



RED LION
HOTELS
CORPORATION

How relevant are hotel brands



Taking a pulse on the state of the industry and innovating through insights.

Ever-evolving guest preferences and expectations have challenged the hospitality industry since its birth. How a hotel company responds to these challenges and how open they are to embrace change is what sets them apart from the competition. RLHC is driven to innovate through research. This report examines the findings RLHC has uncovered through surveys of industry professionals and what the company is doing to capitalize on them.





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The only way to get closer to the truth is to learn, listen and expand your circle of knowledge.

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INTRODUCTION

Gaining Key Insights Through Research

The hospitality and tourism industry is one marked by ever-evolving challenges and customer preferences. **Are OTA's friends, foes or somewhere in the middle? Are loyalty programs in need of rethinking? What are new ways to more effectively target customers?** New situations arise constantly and those who are driven by the chance to adapt and meet new demands first triumph.

At RLHC we navigate the market with our eyes and minds wide open. We embrace innovation in order to make the company smarter and stronger than ever before. To that end, **we have conducted extensive polls on *Hotel Management* over the past year** and gained key insights that we have successfully applied to our marketing campaigns.

The results have been as rewarding as they have been eye opening. Now it is our pleasure to share them with you through the case studies in the following pages.

INTEGRATED DIGITAL MARKETING



OPPORTUNITY

Capture longer length of stay during summer travel season, incent for repeat business by year-end, and grow brand awareness through national campaigns and one-to-one marketing.

SOLUTION

Summer #RediscoverRED

Launch a multi-channel integrated campaign with behavioral rewards for longer stays, return visits and email capture. Campaign included paid search, natural search, display advertising, retargeting, email announcements and social media including Facebook, Twitter and Instagram using #RediscoverRED. All digital advertising directed travelers to a custom mini-site promoting Red Lion Hotels and destinations using a travel blog and Instagram photo contest. Website merchandising included offer messaging and consistent design to ensure single look and feel across all consumer touch points. Campaign goals were to increase bookings and length of stay, grow awareness while decreasing COS, incent repeat stays by year-end and engage one-to-one relationship marketing.

Multi-Channel Campaign Initiatives



RESULTS

Given the same budget, the campaign duration was 8 weeks, 4 less than the previous year. Performance results over previous year improved RevPar, ADR and occupancy.



How effective is your hotel digital marketing strategy?



- 50.8% What strategy? Just leave it up to the brands.
- 25.4% Who knows? OTAs outspend brands anyways.
- 11.1% We just hire some help to manage it.
- 12.7% We get a reasonable ROAS and COS.

CAN LOYALTY BE HIGH IMPACT AND LOW COST?



OPPORTUNITY

Are you actually running a (Dis)Loyalty Program? Only 1 out of 4 customers allocate more than 75% of their share of wallet to their preferred brand and less than 1 out of 3 Americans find reward program communication to be relevant; even fewer Millennials. With consumer expectations changing, points and free stays are no longer enough. How have brands changed the cost equation for loyalty and who is innovating for consumers and for owners? Is there such a thing as Disruptive Loyalty?

SOLUTION

The answer is yes. A handful of brands across multiple verticals are approaching loyalty engagement with a new mindset grounded in innovation and CRM technology and motivated to turn transaction-based deal-seeking loyalty into emotional loyalty. The rewards of an effective loyalty program haven't changed. What it takes for a brand to earn loyalty has. Effective loyalty programs continue to benefit from the 80/20 rule and lower cost of sales. The key is adapting to the new motivation set of consumers today and focus on creating that 1-to-1 personal relationship, or recognition-based loyalty. Most points-based branded loyalty programs force the guest to earn loyalty with their spending behavior, but enterprising brands are focusing instead on earning the loyalty of their guests from the very first interaction beginning with the first brand interaction.



One brand embracing the idea of Disruptive Loyalty and leading the way in delivering more relevancy for its consumers and lower costs for its owners is Red Lion Hotels. RLHC retired its expensive, points-based loyalty program and launched Hello Rewards, void of status and tiers. Hello Rewards is about recognizing and rewarding its members for doing things they already love to do and rewarding every member equally.

These three principles guide the program to make it stand on its own:



KNOWINGLY
RECOGNIZE



SURPRISE &
DELIGHT



FUEL
PASSIONS

Are loyalty programs worth 6% GRR?



30.2% Absolutely. More than 2/3 of my guests are loyal to my hotel.

40.6% Not really. Lots of cost for lots of freebies.

19.2% I think so. But I'm not certain loyalty was their deciding factor.

10.0% No frig'n way. But what's my alternative?

RELATIVE CONSUMER POSITIONS



OPPORTUNITY

The mindset that drives traveler preference and purchase behaviors is changing. Today there are more Millennial travelers than boomers and X'ers. And their travel preferences are becoming standard amongst all genres.

Established in 1959, RLHC is repositioning its brands and guest programming to accommodate current and future travel preferences. Here's how.

SOLUTION

At RLHC we tailor our positioning through tactics such as retargeting, social media strategies and our multi-channel approach to online presence. We've created signature moments – unique service elements that differentiate our hotels by catering to the Millennial mindset. This includes uniquely designed guest rooms, public areas, relationship marketing and our approach to guest relations. In fact, we even revamped our loyalty program from a points-based system to one that provides immediate gratification and knowingly recognizes members with surprises that delight their travel journey with us.



RESULTS

Millennials spend almost 18 hours a day consuming media and it's mostly content created by their peers. They like experiencing brands through frequency programs, recognition events and exclusive access to specials. They respond to authenticity and transparency, and brand ambassadors.

Does your brand primarily focus on:



Despite Millennial travelers outnumbering boomers and X'ers, hotels continue to focus on mature audiences.

37.4% Matures (Boomers & Gen X)

20.2% Millennials (includes Gen Y)

25.4% No real focus, one strategy fits all

17.0% Not sure

UNDERSTANDING HOTEL FEES



OPPORTUNITY

There is an appetite out there with franchisees to gain complete and full understanding of their fees and what they are getting in return for those fees. Descriptive monthly invoices are the first step in ensuring owner satisfaction, with performance metrics tied to fees as a close second. Franchisees want to know they have earned a return on their investment and at what ratio or percentage of cost.

SOLUTION

At RLHC, we have streamlined our billing to one bill per month for each franchisee. As we move forward in 2015, we are developing metrics to provide the owners and franchisees with an ROI on each individual fee. These metrics will be customized for each franchisee based on their structure and program participation: reservation expenses divided by revenue booked for a percentage of revenue; ADR and room night increases from baseline data versus revenue management fees.

With committed ongoing support, RLHC does what it can to ensure our franchises grow and thrive. Through innovative technology, turnkey conversion and development programs – all with a flat fee structure – our hotels are supported every step of the way.



RESULTS

Our metrics for all fee based programs will prove to be a comparable or lesser cost or percentage against their measurable to other branded hotel franchisors. RLHC will provide its franchisors with a hotel performance report card on the value per price paid. As our costs and/or percentages go down, we will become a better value for hotel owners to franchise with us and utilize our brands.

Do you understand your franchise/royalty, program and marketing fee invoices?



29.0% I hired a PhD to interpret for me

24.3% I have no idea what I am being charged for

08.8% My accounting department has a conference call to clarify

37.9% I know exactly what I am being billed for

ONLINE TRAVEL AGENCIES



The world of digital marketing and e-commerce is much bigger than you think. The moment you think you can see the edges and its four corners, the frontier expands through disruption and innovation. If you think this is linear growth, think again. The world of e-commerce is exponential. Professor Al Bartlett, Professor Emeritus in Nuclear Physics at the University of Colorado at Boulder, said it best:

“THE GREATEST SHORTCOMING OF THE HUMAN RACE IS OUR INABILITY TO UNDERSTAND THE EXPONENTIAL FUNCTION.”

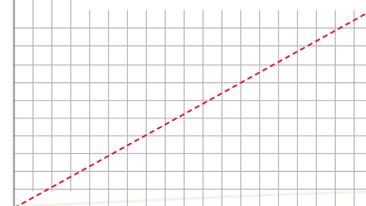
Digital marketing and e-commerce are marketplaces to introduce your product and win lifetime customers. The OTAs are one street in that marketplace, but a busy street nonetheless, and they must be engaged in kind and throughout the buying funnel.

RLHC surrounds and nurtures these e-commerce marketplaces with cost-effective distribution technology and resource expertise to maximize new customer acquisition and long run profitability.

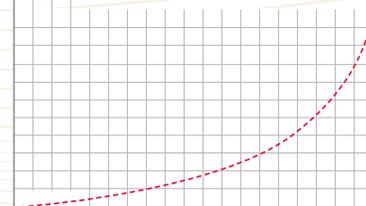
By approaching promotions and campaigns through a multi-channel lens through the active marketplaces that e-commerce provides, RLHC grew its return on spend for a typical season campaign from 7:1 to 13:1.

Nobody engages the connected traveler like RLHC. Come see how.

LINEAR CURVE PICTURE



EXPONENTIAL CURVE PICTURE



Online Travel Agencies are to Hotel Owners/ Operators what...



35.3% Oxygen is to the human body (a necessity)

21.9% Taxes are to my paycheck (pure profit drain)

06.5% Stormy/cold weather is to a day at the beach (an unexpected bummer)

22.3% Morning traffic is to my commute (an unavoidable pain)

14.0% Cools apps are to my smartphone (an exciting new technology)

FIELD MARKETING



Guests often choose a hotel on a basis of its location, its meeting facilities, its reputation or even its price. Field marketers must be able to identify the factors that shape each hotel guest's profiles. In the hotel industry it is important to not only monitor these factors but to maximize a hotel's revenues through marketing tactics at the brand-level, as well as the local-level.

At RLHC it was important for us to appoint a field marketing manager to each individual property to provide a cadre of services that are based upon the following principles: extend brand initiatives to market-level activation, assist hotels directly with a depth of both digital and traditional marketing methods, distribution services and revenue optimization experience, and develop local marketing plans and initiatives, report ongoing progress and modify plans as necessary.

OPPORTUNITY

The Red Lion Hotel Salt Lake Downtown in Salt Lake City, Utah was pacing behind their competitors for Q2 2015 occupancy and needed a strategy to improve business during the second quarter.

SOLUTION

BOGO in Salt Lake City

Launch a multi-channel campaign using a limited time offer sale – Stay two nights or more and receive your

second night free. Campaign included paid search, natural search, email announcements and custom mini-site. Website merchandising included offer messaging and an interactive countdown timer to increase urgency with travelers to book the offer. All consumer touchpoints had consistent look and feel to improve awareness and increase offer recall. Campaign goals were to increase bookings and length of stay between May and June 2015. The multi-channel campaign only took 5 business days to roll out.

RESULTS

The limited time offer sale ran for two weeks and in that time period, the hotel saw improvements in online bookings and revenue due to the sale offer. The campaign generated incremental business and improved business compared to the same time the prior year.



How effective are your property-specific marketing strategies?



38.9% I don't have time to think about property-specific marketing

16.8% We only focus on brand level campaigns

18.9% I could use some help with local activation

25.3% I have a stellar field marketing team in place

OMNI-CHANNEL MARKETING



INTRODUCTION

At RLHC we have the expert teams in place to achieve award winning digital marketing results. Our strategy includes leveraging all digital channels, proprietary technology, consistent creative and promotional messaging to increase recall with consumers and to create a consistent brand experience. Not only do we harness the power of the online travel agencies (OTAs) to capture more market share, but we also build exclusive offers to incent travelers to book on Direct.com channel.

OPPORTUNITY

In planning for our spring digital campaign, we had three core goals: increase occupancy, increase spring bookings, and increase brand awareness. These objectives are crucial for all omni-channel campaigns.

SOLUTION

With our digital strategy, technology, and media in place, we were able to offer guests an exclusive discount available at all Red Lion properties during the spring campaign.

Our spring themed landing page allowed guests to view the details of the sale and property amenities. Campaign elements included the following:

- CUSTOM LANDING PAGE
- CUSTOM PROMO SLIDE
- SEM
- PROMO EMAIL
- MEDIA

RESULTS

Overall, the spring campaign saw outstanding results with a 1,608% ROI.

REVENUE BY CHANNEL



How effective are your digital marketing campaigns?



COFFEE EXPERIENCE



INTRODUCTION

The coffee experience has remained unchanged for decades. Frankly, like those pre-ground packets, the experience is growing stale.

At RLHC, we are rooted in the Pacific Northwest, where the coffee culture began, and we are focused on delivering that experience to our guests in our lobbies. Our brands are elevating their coffee offering and raising consumer expectations.

OPPORTUNITY

Industry-wide, in-room coffee machines suffer from a poor reputation. A growing number of guests are wary of the cleanliness of these machines and ignore them altogether. Those who do use them find the flavor lacking. By eliminating the machines from the rooms, we can offer fresher, better tasting roasts that creates a memorable experience and differentiates our brands from the rest.

RESULTS

Within our family of brands, Red Lion Hotels and Red Lion Inn & Suites will begin offering a lobby coffeehouse experience system-wide by the end of 2016, replacing in-room instant coffee, just as it is currently offered in the Hotel RL branded hotels.

COFFEE THE WAY PEOPLE PREFER IT

Changing trends open new possibilities

The hotel coffee experience has remained unchanged for decades. Frankly, like those pre-ground packets, the experience is growing stale. At Hotel RL, we're elevating our coffee offering and raising consumer expectations. To do so we've selected Victrola Coffee as our new coffee provider to give our guests a better tasting brew.



Preferred by travelers

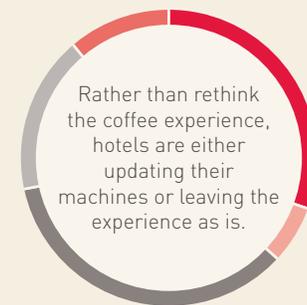
Many studies show that guests prefer having coffee in the lobby rather than their room. In fact, a recent survey by One Mile at a Time shows that 62% of guests prefer the fresher, higher quality coffee offered in lobbies.

Victrola Coffee is currently served complimentary in the lobbies of Hotel RL, which began with the August debut of the brand, Hotel RL Baltimore Inner Harbor. Founded in 2000 in Seattle's Capitol Hill neighborhood, Victrola showcases the craft of coffee with professionally trained baristas who prepare delicate and exquisite espresso beverages.

Whidbey Coffee, named for the Puget Sound island, will be served in the lobbies of Red Lion Hotels and Red Lion Inn & Suites by the end of 2016.

Additionally, members of Hello Rewards—our guest recognition program—will receive perks that include eCodes for credit toward the purchase of Victrola and Whidbey coffee products online.

What is your hotel's current coffee experience for guests?



Rather than rethink the coffee experience, hotels are either updating their machines or leaving the experience as is.

29.9% Individual drip coffee makers

9.5% Guests don't drink

8.1% Pod machine

36.1% Coffeehouse

16.4% Not sure



A FEW FINAL WORDS...



LEARN FROM THE PAST.
APPLY IT TO THE PRESENT.
THRIVE IN THE FUTURE.



To thrive in the hospitality industry, good intuition and in-depth knowledge are crucial. By analyzing and applying results to future endeavors we are able to innovate bold new ideas and never shy away from new challenges.



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