

Spring 2011

Brandjacking Index[®]

Online Hotel Bookings

EMBARGO UNTIL MAY 23, 2011

Brandjacking Index®

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Executive Summary

The online hotel bookings business is a ripe target for brandjacking, but it is brandjacking of a different nature than we have seen in previous studies: Unnecessary commission payments and online traffic lost to competitors are costing major hotel brands more than two billion dollars a year. More than 580 million visits from highly-qualified travelers are siphoned away from the hotel brands' online bookings sites to those of channel and marketing partners—or competitors—who reach customers first through paid search advertising and other online marketing tactics.

How many of us recall that it wasn't too long ago when we used local travel agents and paper tickets to book our trips? Those days seem so quaint now, and while online bookings have given consumers more choices and opportunities for savings, online bookings have also enabled various entities to profit from hijacking the click-stream searching for hotel brands.

To some degree, the travel industry is a victim of its own online success in e-commerce. Online bookings grew from 33% of all bookings in 2007 to 40% in 2010, and another quarter of total bookings are influenced by online customer research. This success is not surprising; the leisure travel industry spends \$1.8 billion annually in online advertising, with 46 percent allocated to search advertising, according to the Internet Advertising Bureau (IAB).

The study examined five global hotel brands, running the gamut from economy to luxury, during the early spring of 2011 and scanned various e-commerce sites, consumer marketplaces and email campaigns promoting those brands. The study also examined over 1.3 million search ads triggered by nearly 4,000 keyword combinations containing the brands, estimated the traffic stream that was generated and annualized the results in order to develop the estimates.

As more industries drive their business online, the lessons learned in this huge marketplace can be applied to other industries with a rich mix of channel relationships. This study is not meant to condemn e-commerce; rather, it is meant as a cautionary tale to help brands keep the customers who are searching for them—and the revenue those customers bring—rather than allowing competitors and partners to siphon them away.

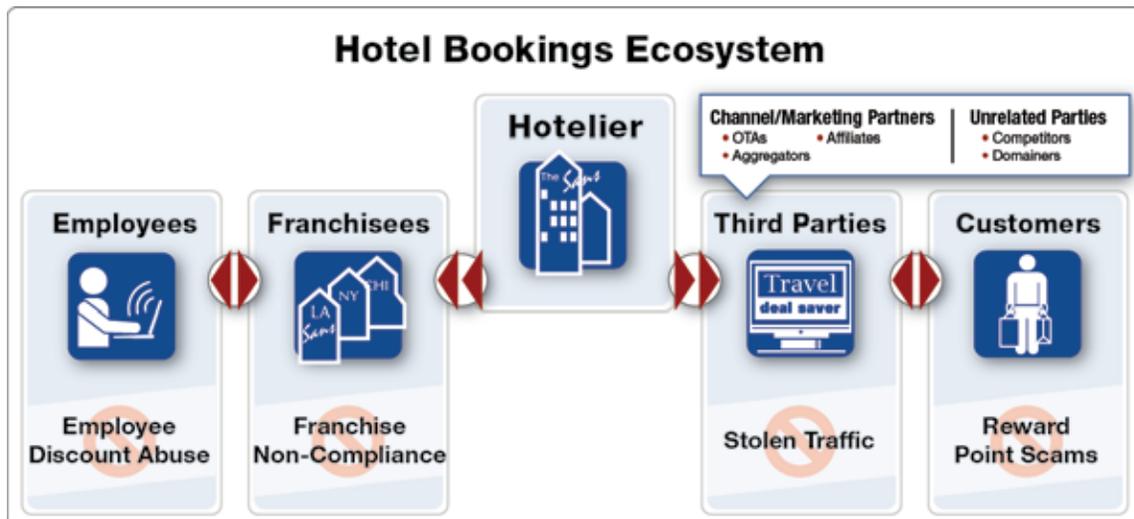
“The online hotel bookings business is a ripe target for brandjacking.”

Key Findings

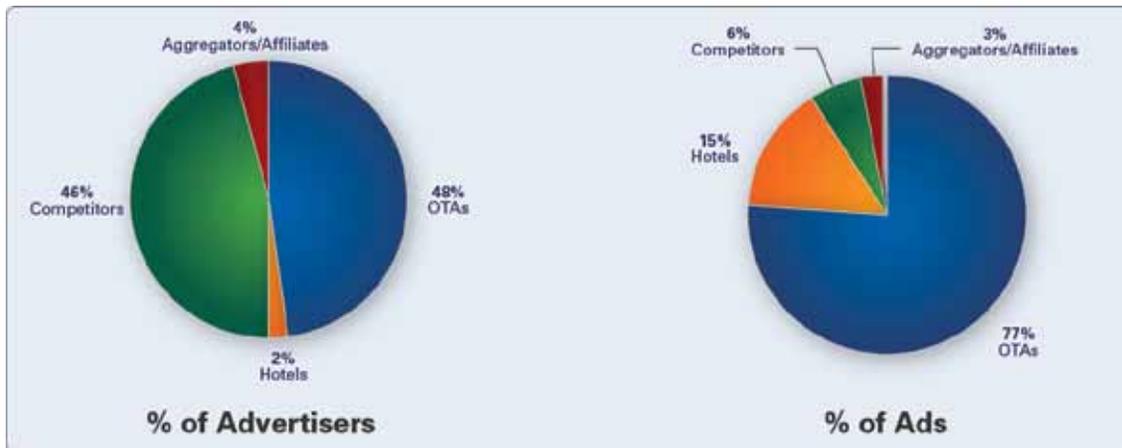
The hotel bookings channel is fiercely competitive, as hotel properties compete directly with their own resellers for business online. Unlike our previous brandjacking reports that identify suspected counterfeit goods for sale, in the hotel sector, brandjacking has a different twist: brands are paying their channel partners for business that could have reached the brand directly and, more importantly, brand names are being used to drive traffic to competitive properties.

A quick examination of the hotel bookings ecosystem helps to set the stage. Hotels use a variety of online channels to capture leisure and unmanaged business travel with their own web sites delivering the majority of bookings, or roughly 55%, according to Forrester Research. In addition, there are online travel agents that offer a variety of travel properties including airfare, rental cars and hotel brands, just like the brick and mortar travel operators of yore.

Add to these the aggregators that present lodging options from both hotel and travel agency websites and the affiliate marketers that offer content relative to travelers. All of these share one common characteristic: they use online advertising, including paid search, to drive traffic and bookings. In effect, each of these legitimate channel partners are competing with the hotel brands themselves to attract customers.

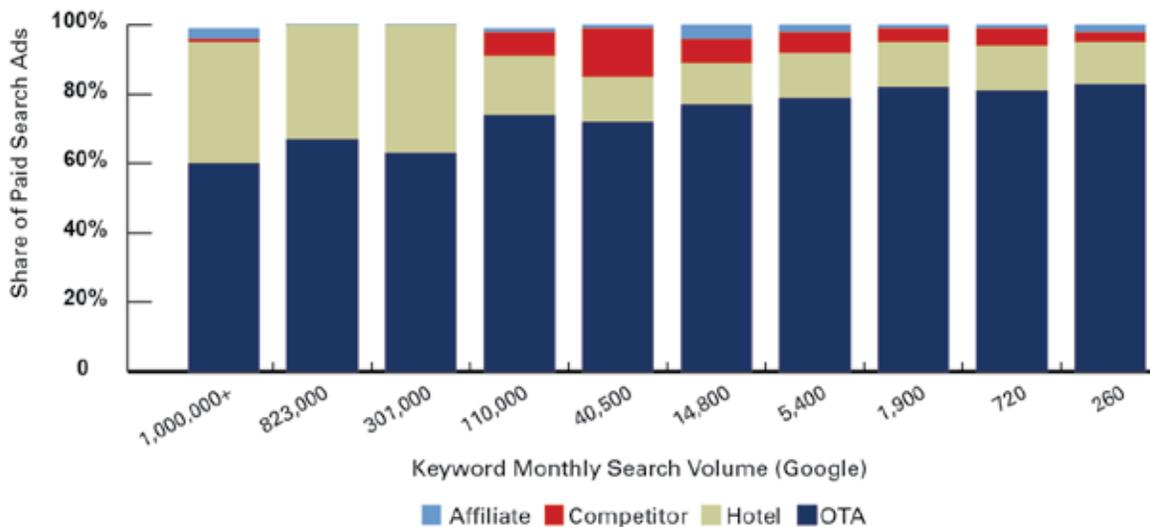


Examining how each of these four sectors uses paid search advertising to attract traffic reveals that the online travel agents account for nearly half the advertisers and almost 80% of ad placements. It is noteworthy that competitors (i.e., a hotel brand purchasing keywords using another's brand name) amount to nearly half of all the bidders on search terms, driving up rates for those terms, but only account for a small percentage of the actual ads placed.



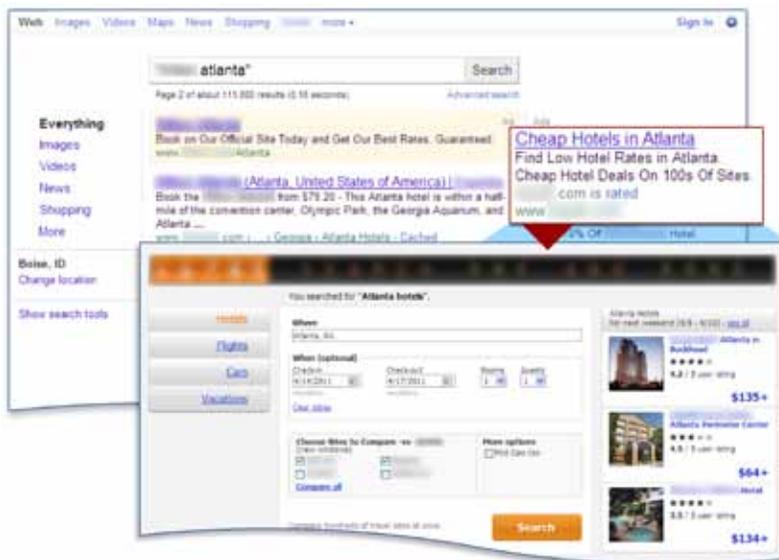
Our study identified more than 1,750 online travel agents that purchased keywords using one or more of our five monitored brand names. During the two-week study period, the keywords purchased by these travel agents accounted for more than 1.3 million paid search ads.

The online travel agents are very good at spreading their keyword buys across a wide swathe of Internet real estate, including the 'long tail' of search. The agents account for at least 60% and in some cases 80% of overall keyword purchases, as the following chart, which is broken out by search volume, demonstrates:

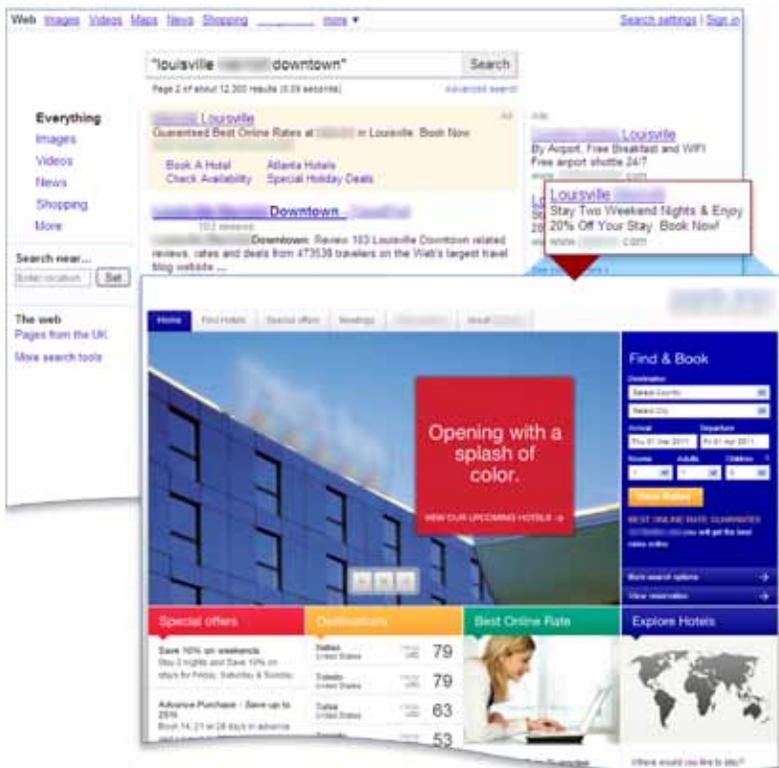


The investment in paid search by the online travel agents costs hotel brands more than \$2.2 billion annually worldwide in lost bookings or unnecessary commissions. The bulk of that number, or more than \$1.9 billion, comes from bookings lost to competitors. To see how this occurs, let's use an example for a search of "Hotel Brand Atlanta" which yields a sample landing page.

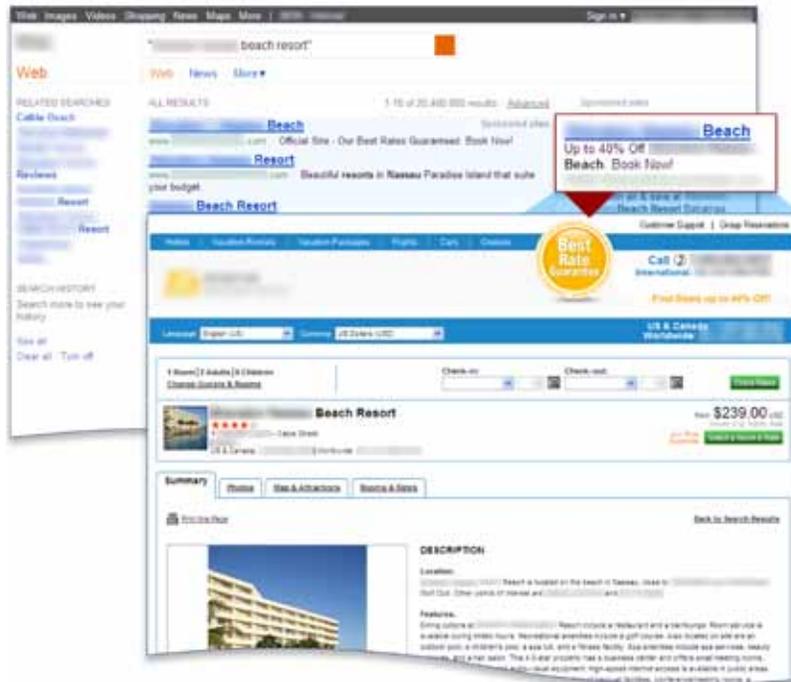
While the first paid term is the direct HotelBrand.com site, there are many other paid search results that feature travel agents and aggregators, with landing pages that promote other nearby hotels. If a customer clicks on any of those other paid search links and books a room at a competing property, the hotel brand lost a customer to a competitor – a customer who was searching for the hotel brand in the first place!



Competitors also will bid up keyword searches on other's brand names, and will occasionally use the other property in their advertising copy in the hopes of also getting the booking. While search engines' policies allow competitors to bid on each others' branded keywords, this 'bait and switch' tactic is forbidden. It is the responsibility of the hotel brand to inform the search engines so the policy can be enforced.



In addition, hotel brands' bottom lines also lose approximately \$270 million worldwide to unnecessary commission payments for customers who searched for their actual properties but booked with online travel agents. To see this in action, consider this example. A search for 'Hotel Brand Nassau Beach Resort' returns this landing page:



The landing page includes ads from the property itself, as well as from online travel agents promoting the branded property. If the customer makes their booking through one of those third parties, the hotel brand will have to pay out a commission for this booking. Had the customer booked directly with the hotel brand—and, remember, the search returned an ad from the actual property—the hotel brand would not have had to pay a commission. Rather than delivering incremental bookings, these online travel agents and aggregators are siphoning away traffic intended for a particular hotel brand and location.

Shady Agents – Cybersquatting

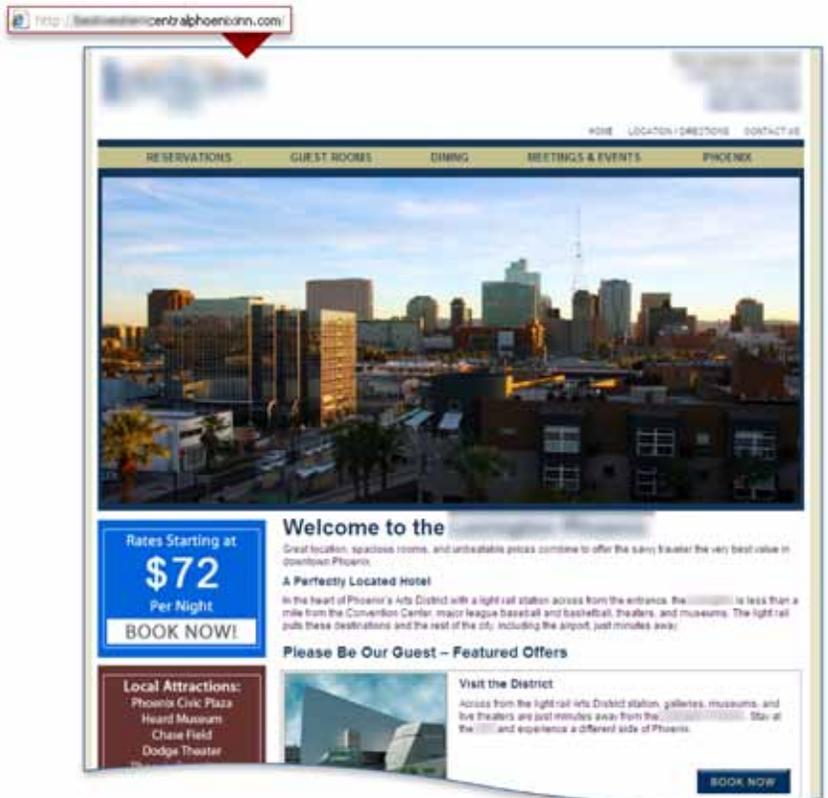
There is a collection of bottom-feeding opportunists who abuse the domain name system by registering domain names containing brands they do not own for their own profit, a practice called cybersquatting. Our study identified over 2,100 cybersquatted domains, or domains containing a trademarked brand name that was not owned by the domain's registrant. The vast majority of these cybersquatted domains are monetized by pay-per-click (PPC) schemes and offer no real content, just a collection of PPC links. These domains generate 57 million visits per year, a significant amount of traffic which could be visiting the sites for the actual hotel brands.

Category	# of Squatted Domain	% of Squatted Domain	Est Annual Visits
Pay Per Click	1948	91%	30,220,000
OTA	53	2%	n/a
Unauthorized Use	41	2%	3,650,000
Competitor	27	1%	n/a
Third Parties	62	3%	23,505,000
Total	2131	100%	57,375,000

This example is typical of the PPC monetization schemes employed by cybersquatters. The site generates almost three million visits annually so the traffic seen by cybersquatters can be significant.



In some instances, competitors cybersquat on a hotel brand name in order to drive traffic for a popular brand to their own, lesser-known hotel. Here is an example of a Phoenix-based hotel competitor who is squatting on the domain “hotelcentralphoenixinn.com”, in the hope of getting the bookings from a well-known global chain.



Employees and Loyal Customers

Sometimes, the most trusted components of the hotel booking ecosystem—employees and loyalty program members—contribute to channel confusion or even perpetrate scams. Here is one example of a listing from a hotel employee who is offering their employee discounts to anyone responding to a classified ad, a questionable activity at best and one that could cost the employee their job.

for sale / wanted > barter

email this posting to a friend

Avoid scams and fraud by dealing locally! Beware any deal involving money order, shipping, escrow, or any promise of transaction protection certification guarantees. [More info](#)

employee discounts on hotel stays! (all over the world)

Date: 2011-02-06, 10:35AM PST

Reply to: [brenzo@comcast.net](#)

please flag with care

[misategorized](#)

[postband](#)

[spam report](#)

[best of reddit](#)

Hello I am offering my employee discount to those who are willing to trade me something awesome for the discount. My discount offers hotel room stays starting around \$35 a night and up depending on the type, location, and availability. Each discount form is allowed a maximum of 2 rooms per discount form. I get discounts at all [redacted]

This is how it works: I basically act as your travel agent. I would check the best available hotel to where you're going, and book it here from work. I would then send you an email confirmation on the reservation, and deal with the hotel by fixing them the discount employee authorization forms and requesting any special needs (handicap, connecting rms, high fr, etc). so all you would have to do is check in with ur form of payment that's all! you will never pay me or give any personal information except for your first and last name that you'll be checking in under. I deal with all the behind the scenes stuff!

so if your planning a trip soon it doesnt hurt to check and see what kind of discount i can get you???? save you a hundred bucks or more. just reply to this ad with where you want to stay specific (dates checking in and checking out and make me an offer and we will go from there. you can always check the regular rates of a hotel at [redacted].com and see what kind of discount i would be giving you! thanks hope to hear from you guys soon!

• Location: all over the world
• it's NOT ok to contact this poster with services or other commercial interests

Frequent guests have been known to try and sell their points, another activity that could result in unhappy travelers:

> for sale / wanted > general for sale

email this posting to a friend

Avoid scams and fraud by dealing locally! Beware any deal involving money order, shipping, escrow, or any promise of transaction protection certification guarantees. [More info](#)

Spring Break Hotel Rooms (Anywhere)

Date: 2011-03-25, 8:47AM EDT

Reply to: [brenzo@comcast.net](#)

please flag with care

[misategorized](#)

[postband](#)

[spam report](#)

[best of reddit](#)

I have tons of [redacted] to use and thought I would offer them up to people going on spring break. If you let me know the [redacted] you are wanting to stay in (anywhere US) I will check to see if the points are available to use for that particular hotel and time frame, and will book the room for you - you in return will pay me cash for the room at a 25% discount off the nightly rate. Does not have to be for spring break, can be at anytime.

• Location: Anywhere
• it's NOT ok to contact this poster with services or other commercial interests

PostingID: [redacted]

These latter examples, while anecdotal, are included to point out the many opportunists that are taking advantage of hotel brand names online. Because it is such a competitive marketplace, opportunities abound for poaching customers and siphoning off revenue.

Summary

Hotel brands face a unique brandjacking challenge. Due to the fierce competition for travelers via paid search and other online marketing tactics, hotels are losing more than two billion dollars a year, worldwide, in unnecessary commission payments and online traffic lost to competitors. The travel industry is well-established online, with a robust mix of channels, so these findings serve as a cautionary tale to other industries.

The experience of the hotel industry underscores how brands need to be more vigilant about protecting their bottom lines and their customer relationships on the Internet. If not, they risk losing customers and revenue to competitors or paying commissions on business that is rightfully their own. E-commerce presents tremendous opportunities for business as customers increasingly demand the convenience and efficiency of conducting business on their terms – whether online, in social networks, or using mobile and tablet-based apps – so, smart brands will need to step up to these opportunities and make a strong brand protection program part of their overall online strategy.

Methodology and Background

The Brandjacking Index® is produced by MarkMonitor® and analyzes trends and statistics about brand abuse online as well as anecdotal information about the business and technical methods used by brandjackers. The cornerstone of the Brandjacking Index is the volume of public data analyzed by MarkMonitor using the company's proprietary algorithms. None of this data contains proprietary customer information.

This special edition of the Brandjacking Index drew conclusions based on data from major search engines, online marketplaces, Whois records and Alexa traffic estimates.

Glossary

Brandjacking – To hijack a brand to deceive or divert attention; often used in abusive or fraudulent activities devised for gain at the expense of the goodwill, brand equity and customer trust of actual brand owners.

Black Hat SEO – The use of brands, slogans or trademarks located in visible text, hidden text, meta tags and title in order to manipulate search engine rankings so that the brandjacker’s site can gain a more favorable search engine placement.

Cybersquatting – The practice of abusing trademarks within the domain name system.

Domain Kiting – The process whereby domains are registered and dropped within the five-day ICANN grace period, and then registered again for another five days. Kiting a domain lets the registrant gain the benefit of ownership without ever paying for the domain.

E-commerce Content – Websites containing a specified brand that appears in visible text, hidden text, meta tags or title in conjunction with other site content that indicates online sales are being transacted on the site.

False Association – The practice of using a specified brand or trademark in web content to imply a relationship with a company or brand where none exists.

Offensive Content – Websites containing a specified brand that appears in visible text, hidden text, meta tags or title in conjunction with pornographic, online gaming or hate content.

Paid Search Scams – Occur when a brand is used without permission, within a paid search scenario to drive web traffic to a competitive or illicit site.

Phishing – Criminal use of email to divert traffic to websites in order to fraudulently acquire usernames, passwords, credit card details and other personal information. The email and websites used in these operations employ “social engineering” techniques to trick users into believing they are interacting with a business or organization that they trust.

Rock Phishing – A method of phishing first implemented by the ‘rock’ phish gang that utilizes multiple layers of redundant infrastructure to increase the difficulty of shutting down the attack. Other phishers are now using these tactics as well.

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About MarkMonitor

MarkMonitor, the global leader in enterprise brand protection, offers comprehensive solutions and services that safeguard brands, reputation and revenue from online risks. With end-to-end solutions that address the growing threats of online fraud, brand abuse and unauthorized channels, MarkMonitor enables a secure Internet for businesses and their customers. The company's exclusive access to data combined with its patented real-time prevention, detection and response capabilities provide wide-ranging protection to the ever-changing online risks faced by brands today. For more information, please visit

www.markmonitor.com.

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