/insider/2017/01/29/airbnb-ceo-brian-chesky-offers-free-housing-stranded-muslim-ban). By offering free housing to those stranded by President Trump's travel ban, Airbnb received a lot of free publicity worldwide. The earned media coverage was priceless. They then reinforced this message by running the We Accept ad during this year's Super Bowl (youtube.com/watch?v=yetFk7QoSck).

Meaningful marketing makes for better ROI, and will perform better than traditional marketing and its old pal, advertising. With its reliance on more sophisticated, personalised approaches and more attractive and manageable use of online mobile media, meaningful marketing will outperform them every time. The question therefore remains: 'Do we still need hotel brands?' My answer is yes. Hotel brands can and should add value to society if they can act in a meaningful way. It is their only choice for survival.

You can download a free e-book copy of The Marketing of Meaning on www.brandhome.com/books, and other free e-books on www.eriksaelens.com.

The views expressed by the author are his own and do not necessarily represent those of Gulf Marketing Review.