The Effects of social media networks in the hospitality industry

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THE EFFECTS OF SOCIAL MEDIA NETWORKS IN THE HOSPITALITY INDUSTRY

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A professional paper submitted in partial fulfilment
of the requirements for the

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ABSTRACT

The Effects of Social Media Networks in the Hospitality Industry

by

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There are various platforms provided by the social media networks such as Facebook, LinkedIn, YouTube and Twitter to the marketing of products and services for the hospitality industry. Social network offers media technologies that can facilitate online functionality and monitoring perspectives wherein the data gathered can be used to develop their services for customer satisfaction. The hospitality industry can market themselves in social media and networking. Hospitality industry can use social media to engage customers and clients in dialogue and recognize their needs. Through these networking sites, hospitality industry can interact with consumers before, during, and after the vacation experience. Social media is relatively new and the advantages are abundance such as it is affordable, it is viral and has the potential to spread brand awareness quickly and far and it is said to be able to develop link baits, attention and massive amounts of traffic. However, it may not be appropriate for all hotel chains. The purpose of this study is to evaluate the effects of social media in the hospitality industry.
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Part One

Introduction

The emergence of Web 2.0, allows one with unlimited amount of things the individual can do on the internet these days. The individual is not just restricted to emails or passively absorbing the static information that is available on the web pages when browsing. It used to be one-way but now the web is the platform where people can share information, hold a decent dialogue, build both social and business connections.

Social media has recently been adopted by a small group of organizations’ integrated marketing plans. There by infusing a mix of advertisement, public relations, their sales promotion to produce a customer focused message. With the evolution of platforms such as LinkedIn, Facebook, Twitter and YouTube, we have the opportunity for exceptional access to the guest (Lanz, Fischhof, & Lee, 2010). Since social media is so available to anyone with an internet connection, it should be a platform that can be recommended to the hospitality industry to increase their brand awareness and facilitate direct feedback from their customers. A business that understands the advantage of social media is well aware that social media is essential in developing new business in the current competitive and online driven marketplace.

Marketing is an important aspect for any company involved in business. As such, it is a competitive world out there, and social media marketing is the ‘new kid in town’ and it can reach out to the people accessing these social media platform regularly. Communication is essential for any corporation and business, therefore either they change the way information is conveyed or be prepared to lose some of the audience. It is imperative for marketing managers to continuously find a solution to appeal, keep new and current consumers (Schneider, 2009). Social network is the ideal platform for communication that applies perfectly with marketing in the virtual world. Social networks are groups of individuals who
prefer to communicate with one another through a preferred site based on the profile created for themselves (Laudon and Traver, 2007).

**Purpose**

The purpose of this manuscript is to give a descriptive overview of the state of social media in the hospitality industry.

**Statement of Problem**

The hospitality industry tends to be very customer-centric and also one that prides itself by reaching out to its guests and providing a personalized experience. In traditional marketing, our lives are saturated by print media, radio and television. The downside of traditional marketing is the high cost and it is a one-way communication. Social media encourages customer engagement, and it being on Web 2.0, promotes two-way traffic. It allows for a faster response and a low cost investment than is typically achieved with traditional marketing.

**Statement of Objective**

The objective of this study is to evaluate the effects of social media networks in the hospitality industry. Social media is relatively young and the objective for corporations to invest and participate in social media platform is to offer an alternative mode of communication and also it helps to cultivate long term relationships with their guests; Such as promotional campaigns and new information can be pushed through social media channels.

**Justification**

Currently the hype surrounding social media strategies for marketing is on the increase, but hotel industry is still trying to cope and see the advantage from the latest trends on the internet. Social media such as Facebook and Twitter is growing daily. Challenges faced by hotels is the ‘how to’ engage the consumers and to lead them towards becoming a guest or share their experience for the hotel within their virtual network. For the past decades,
the Internet has gradually changed to a stage where the search engines takes control of website traffic. Therefore, businesses that jumped onto the social media wagon earlier see the pay off, as they have established their relationships and viral networks (Walsh, 2010).

The research conducted in this manuscript will attempt to give an insight to the hospitality industry on the effects of social media, furthermore to establish if social media is effective and recommended, and if so, provide an insight and proposition for adopting social media as a platform for marketing purpose.

**Limitation**

This study is based on secondary data and personal approach to evaluate the effects of marketing and social media in the hospitality industry. The advantage of using secondary data source is the fact that such information exists. It is less time consuming and data gathering cost is reduced on studies as compared to using primary data collection.

According to Stewart and Kamins, the disadvantage of secondary data is when collecting, reporting and interpreting the information; it consists of its own set of problems. The data collected tend to produce deliberate and intentional bias, hence the findings has the potential to arrive at varying conflicting conclusions (Stewart, & Kamins, 1993). It can be hard to validate. Thus conclusion drawn from secondary sources must be done carefully.

The study will attempt to focus on issues in social media by utilising secondary data to illustrate the matter stated with examples.
Glossary

Facebook
A social networking site where conversations take place between friends and family, to share photographs or humorous links you find on the Web and even locate long-lost friends (Nations, 2008).

Flickr
A photo sharing website that enable the members to upload their own photos and enable new ways of organizing pictures and have it publicly posted (Turnbull, 2005).

LinkedIn
A professional social network that connects one to trusted contacts and enables one to exchange knowledge and opportunities with a network of professionals (Weinberg, 2007).

Social Media
Social media is a social instrument of communication that encompasses a media with a social component (Commoncraft, 2008).

Twitter
Is a Miniature Blog where one can keep people abreast of what an individual is up to without the need to spend a lot of time writing an entire post on the subject.

Youtube
Is a website where an individual is able to upload, share and view videos.

Web 2.0
The term "Web 2.0" is generally affiliated with online community that encourages interactive information sharing, interoperability, user-centred design and collaboration on the World Wide Web (O'Reilly, 2005).
PART TWO

Introduction

Social Media Marketing (SMM) may be described as the act of using social networks, online communities, blogs or any other Internet form of media for marketing. “It is the umbrella term for the wide variety of tools and applications that give the Web its social capabilities” (Miletsky, 2010, p. 75). These tools are inclusive of familiar social networks like Facebook, Twitter and LinkedIn and YouTube. The goal of social media marketing is to gain brand awareness and interaction with the customers to talk about a specific business (Csutoras, 2008).

Social Media Marketing concepts and techniques basically consist of:

1. Increase brand awareness of services,
2. Increase sales,
3. Educate and inform customers,
4. Improve customer service,
5. Monitor brand reputation.

Social marketing provides visibility and awareness for the brand; this is the awareness that is essential to convert potential customers to loyal customers eventually. The secret is to create a thematic content that can lead to an effective marketing campaign. This move will generate brand awareness and the brand will be top of mind with the consumers if they decide to buy the product or services. For example, on 25th February 2010, Sony reported that Sony Vaio's Twitter account had achieved over £1 million in sales. Therefore Sony sees Twitter as a viable sales platform (Wares, 2010). Another success story through the use of Twitter is by the third-largest maker of PC, Dell, which reported that its promotions on Twitter have helped generate more than $6.5 million in orders for PCs, accessories and software (Guglielmo, 2009).
While traditional media keeps customers informed, social media goes a step further by keeping the customers stimulated and involved. When a company gets their customers involved and engaged, it leads to lasting working relationships with organizations. The level of customer support increases with the use of social media since it is personal and interactive. In the event of an unfortunate situation, social media may serve as a catalyst to turn this situation into an opportunity for a company to extend their services and go the extra mile to reverse the negative feeling.

Reputation management is a construe component of online activity for organizations with plenty of internet users, especially their customers. Whereas some organizations utilising the internet are cautious to project themselves in a way that suits specific audiences, other internet users embrace a more open approach. For instance, a report by Deloitte, titled ‘Hospitality 2015’ states that social media and new technology trends are playing the key role over the next five years towards the growth in the hospitality industry. With millions of consumers having internet access around the globe, these numbers are expected to increase by 50% in year 2015 (Deloitte, 2010). Nevertheless, the growth of social media can be positive for consumers but it can be bad news or an opportunity for hotel operators. Jeremy Wagstaff, a commentator on technology has shared that the most effective way to get satisfactory service these days is to tweet about how bad it is. Since hospitality is a leisure industry, social media may act as a disaster item for one’s brand (Wagstaff, 2010).

**Literature Review**

**Overview**

Social media may be interpreted in different ways depending on who is looking at it and what approach one takes. In general, it relies on Internet and Web-based tools and services to enable anyone the ability to publish information—be it data, audio, or video—on the Web (Computer Economics, 2010). The hospitality industry has yet to identify the
effectiveness of marketing through the use of social media. There is an abundance of advantages such as low cost investment, direct customer communication, brand communication and also it acts like a verbal evidence theory that people tend to believe when compared to commercial advertising (Hailey, 2010). Direct communication is one of the concepts that this manuscript will elaborate on. Direct communication allows for a two-way communication with the customers and social media. This communication medium promotes honesty and transparency. It can be considered a social vehicle and a platform for communication to take place on a virtual environment. For example, one such company is Danish butter brand Lurpak which launched a website called Bake Club. It is a platform for baking fans to connect online with other fellow baking enthusiasts. In addition, it enables Lurpak to connect with its consumers and hence the site allows Lurpak to build brand knowledge (Labbrand Consulting, 2010). Such opportunities are also know as brand communication.

The hospitality industry is very slow to gain momentum towards technology and is reputed to be reluctant to adopt technological advances. Therefore, the industry has not leverage on the power of social media and integrates it with their marketing initiatives. With consumers becoming more immune to conventional advertising and communication channels, the hospitality industry should turn to social media (such as LinkedIn, Facebook, Twitter) as a means of reaching out to their audience.

As Eva Abreu, the founder and publisher of NJSocialMedia, has stated that Social Media has become very much part of everybody’s everyday life. For the technology sophisticated users, social media is an alternative platform for them to enhance their knowledge and widen their network of connection. Whilst for the non-technological sophisticated users, they can learn from those whom are experienced in the IT aspect.
However, for those whom do not make an effort to be involved will be regarded as obsolete (Abreu, 2010).

The hospitality industry also fears social media because they think that it could be detrimental to employee productivity or even fears that social media has the potential to damage the company’s reputation. While social media engagement is essential to a business branding and communication, it can also work against a business if used inappropriately. However, a social media policy can be developed to educate and provide better understanding for their employees to keep within a certain parameters and implications of their participation. Nevertheless, there is a need to explore and discover if social media can become the new "tool" for effective branding and marketing purposes.

Social media is considered by some just a tool. It is a tool for connection and a medium for broadcasting. These social media tools are recommended to be used in the way they are designed. For example, Twitter and Facebook are used as a marketing machine while YouTube functions more as a public relations tool since it is video sharing website. In addition, LinkedIn is a professional networking tool; it is a site for business minded professionals to keep track of their contacts.

According to Mowat (2010) the adoption of social media such as Twitter, Facebook and LinkedIn has opened up a variety of avenues and opportunities to listen to the (hotel) guest. Owning a website is a form of marketing strategy; there has been a significant increase in marketing over the Internet these days. While social media is fairly new to most, the question on every business’s mind is as follows: is social media a distraction or a revenue generator?

Benefits of Social media marketing

A study conducted by two seniors at the Cornell School of Hotel Administration, Laura McCarthy and Debra Stock, explained that guest who travels frequently place their
emphasis on reviews by consumers more so than the ratings awarded by established
organization, such as AAA and Forbes. It is also surprising to find that people were likely to
post both favourable and unfavourable review (Hospitality Industry, 2010). Nielsen states
that 57% of customers will research for online reviews before making a purchase of a product
or service (The Nielsen Company, 2010)

With the growing trend towards social media marketing, it is now reflected as an item
in some marketing budgets. These individuals in hospitality should always keep in mind the
benefits of social media. With the advancement of technology, social media is and will be
very much part of our daily lives. Online marketing can take place in several social media
platforms, and that should be taken into consideration for the marketing strategy of a hotel.
Each hotel is different and must be treated accordingly, so a blend of social media tools such
as Twitter, Facebook, YouTube and Corporate Blogs should be used if necessary.

Social Media Networks Contribution

According to Burson-Marsteller Fortune Global 100 Social Media Study 2010, majority of global companies adopt a minimum of one source related to social media
platform. To a certain extent, 79% of the top 100 companies in the Fortune Global 500 index
are found to be applying at least one social media platforms (as shown in Figure 1): Twitter,
Facebook, YouTube or Corporate Blogs (Burson-Marsteller, 2010).
Twitter, Facebook, YouTube and Corporate Blogs

Burson-Marsteller (2010) compiled a report and state that there are some international companies that acknowledge the value of engaging in social media. Within the cluster of social media platforms, Twitter is the preferred media tool among Fortune Global 100 companies, with two-thirds (65%) having a presence on the social network. With at least one-half are reaching audience through Facebook (54%) and YouTube (50%). One–third maintains corporate blogs. Some of the very same organizations also see the value in the frequency and sustained engagement. The vast majority with active Twitter accounts (82%) have tweeted in the past week and at a high volume of an average of twenty-seven tweets each (as shown in Figure 2). Fifty-nine percent have posted on their Facebook fan pages, sixty-eight posted YouTube videos and thirty-six updated their blogsite (Burson-Marsteller, 2010).

If a hotel industry is not engaging in any of the social media activities like tweeting, linking or having an active blog, it just means that the hotels are missing out on the huge opportunity in digital marketing. To stay competitive in the digital world, the hotel has to be engaged or be involved with their intended audience by participating in online discussions, hospitality forums, podcasts, RSS feeds, and hotel review commentary while increasing awareness and building relationships with both new and loyal customers.

<table>
<thead>
<tr>
<th>Social Media site</th>
<th>Frequency of Activity</th>
<th>Percent with Activity</th>
<th># of posts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twitter</td>
<td>Past week</td>
<td>82%</td>
<td>27 tweets</td>
</tr>
<tr>
<td>Facebook</td>
<td>Past week</td>
<td>59%</td>
<td>3.6 posts</td>
</tr>
<tr>
<td>YouTube</td>
<td>Past month</td>
<td>68%</td>
<td>10 videos</td>
</tr>
<tr>
<td>Blog</td>
<td>Past month</td>
<td>36%</td>
<td>7 blog posts</td>
</tr>
</tbody>
</table>
Facebook

The question that arises in many hospitality businesses is why Facebook marketing? Facebook, another source of social media, is a fantastic avenue to stay visible and successful by making a face or a presence for the organization online. Facebook is one of the extensive social network on earth and almost reaching the 500 million active users mark, yet it continues to surpass former social networking giant MySpace. Nick O’Neill, a full time entrepreneur building a digital media company, shares that the company may hit the 600 million user mark and surpass $1 billion in annualized revenue by end of 2010 (O’Neill, 2010). The key component is to put in place an overall social media strategy instead of a standalone plan for Facebook. Since the customers tend to visit different social media sites and platforms with lightening speed, it is therefore imperative for companies to observe and manage their presence within a given site as a tactical execution. It has to be able to leverages site-specific features of the overall social media strategy (Manchanda, 2010).

In Facebook, people have a profile, but a hotel does not require a profile. Instead a hotel is like a brand, and they need to have pages instead of a profile. A hotel which uses Facebook must know their audience, and set up the pages according to their audience demographic. With such information, the content is created and Facebook marketing campaign must have the right exposure, awareness and motivation. With this in place, it can increase people and followers for the brand.

O’Neill (2010) stresses that organizations tend to measure the impact of social media in a quantitative way rather than in a qualitative way. This means that these particular organizations tend to count the number of “followers” that are participating in Facebook
instead of looking closely at these “followers” and analyzing their behaviour in relation to the product; this can lead to recruiting them as unpaid evangelists (O’Neill, 2010).

Hjörtur Smárason, director of Scope in Iceland (a company specializing in branding, social media and internet marketing) wrote in his journal about a most recent campaign done by Radisson Blu Hotel. The mechanics were simple and effective, as they are giving away “the greatest holiday in the world”, and the winner will stand a chance to win 365 free nights at any Radisson Blu hotel in the world and valid for five years. The competition started with at least 1500 participants, and within three days, the numbers rose to 3000 participants. The participants with the highest votes wins and Radisson Blu set up social media platform; Facebook to enhance the voting capability. On hindsight, the increase in participants would means that the branding for Radisson is spreading as far and wide in comparison with the campaign (Smárason, 2010). Therefore when interaction takes place with the brand, a community is built. People who were by-standers naturally become an advocate.

**Twitter**

Twitter is an effective medium for communications, whether it is to read or receiving the latest news to virtual conversations and building community. That is a reason for one to be on Twitter.

The apparent advantage for the hospitality industry to utilize social media is for the purpose of customer service, and Twitter is the ideal medium for resolving customer related issues or simply leaving a positive impact on the guest with a simple “thank you or you are welcome” tweet. However, the finest in the business are going the extra mile in the customer service arena. For example, the Wynn Las Vegas and Encore hotels use social media sites like Twitter and Foursquare to improve their customer service efforts and better meet the requirements of their guests. Hospitality businesses regardless of size — be it the largest
hotel chain to the boutique hotels — have found their own exclusive way to harness the power of Facebook and the distribution possibilities made available via Twitter.

The Hyatt Hotels launched their corporate twitter account in July 2009 and engaged customer service staff on a round the clock shift around the world. A comment shared by John Wallis, global head of marketing for Hyatt, explains that the Twitter initiative is to provide the extra mile for service (Mackenzie, 2009). This is clear that people these days are taking their communication to an open medium with the use of Twitter. Hence, hotels using social media tools are indeed encouraging their customers to use the twitter service to voice their opinions.

The secret towards an effective use of Twitter is for a hotels or an organization to observe the following key points:

- Conduct Some Research,
- Determine Your Goals,
- Identifying a Twitter Profile,
- Build Social Equity,
- Track the conversion rate measure ROI.

It is essential to conduct a research and hotels likely to use Twitter should invest the time understanding the types of conversations that is actively exchanged before executing a communications plan of its own. Twitter can be used in many ways, therefore the hotel has to determine their goals and the results it hopes to achieve through the use of Twitter. It can either be a platform for customer support or broadcasting of information such as new promotions or ad hoc activities during special occasions. Take for example, computer giant, Dell; they use Twitter to sell products.

A profile of some kind has to be created. If it is for a hotel, a branded account would be recommended as the Twitter name should reflect the name of the organization along with
a company logo. Twitter etiquette can harness trust within the community and credibility as well. To succeed in building social equity, customer engagement is vital. With all these in place, tracking the conversations will sum up the results to better understand the current trends and what it entitles in the social web environment. These results should always map back to the goals and objectives (Brito, 2010).

**YouTube**

As the Internet continues to grow and advance, YouTube is one of many social media tools that hotels or a business can explore and maximise the potential of it. YouTube is a video broadcasting channel, where millions of videos being hosted and viewed by 400 million people worldwide who are actively seeking information (Shipley, 2010). A hotel can use YouTube to promote and communicate with the audience to the business, thus attracting new customers by producing high-definition video or HD video and uploading them on YouTube. These videos could be an event about the company or an introduction or demonstration of a new product launched. Once videos are uploaded, it will reach the masses and ultimately the intention of using YouTube is to draw people to the hotel or a business.

To prove that viral effect of social media tools are effective, a musician, Dave Carroll took his revenge and composed a song titled, United Breaks Guitars’ and posted it on YouTube after his guitar was damaged on a United Airlines flight. The video clip has the country feel and actors were posing as baggage handlers and tossing guitar cases around the airport tarmac while Carroll strums his guitar. To date the video has almost 8.8 million viewers and still counting. With that video, Carroll’s music career has taken off and United liked the video so much that it is being used internally to train their staff and ensure that the customers will receive better service (Carroll, 2009).

As shown in Figure 3, a report by Burson-Marsteller (2010), based on per video channel, it is able to attract 38,958 viewers. The viewers stay connected with the company via
YouTube. This leads to an average of 452 subscribers per channel; in addition 54% of the channels are boasting comments from viewers (Burson-Marsteller, 2010).

The hotels have the capacity to produce videos, and one other way to promote the hotel is the use of testimonial videos from the customers. During the check-in process, the customer can be informed that a short 5 minutes video of them could earn them some incentive, such as a complimentary drink, a meal or a pair of tickets to an in-house entertainment. Since reviews are vital in attracting customers to a specific hotel, these videos have the potential to entice a potential customer to make a reservation at the hotel, instead of their competition or similar. With that said, the perception of a hotel brand is more often influenced by experience than by products.

On separate occasion, Aaron Schwartz, an executive recruiter who stayed at the Marriott Renaissance Ocean Suites, Aruba in June 2008, made a video of the lovely beach, flamingos and uploaded onto YouTube. That earned him a complimentary week’s stay when the general manager of the resort liked the video (Yu, 2008). This gesture encourages their guests who are social network enthusiasts (SNE) and as a result hotels take online videos more seriously as a marketing tool. Hotels can either create their own content to showcase their property or compliment it with their guests’ videos (Yu, 2008).

![Table](image)

**Figure 3.** Viewer activity on YouTube. Adapted from Burson-Marsteller Fortune Global 100 Social Media Study, 2010.
Corporate Blog

Corporate blogs or blogs is a new-age way of communicating online. Corporate blogs are usually used as the public interface to the company. It gives a personal touch which is why a lot of small companies, especially the web-based ones are using this as a combination of customer support, PR/Media announcements and generally a way to get messages through to the targeted audience (or employees/partners) in a more personal manner.

A blog is simply the colloquial short version of a Weblog and it’s a combination of ‘web’ and ‘log’ which means a website. It is generally low cost as compared to traditional marketing strategies. The use of corporate blogging enables companies to strengthening relationships with their customers. As shown in Figure 4, corporate blogs are surprising popular in Asia-Pacific (Burson-Marsteller, 2010).

![Figure 4. Global 100 companies with blogs. Adapted from Burson-Marsteller Fortune Global 100 Social Media Study, 2010.](image)

The hotels should take advantage of corporate blogging to market their business and reach out to its audience online like Bill Marriot, Chairman and CEO of Marriott International. In January of 2007, Bill Marriot entered the Blogosphere to a much talked about topic in the Blogging community (Brusha, 2008). The intention for the blog is to provide a channel for their audience to interact with Bill Marriott and hear what the audience have to feedback and build on the community. Mr Marriott takes his audience on a journey
with him using social media. The intent is very clear, purely communication with the
customers globally. Bill engages in a dialogue to learn and grow as an organization and to
stay connected with the customers wherever he may be. It links back to the header on the
blog, it reads, Marriott on the Move!

**Implications**

The customers are getting more resourceful and would do their research online for
their travel needs before making a decision. A lot of time is invested and when online
initiatives are carried strategically, they are able to see the fruits of their labour. Hotels that
experience healthy returns on their investment should continue to increase their intensity on
the time spent in order to build the business for their online market. While others who have
not venture into the online era for their business, must be aware that their customers may not
necessary make a booking online, but would utilize online resources when making a decision.

A number of these concepts may be implemented using a variety of tools. The tools
that were selected for this study were chosen based on their fit to explore each concept.
Before considering implementations for any of these concepts, it may be of value to create a
Strategic Marketing Plan that outlines the goals, tactics, and strategies for the project
involved. In this manner, the organization will have the guidelines in place for the
implementation of the ideas. In addition, this can serve as a timeline for intervals of three,
six, or nine months milestones, so the goals can be measured. In the absence of a strategic
plan, the organization may find it challenging to keep up with the inbound marketing tactics.
Finally, without a timeline and a performance measure plan, it may be difficult for an
organization to determine the level of success or failure.

**Conclusion**

It may appear that utilizing social media tools have a variety of advantages; it also has
a fair share of disadvantages. Nevertheless, if an organization focuses on the two key issues
such as engagement and content, it will maximize the potential of social media tool. The brand has to know the target audience and engage in conversations that are credible with relevant content. Overall cost of investment is low and since social media is the platform for communications and engaging between the brands and the consumers, it will eventually lead to brand recognition. One fundamental point to be aware is that social media may appear to be low cost; however it will require the investment of time. The organization will have to set clear objectives when using social media and have the right set of strategies for the respective business in order to succeed in the marketing strategy (King, 2009).

Unlike traditional media which is one way, social media has an added advantage as it is a two-way communication and conversations are exchanged as a result. Traditional marketing tools such as print advertising, direct mail, and even email blast may be losing their effectiveness since consumers are going online before making a purchase (Green, 2009). With the internet, consumers source for trusted sites for hotels recommendations when making travelling arrangements. These tools allow the consumers to start a conversation and potentially are at the advantage to be converted as the brand ambassador.

Even though the hospitality industry has not gone full trotter on social media adoption, some international hotel chains already understand the effects and are taking advantage of the benefits. The organization requirements and direction of the business has to be considered when considering the implementation of social media. In brand communication, in order for the organization strategies to be effective, social media needs to be integrated within the strategies before execution takes place. The study will examine the suitability of social media as a method of marketing for the Hospitality Industry.
Part Three

Introduction

Hotels properties whether they are classified as boutique or hotel chains that plan to use Social Media – need to have the groundwork established and carried out strategically to engage the potential customers to the hotel. While social media is not costly to set up compared to traditional marketing tools, there is still a need for a concrete plan to execute the process and determine the measurables in terms of brand loyalty and ROI (Whalen, 2010).

A social media strategy plan may comprise of some of these following questions and factors where an organization should pay attention to:

- What is the main purpose? Is the objective meant for awareness, loyalty or sales driven?
- What kind of relationship to established with the customers?
- Establish if the customers utilizes any form of social media.
- What do the customers use social media for? As a blogger, information seeking or a contributor to feedback and complains.
- Determine the metrics to be used to measure brand loyalty and ROI.

Among the above mentioned factors, measuring the metrics for success of social media is often not done by organizations. Based on a 2009 Mzinga and Babson Executive Education study, it is known that at least 80% of professionals do not take into account the ROI for their social media programs for their company (Dash, 2010). The metrics can be measured quantitatively and qualitatively, so as to collect both the ‘concrete’ numbers and anecdotal evidence (feedbacks, comments, pictures etc) to give a holistic and accurate perspective to social media strategy (Brown, 2010). Table 1 lists the social media metrics – quantitative and qualitative factors.
Table 1.

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Activity Ratio – Events that are being</td>
<td>Number of posts,</td>
<td>Feedbacks</td>
</tr>
<tr>
<td>initiated</td>
<td>Frequency of updates on post</td>
<td></td>
</tr>
<tr>
<td>Returns – Brand Loyalty and ROI</td>
<td>Number of leads,</td>
<td>Positive and Negative</td>
</tr>
<tr>
<td></td>
<td>Conversion rate,</td>
<td>Stories,</td>
</tr>
<tr>
<td></td>
<td>Track through promotional codes</td>
<td>Learning</td>
</tr>
<tr>
<td></td>
<td>Size of network,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Numbers of members that</td>
<td></td>
</tr>
<tr>
<td></td>
<td>will re-share the information,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Frequency of members who re-share</td>
<td></td>
</tr>
</tbody>
</table>

There is a definite advantage when considering the metrics strategy while devising the overall social media strategy for a property. The earlier the thought process is established regarding what needs to be tracked in these six categories, the better innovative social media strategy to be ROI-oriented will be formulated (Brown, 2010). The successful hotel brand website as it appears currently will take a whole new different perspective in the not so distant future; it will need to be the primary gathering place for all brand points online – as well as the place for transaction (Whalen, 2010).

**Results**

The importance of Social Media is still growing and could well become an essential mode of communication towards interacting with the customer and hotels can take advantage of this trend and rip the benefits in terms of online placement and revenue. The hospitality
industry may question itself on why to introduce social media and what could the benefits of
the social media elements entitle; the results below are gathered from various independent
sources in the hospitality industry.

**Social media the way to go**

The experience of being online enables a more open and direct form of interaction
with the customers. Both parties can also reply to any questions or feedback and be engaged
in a two-way communication. It is an effective way to spread a piece of information by word
of mouth through the social network –hence becoming an advocate towards an organization’s
message or cause within the social and reaching the areas that cannot be reached on some
occasions.

According to Jake Hird, a Senior Research Analyst for E-Consultancy, taking 50
million as the benchmark, radio achieved that number of listeners in 38 years. Television
reached that same number of viewers in 13 years. The internet took four years and iPod only
required three years to reach that same number of users. Comparatively, in less than nine
months, Facebook managed to reach 100 million users, while 1 billion iPod applications were
downloaded in same time frame. (Hird, 2009).

The revolutionized of digital communication is overwhelming and as such, the ever
increasing social media tools can only get better and embracing this phenomenal change will
lead a business to build a long term strategic business asset. Traditional marketing should not
be abandoned nor should one jump onto the social media wagon to create a profile
immediately; but it is imperative to have a strategic plan on the usage and implementation of
social media and this could well save some marketing dollars on advertisement. It is obvious
that a hotel can save money, build and grow a network along with enhancing the relationship
with the customers. It is also an excellent way to provide better client service and a long term
investment with the customers (Tassava, 2010).
Social media is more than just a ROI

Social media has a small costs but it is relatively much lesser than traditional marketing tools. It can be a challenge to measure as compared to certain business that has straightforward cost and revenue. Nevertheless, social media cost encompasses various factors such as a company goals, metrics, direct cost and time taken; of which most are indeed soft measurement so plainly put it as qualitative (Brown, 2009).

Along with quantitative measurements, social media costs are mainly associated with qualitative measurements, and the value of the activity plays an important role versus some ROI to be gained. While time is often the main issue where social media is concern, yet it is not measurable unless there is a dedicated team to manage the social media activities; and at most times such activities that involve social media will take place in bite size. Hence the essence of time would fall under the qualitative measurement. The success of social media is based on the volume of networks, relationships building and conversations that are moving around in the social circle. Time is required to build up the relationship and be connected with key players within the social platform and ensure the content that goes out is of quality and not simply to create a ‘buzz’.

The success of social media is beyond just measuring the bottom line, but instead it can be qualify by the numbers of followers, fans or links to the website. Just like blogging, the success rate is determined by the amount of comments received as much as being able to comment on other blogs and establish an exchange of conversation.

Jason Falls, one of the most in-demand speakers in the social media states that ROI is a business metric and not a media metric. Therefore it is not fair to insist that the measurement of social media marketing success be based upon a calculation of “ROI.” It does exactly measure up to all of what social media can do (Falls, 2010). A presentation at
the Social Media Success Summit 2010, Falls outlined the five areas that is beneficial to a company’s social media marketing efforts and details how to measure them. They are:

- Branding and Awareness,
- Building Community,
- Customer Service,
- Research and Development,
- Direct Sales (Falls, 2010).

Success Stories of Social media in hospitality

There are many third party companies that take care of reservations online for independent hotels or multi property groups and resorts. One such company is NORTHWIND, provider of Maestro Enterprise Property Management hotel software and reservation software solutions for the industry’s leading hospitality partners.

The Gainey Suites Hotel in Scottsdale have had many write ups on being the ‘social media’ hotel and how social media helped generates hundreds of room nights. This is contributed through the strong Twitter followings along with online videos via YouTube and also Flickr photo sharing site where photographs are being shared on how attractive the property is. Promotions and information on special events at the hotel are being featured through Facebook and leveraging further since it is ranked number one in Tripadvisor.com (Travel Industry Wire, 2010).

Rich Newman, general manager of the Gainey Suites Hotel admits that the hotel has the freedom to get creative online with social media, promote their hotels with a creative style which could not have been possible to do on the website; and having the Maestro’s ResWave booking engine on the website creates links to the social media pages. These links eventually drives business because potential customers are able to view rich-media hotel presentations and eventually customers respond by making a reservation based on the unique and
personalized likes of what was featured online. Such social media strategy would then translate to hundreds of room-nights and the hotel’s food and beverage business has a share of the pie (Travel Industry Wire, 2010).

InterContinental Hotels Group (IHG) is a multinational company and is the world’s largest hotel group by number of rooms. Currently, IHG owns, manages, leases or franchises 4,400 hotels and more than 650,000 guest rooms in 100 countries all around the globe. IHG adopted social media platform at the fourth quarter of 2009. According to Kevin Hickey, IHG’s global manager of lifecycle and e-mail marketing, shared that it was the emphasis on CRM enablement, and realizing the opportunities lies at the center of conversation with the customers—mostly due to technology that prompted the need to take a different approach to the email marketing efforts and integrate the email system and enable sharing (Fletcher, 2010).

InterContinental Hotels Group (IHG) is ahead of many of its competitors and currently introduced its second phase of the mobile application strategy with the global launch of its Priority Club Rewards application for the Android. The new application will allow the customers to locate and make or cancel a reservation from the seven IHG’s brands. The Priority Club Rewards application for the Android came after the release of the Priority Club Rewards iPhone application in April 2010. This application has been downloaded 70,000 times or more globally and has generated nearly $3 million in revenue. The enhanced mobile brand websites and the iPhone application have generated $2.5 million for IHG per month (InterContinental Hotels Group, 2010).

Michael Menis, vice president, Global Interactive Marketing, IHG, said, “The growth of the mobile capabilities and their success in the marketplace in just one year indicates that the customers want access to information wherever and whenever they want” (Menis, 2010).
Without a doubt, mobile marketing enables the customers to be entertained and kept abreast of the latest information. (Michael and Salter, 2006).

In order to understand if social media is working for an average size hotel, the hotel operators need to observe how well social media is working for hotel chain or a group of properties. Majority of companies that are open to social media sites would have started with at least a Facebook or a Twitter account; however, the Four Seasons takes on further with social media. Take a look at the Four Seasons’ Social Media At-A-Glance page, one would notice that there is a presence found on Twitter, Facebook, YouTube and downloads for mobile and web applications. This is not all, and with each click on the social platform, there is more to it, such as:

- **Twitter.** Four Seasons has a localized Twitter account for each property, instead of a main Twitter account. This enables potential or existing customers to have a conversation and to receive individual twitter feeds as it is both fun and friendly. Each property is unique and the localized accounts become more personal to the customers and promotions are more specific to each property.

- **Facebook.** Each property has its own Facebook profile and pages, instead of a corporate Facebook account. Additional facilities such as polls page, booking forms and special offers are inclusive in the account.

- **YouTube.** A collection of short video clips is available on the Four Seasons YouTube channel. The intent is to give the potential customers an idea of a specific resort and to entice into making a reservation.

- **Download Apps and Widgets.** The Four Seasons would have done a research and decided to cater to travelers by reaching out through an iPhone application. There is also a Facebook app and an embeddable widget for one’s website or blog site (Brown, 2010).
The Four Seasons is doing well in the application and use of social media, as it can reach out to the customers worldwide. The social media tools and applications made available to the customers are well covered for now. It ties the Four Seasons brand which symbolizes impeccable and unforgettable customer service; hence the availability of social media gives a whole new meaning of customer services for the customers.

Another well known property chain, the Wyndham Grand London Chelsea Harbour hotel took the initiative to marketing the property online and created a corporate blog to increase their online presence. The initiatives included setting up a branded social network pages on Twitter, Facebook and YouTube, with efforts taken to manage and maintain the daily updates.

These initiatives were successful and the Wyndham Grand website and blog observed a 20% growth in targeted traffic. At the same time, the branded social network platforms observed an increase in “followers” at an estimated increase of 30% per month. As expected, the business opportunities and the inquiries continue to rise as part of the increase in the online environment (Brady, 2010).

Conclusion

The hospitality industry was one of the product leaders in understanding the value of the Web site and the most importantly the value of search engine optimization (SEO). As a natural result, the hospitality industry embraced the possibilities of social media. The hotel websites in their infancy stages were understood by marketers as the equivalent of a brochure in an online environment. At the moment, social media is still evolving and its potential in this industry still remains to be seen.

Social Media is an integral part of the real-time search algorithm. It creates a real connection between companies and customers; that connection creates a trend for purchase intensity. Ongoing connection and relationship with the guests will eventually turn them into
ambassadors and a volunteer marketing army. The property needs to ensure that social media is an integral part of the overall marketing plan. Should the budget and resources become limited, then social media domain needs to be monitored in an effective manner. Hoteliers, who want stay ahead of the curve, need to invest today in the media that is fast emerging as the future of internet marketing (Aggarwal, 2010).

In this time and age, it is not how social media can be used to attract customers, but instead how the customers are using social media to locate the source and then decides on the outcome. Social media is a form of “social validation”. When customers do not have sufficient information to make independent decisions, it would lead to information being source externally through friends and family or external parties.

The most valuable social validation occurs through viral marketing when individuals that one trusts, recommends a product. For example, when Twitter tweets or Facebook posts are looped by individuals that have social influence, it is amazing to observe the snowball effect in action in spreading this recommendation. The next time a marketing blast regarding the same product occurs, the social media fans will be excited to receive it.

Another question that arises is whether consumer generated reviews can have an impact for a business. In July 2009, the Nielsen Company announced the results of a study that was conducted in 50 countries with 25,000 participants (refer to figure 5). Ninety percent of participants that participated in the survey shared that they trusted recommendations from individuals they know on a personal basis, while seventy per cent stated that they trusted consumer opinions that were posted online (The Nielsen Company, 2009).

Jonathan Carson, President of Online, International, for the Nielsen Company was reported as saying, “The explosion in Consumer Generated Media over the last couple of
years means consumers’ reliance on word of mouth in the decision-making process, either from people they know or online consumers they do not, has increased significantly” (The Nielsen Company, 2008).

The report as portrayed in Figure 5 illustrates consumer trust (The Nielsen Company, 2009):

![Figure 5. Consumer trust in advertising by channel - 2007 vs. 2009. Adapted from The Nielsen Company, 2009.]

In a completed study by Deloitte's Consumer Products Group (as shown in Figure 6), sixty two percent of the respondents to an online poll said they now read online product reviews posted by other consumers. Out of which, eighty two percent who read reviews said that their purchasing decisions have been directly influenced by those reviews. Customers are using the reviews to confirm their initial buying decisions; these reviews can also influence the customers in changing their buying decisions (Deloitte & Touche USA LLP, 2010).
Figure 6. Purchasing decisions influenced by reviews. Adapted from Deloitte & Touche USA LLP, 2010.

While the percentages appear to be a little higher for younger shoppers, all age groups are reading and acting on online reviews, based on this study (as shown in Figure 7). In addition, sixty nine percent of the respondents stated they have shared online reviews with friends, family and colleagues.

Figure 7. Active readers according to age group. Adapted from Deloitte & Touche USA LLP, 2010.

Recommendation

The Web 2.0 world gives opportunity to a regular consumer the freedom of speech and asserts their opinion, where companies have to keep their message transparent. Since
information is readily accessible through the internet while on the move, it is important that companies maintain an effective and transparent internet marketing campaign.

Traditional marketing has become less effective and consumers prefer information of a product from a non-biased source so they can derive at a decision on a company’s products or services. Social Media may be defined as to web applications, tools, software, or websites that can connect individuals and companies. Some of the most popular social media sites are Facebook, Twitter and YouTube. These sites provide the possibility for individuals to connect electronically with other individuals who may have similar interests, read each other’s opinions, and to form their own decisions based on what they read from the these “communities”. Just as in the non-virtual world, companies must find ways to maintain visibility and have customers practice viral marketing.

Social Media is not only about connecting people and exchange of opinions. It can play a vital role in marketing, messaging, and customer interaction. Social media together with the hospitality industry can make a great pair. Nevertheless, it is unfortunate that very few hotels actually know how to make that happen. As a result, the strategies for social media undertaken by the hotels are full of mistakes, which results in countless number of missed opportunities.

One common mistake that hotel tend to make is insufficient social media visibility for the property. Social media is new in the hospitality industry and there are occasions when hotels hide the social media presence without realizing the non-intended action. It defeats the purpose of how social media is meant to impact a business. The property may have Twitter and Facebook account, but without any indication, these guests may not even have known the property has a social media account. Therefore having visibility or some form of in-house literature such as newsletters, in-room feedback cards, food and beverage outlets receipts) to
inform the guest on the social media presence, would be an advantage to encourage the existing customers to join the hotels’ social media network.

Some hotels’ website have social media widgets that are either non-existing or the icons too small for the eyes of the customers. However, if widgets are not placed strategically, be it too small or barely noticeable, then it also defeats the purpose. Take for example, the Four Seasons Hotel in Singapore [http://www.fourseasons.com/singapore/] –the link to the social media widget is right at the bottom of the webpage and font is too small; and some hotels do not create a link from the social media accounts to the corporate website. This hinders the effectiveness of social media. Social media is about connecting with the customers and enabling a two-way conversation, and widgets should be placed at the strategic location on the website.

Dr. Nielsen a user advocate has conducted a research in this area. He has found eye tracking visualizations show that users often read Web pages in an F-shaped pattern: two horizontal stripes followed by a vertical stripe (Nielsen, 2006). A widget or content that is placed within the F-shaped of a webpage will be effective.

Surfing the internet can be fun and informative. It is a platform for dialogue to take place between the customers and a brand. While most hotels want to maintain a corporate image, on the other hand, the tweets tend to lose the essence of fun. A tweet which does not spark any interest in the twittersphere environment loses the connection of the social media community. Followers may not necessary enjoy reading informative tweets and to add some light-hearted tweets helps to bond on a different level. Occasional quizzes or contests can be added in the tweets to create an element of fun during an update of tweets.

Finally to set up a social media account can be a simple and linear task. However, securing an account is does not finalize the marketing of the social media component nor can it generate revenue. What it requires is consistent updates and to reiterate what social media
is all about. One must not forget about socializing and the same principle applies for all
social media accounts; a stagnant account is no different from leaving the account to collect dust.

Setting up and running social media marketing can be significantly less expensive than
advertising buys, traditional public relations (PR) and big trade shows. However, if a
compny suffers from time poverty, then social media may be an additional cost. Time can
be a scarce commodity for an organization and social media campaigns may need a time
investment. Social media campaigns are far from a project where an organization will pay
and wait for the results. For a social media strategy to be successful, daily web monitoring is
a necessity. The company needs to comment on related blog posts and be in touch with the
online influences on a personal basis. In order for a social media campaign to produce the
expected results, it is recommended that 25% of the time of the marketing department is
dedicated to this task.

Currently, social media has a strong presence in the hospitality field. Past hotel guests
and potential future hotel guest are influencing and are influenced by each other in the virtual
environment especially through the usage of online reviews. Having social media strategies,
tactics, and even a department dedicate to these tasks appears no longer to be a product
enhancer but rather a product qualifier. The hoteliers need to take social media seriously and
not ignore it in the hope that it will go away.
References


