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Spanning the Chasm from Thought to Action

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Destination Web Strategies: Leveling the Playing Field

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Having a Website is a very low cost option to competing with larger competitors. Virtually anyone can have a Website to, at the very least, promote their product, and now through companies such as Inntopia, even smaller establishments can have online reservation systems. Effective web strategies have worked very successfully for most resorts and hotels. The Internet has, however, opened up a Pandora's Box of competitors, but if one has a good strategy and can remain competitive in pricing and branding, the Internet does not have to be seen as a threat, but rather an asset.

Steamboat Ski Resort is a top-ten ski destination that attracts over 1 million skiers each year and operates in a market that is dominated by a small group of tight competitors. Its location makes it a unique destination causing it to stand out among its competitors. Its isolation means that 80% of the skiers must fly into the area causing a number of problems. Since Steamboat has a small number of day skiers, it is imperative that airlines continue to fly to the area at a low cost. Fewer flights and higher costs could strangle this area. In order to ensure that airlines continue to fly into the Steamboat area, the community must pay approximately \$3 million per year to essentially subsidize the flights, and Steamboat Ski Resort pays the majority of this cost. The subsidization of flights allows this resort to offer price guarantees on these flights, which helps them combat discount sites.

The resort is entirely in a destination market. A typical visitor to this area will stay for several days, and thus there is not a large day market for tickets. Given that it is a destination resort, a Website that touts its family friendliness and unique "champagne powder" has become its primary tool for encouraging tourists to visit the area. The town of Steamboat promotes itself to be a "real" town, unlike the many seasonal, artificial towns located in the proximity of many other resorts. These two examples are strongly emphasized on the resort Website through the use of everything from background pictures, styling, information, to activities offered. Due to the power of the Internet Steamboat can now compete with resorts closer to Denver because they can promote a unique destination resort on the level playing field of the Internet.

Ski resorts have moved away from more traditional tools of advertising and are now relying more on the Internet to reach their customers. A good example of this is snow reporting. A simple report as we can now receive in our "Inboxes" every morning, used to take very long to create and distribute. Because this was done through radio, which required a studio, it was easier for larger resorts to do because they had the resources. In the 21st Century, however, it has become possible to update these reports in real-time on Websites and can be distributed through email allowing smaller resorts to compete with their larger counterparts. Jay Peak Resort, for example, distributes its daily newsletter to over 50,000 people every morning at the click of a button! Instead of using a studio to create reports for the radio, the recordings can now be made behind someone's computer, and converted into an MP3 file, to be distributed to radio stations.

Mountain "cams" are another new tool that has become invaluable for ski resorts. Before the advent of the Internet, skiers sometimes took these reports with a grain of salt, thinking that snowfall estimates and accumulation sometimes varied from the truth. Now, one can log onto a resort Website to see for oneself on a mountain "cam". Conveying information on snow can also be done through "Pictures of the Day" or short video files that can be played online. Essentially a resort's goal has now become to put as much information on the Internet as possible to attract users and tourists to their Websites, then have a call for action, and at the same time, to differentiate their brand. On average it takes a person around 90 days of researching and "web surfing" to eventually book a vacation at Steamboat. A Website must be able to accommodate this entire process and clarify the brand.

Websites have also become excellent vehicles for reservation systems. Most resorts and, in fact, a growing number of hotels now offer online booking as an option. These reservation systems work to a resort/hotel's advantage because a user is surrounded by the information they need and as soon as they decide they would like to book a vacation, they can, before they change their minds. At Steamboat, the resort uses a system, which they call "Coris". This system is unique and was designed to be able to accommodate all possible combinations of reservations, which include, but is not limited to: air travel, ski passes and hotel room booking. At Steamboat the resort closes the circle of introduction, information, branding and booking, with an electronic "thank you" message to online bookers.

There is a perception among Internet travel purchasers that companies such as Expedia, Orbitz and Travelocity are in direct competition with resorts and hotels. This is in fact not necessarily the case. Many resorts see them as being just another channel for distribution that the Internet has offered. Many hotels/resorts negotiate rates with these services and in turn commissions are of course paid. As long as the hotel/resort remains up to date with their pricing, there should not be any direct competition between the direct sales method and this channel of distribution. They can very effectively be used to increase occupancy rates during less busy parts of the year. It is, however, important for resorts such as Jay Peak and Steamboat to be wary of the illegal sale of their product on sites such as eBay.

The balance of competition caused by the Internet is further augmented by services such as Inntopia. This company was started in 1996 as a web developer for ski resorts and hotels. Inntopia has helped departments of commerce, hotels, and resorts work together. The founders of Inntopia discovered that as well as creating web sites for the hospitality industry they could facilitate the process of booking. Rather than have a person read about a hotel and have to pick up the phone to book a room, Inntopia developed software that would allow customers to book online.

An excellent example of Inntopia's work can be found at www.horizoncasino.com, a casino in Lake Tahoe. Its business model enables hotels to use their system and be exposed to different distribution systems that have a global reach. Inntopia also makes hotels available to several different sites such as Expedia, Orbitz and Travelocity. Inntopia has also developed a unique way of changing the way in which hotels and resorts compete with each other. If a resort can convince the local hotel to enter the Inntopia system, the resort will receive a portion of the commission for every room that is booked in those hotels through Inntopia allowing hotels and resorts to cooperate with one another. The second piece of the model allows the pool of availability to be posted on Expedia and Orbitz, and, therefore, a hotel has one point of entry where they manage their rates.

Traditionally online travel sites all pulled out of one distribution system, which stems from the airline industry's reservation system (sites such as Orbitz still do). Today these systems have simply been put on the web with discount sites becoming more like wholesalers. A resort can give them a number of rooms at a certain rate and they can sell them much like a tour operator does. During this process the discount sites push these businesses to give them their lowest possible rates. However, the fact of the matter is hotel rooms are perishable products and you need to move your inventories, and, in this sense, discount sites can be very useful. They become a menace, however, when they buy search engine ads. When they do this a potential buyer may type "Colorado Ski Resort" in Google and end up clicking on a link to Expedia. For customers it may remain more useful to book through suppliers where possible because of the level of service and knowledge that only resorts can offer when it comes to their products. Even though half of Steamboat's sales are repeat business, its Website and reservation system is focused on the first time customer.

For Steamboat, their web site has allowed them to grow their market share and has made them more known across the world. In fact, they estimate that it has grown by 15% over the past few years and at an initial cost of \$100,000, this has been a wise investment.

Jay Peak has pursued many of the same new tools offered by the Internet for marketing, advertising and booking. This resort, which is smaller than some Colorado resorts, does not compete with Steamboat. They describe themselves, as Steamboat does, as a unique destination. Their location in Northern Vermont has separated them from their competitors as has their annual snowfall, which is above all other resorts in the Eastern part of the United States. An average family week of skiing costs around \$4500 versus \$10,000 in Steamboat. They attract guests from both the US and Canada and over 90% of them use www.jaypeakresort.com to gather information. Prior to the Internet, large resorts such as Killington were always seen as big “gorillas”. Due to their larger advertising budgets they were able to attract more skiers. When the Internet came along it leveled the playing field in the ski resort business and sites such as Jay Peak can compete with the “gorillas” such as Steamboat. Even a small inn can gain access to the Internet as shown through Inntopia.com.

Like Steamboat Jay Peak utilizes many of the same strategies such as newsletters through email and coupons. Another feature that Jay Peak relies on is the picture of the day. This feature helps to increase the number of visits to their sites as many people look forward to looking at these photos on a daily basis. These people simply want to know what the skiing is like today, and without the Internet this would not be possible. Unlike Steamboat, day skiers represent a large portion of the Jay Peak clientele due to their small bed-base and online discounting for local skiers. The Jay Peak Website, which costs only \$45,000 per year, has contributed to a lot of the growth over the past few years increasing visitor numbers from 200,000 three years ago to 300,000 presently.

Like resorts and hotels, states have benefited from the growth of the Internet in many similar ways. The state of Vermont actively markets itself on the Internet to develop market brand and brand loyalty, much like a ski resort. There are certain attributes that come to mind when someone thinks of the state of Vermont such as calmness, peacefulness, safety, openness and the cleanliness of the state. After 9-11, some resorts found a decline in attendance, but Vermont’s room and meal tax increased because the brand of the state continued to bring people to Vermont due to its safety and location. Currently, the Vermont state Website is used to promote the positive attributes people hold for Vermont. The Website is also good for the other industries in Vermont. The state Website is bringing in great results to all the aspects of the state’s economy.

Without the Internet there would still be a large divide between large and small resorts, a divide that is rapidly closing from a marketing and branding point of view. Resorts and hotels are now shying away from traditional methods of advertising, such as brochures and catalogs, and moving online with unparalleled success and ease. Not only does the Internet allow resorts and hotels to attract visitors and provide information, but it also lets them closely watch their competitors. Websites allow hotels and resorts to see what others are doing in terms of promotions and pricing and can adjust their own as they see

fit with the click of a button. The Internet has been a revolutionary tool for destination resorts and hotels, not only leveling the playing field of competition but also changing the way business is done.