



Contents lists available at ScienceDirect

## International Journal of Hospitality Management

journal homepage: [www.elsevier.com/locate/ijhm](http://www.elsevier.com/locate/ijhm)

## Research Paper

## Hotel social media metrics: The ROI dilemma

Eleni Michopoulou<sup>a,\*</sup>, Delia Gabriela Moisa<sup>b</sup><sup>a</sup> University of Derby, United Kingdom<sup>b</sup> Manchester Metropolitan University, United Kingdom

## ARTICLE INFO

## Keywords:

Social media

Metrics

ROI

Hotel

Online marketing

## ABSTRACT

This study offers a perspective of social media performance measurement techniques adopted by hoteliers, with a focus on financial returns. The research adopted a qualitative approach, data was collected through semi-structured, open-ended interviews. Findings indicate that ROI is understood as an umbrella concept, where engagement rates, customer response and volume of likes and comments are most important. However, the element of ROI in the form of financial outcomes derived from social media remains elusive.

This research contributes to social media adoption literature by investigating current social media measurement practices within the hospitality industry. While hotel managers employ diverse strategies for social media deployment, the focus on the effectiveness of these strategies is questionable, particularly considering financial metrics. This study presents key metrics currently used, but more importantly highlights which aspects of social media performance measurement are neglected and the gap they create in assessing social media strategies holistically and effectively.

## 1. Introduction

The present times phenomena represented by the worldwide accessibility to the Internet is reshaping the world as we know it. Defined as ‘the lovechild’ of the World Wide Web, social media comes in various forms, including forums, blogs, microblogs, photo-sharing platforms, social gaming, business networks, chat apps, and social networks (Statista Inc., 2016). The power of social networking is supported by the recent statistics, showing that the number of worldwide users on social networking is expected to reach 2.5 billion by 2018, an equivalent of approximately a third of the Earth’s entire population (Statista Inc., 2016).

Global internet users spend, on average, 101.4 min per day surfing social networks, with user engagement continuing to grow (Statista Inc., 2016). The main social networking sites including Facebook, YouTube and Twitter, and their global usage have grown to a scale that can only be described as ubiquitous (Hoffman and Novak, 2012). In the United Kingdom alone, the statistics from January 2016, show that 59.47 million people are internet users, a total of 92% of the total population of the country using the Internet, and 85% of them using it on a daily basis. This prompts the regional, national, worldwide brands and marketers to use that time and screen space to promote various products or services via social media advertising or marketing. For example, considering its 22 billion ad clicks per year, Facebook is offering businesses the biggest advertising opportunity since search

functionalities (Wordstream Inc, 2015). However, finding a firm foundation on which to base strategic decisions regarding on how to employ social media, to influence, and to engage their customers, still remains a challenge for many marketers. And although it has become easier to set a well-established social media strategy, the question naturally arises whether the money and time invested into a social media strategy is actually resulting in a better performance for the whole business (Nadda et al., 2015).

In 2016, the hospitality industry generated over 73bn of Gross Value Added directly to the UK economy, it accounts for 3.2 million jobs through direct employment, which makes it the 4th biggest employer in the UK, succeeding the business services, wholesale and retail, human health and social work (BHA, 2017). The industry’s success is heavily dependent on consumers’ purchasing patterns, which have recently been shaped by the various dimensions of social media, including social networking sites, user generated content, Web 2.0 contents and mobile applications (Kizildag et al., 2017). As studies have shown, social media directly affects consumer experiences, travel movements, selections as well as behaviours (Kizildag et al., 2017), and managers must place great importance on the use of technological advances, while aiming to boost market performance growth and profitability. Even more importantly, considering the nature of the hospitality industry, which is characterized by seasonality, intangibility, and perishability (Gonzalez-Rodriguez et al., 2018), and the current market conditions where people are constantly connected to social media, it becomes clear that

\* Corresponding author.

E-mail addresses: [E.Michopoulou@derby.ac.uk](mailto:E.Michopoulou@derby.ac.uk) (E. Michopoulou), [moisa.delia@yahoo.com](mailto:moisa.delia@yahoo.com), [deliagmoisa@gmail.com](mailto:deliagmoisa@gmail.com) (D.G. Moisa).<https://doi.org/10.1016/j.ijhm.2018.05.019>Received 27 October 2017; Received in revised form 15 May 2018; Accepted 16 May 2018  
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hoteliers' failure to devise and execute an effective social media strategy could be regarded as a "dereliction of duty" (Bowen, 2015).

Considering the variety of different platforms and engagement types available through social media, measurement may prove to be rather difficult (Dahl, 2015), and Berkowitz (2009) proposed a list containing 100 different ways of measuring social media including likes, comments, ratings, clicks, changes in market share. However, some of these measurements have been questioned, suggesting that social media activity is itself inherently immeasurable (DiStaso et al., 2011). On the contrary, Dahl (2015) further claims that not all measures are completely meaningless, and scrutinising data and interpreting it with great care is key. Nonetheless, managers and marketers are still facing challenges to demonstrate the value of their investment on Twitter or Facebook, while the most common model used to measure the impact of their social media strategy is by 'reach and frequency' (Hoffman and Fodor, 2010).

Furthermore, the literature provides valuable information supporting the successful contribution of various social media platforms both in terms of financial as well as non-financial returns. However, when investigating the phenomenon of metrics, the existing literature mainly focuses on testing formal relationships between financial and single marketing metrics, for example Ngobo et al. (2011), and Luo et al. (2010), O'Sullivan et al. (2009) looking at customer satisfaction metrics. Similar studies explored the use of social media for hotel human resource activities (Gibbs et al., 2015), and how social media can be used as an augmentation to traditional internal communication channels with hospitality employees (King and Lee, 2016). However, the extant literature suggests that limited research has taken place in this area, and it highlights the fact that there is no dominant framework to measure success. More importantly, the research undertaken by Simply Measured (2016) on 350 social media marketers found that the metrics being focused on do not match the needs highlighted, with 56% of them focusing on engagement metrics, and one of their greatest challenge being represented by the ROI measurement. Wozniak et al.'s (2016) study on Swiss Destination Marketing Organisations reveal that ROI is a key performance indicator, however direct sales are not core focus. Kim and Park's (2017) study demonstrated the impact of social networking sites and online travel intermediaries' review rating on RevPAR, ADR and TrevPA Aluri et al. (2015) examined the effectiveness of embedded social media channels, suggesting that these positively affect ROI (Phelan et al., 2013), while Buhalis and Mamalakis's (2015) research based on a hotel in Rhodes suggests that social media ROI can be measured in two forms, financial and non-financial. In other words, the performance measurement for social media is highly variant and dependent on the type of the industry, as well as the organization.

Therefore, this research contributes to the growing body of literature by raising awareness on the impact that social media can have on a business, and by bringing new interpretations of ROI to light, which have yet to be adequately discussed. This study investigates whether hotel managers are measuring the effectiveness of their businesses and provides a deeper understanding on *how* they measure it, and *what* metrics are used when defining success. Through the data collected, the study contrasts and compares various practices across different hotels, providing guidelines which are currently unavailable to practitioners operating in the hospitality industry.

## 2. Theoretical background

### 2.1. Social media as part of marketing strategy

Defined as "the pinnacle of an integrated marketing effort" (Constantinides, 2014: 44), social media marketing plays a significant part of a company's marketing mix (Sterne, 2010). An increasing number of studies provide a comprehensive view regarding basic patterns of engaging social media as part of a company's marketing strategy (Deighton and Kornfeld, 2009; Bernhoff and Li, 2008; Prahalad

and Krishnan, 2008), and two main approaches appear to emerge: a passive approach, and an active approach (Constantinides, 2014). The passive approach focuses on social media as a potential source of customer voice (Parise and Guinan, 2008; Anderson, 2007), while providing marketers with information regarding customer experiences, needs and expectations, trends. In the Active approach, social media represents a tool of communication, customer acquisition and retention, as well as direct sales (McKinsey, 2007a, 2007b).

Marketer's recognition of the need to regain some control over the customer-controlled social media space, together with competitive pressure, has prompted many organisations to invest in their social media presence and develop plans to launch marketing activities in this domain (Constantinides, 2014; Barwise and Styler, 2003). Recent reports show that social media teams that are integrated within the marketing organization has grown from 49% in 2015–63.2%, in 2016 (Simply Measured, 2016). However, when it first emerged as a category, there were no standards for expertise and experience, and companies relied on hiring young staff and interns to post on Facebook and Twitter, without any goals, process, or understanding of the networks used (Simply Measured, 2016). As Lovett (2011) confirms, this might be irresponsible and short-sighted, as social media's value is not any less important than customer service or product development.

Hotel industry executives and managers have received much evidence that social media influences guests' booking behaviour, hence rates and occupancy. In an attempt of determining ROI for social media efforts, Anderson's (2012) study confirmed that a 1% increase in a hotel's online reputation score leads to an occupancy increase up to 0.5%, 1.42% increase in revenue per available room (RevPAR), and 0.89% increase in the hotel's average daily rate (ADR). Also, online customer reviews play a key role in optimising sales conversion rates, and research shows that positive reviews can double the conversion rates (Saio, 2012). However, managing online reputation, content strategy, social media platforms for customer service and support, marketing, reaching international audiences and using social media as a booking channel, are just a few drivers leading the businesses to embrace social media (Mintel, 2016). For example, Holiday Inn Express Hyatt trialled using Facebook Messenger to communicate with guests, while Best Western International, Accor and Marriott International adopted the TripAdvisor Instant Booking. Loews Hotels & Resorts in the United States have been using Twitter to make reservations, and in 2015, the Hilton owned brand, Conrad Hotels & Resorts, started offering bookings via Instagram (Mintel, 2016). Nonetheless, engaging social media as a marketing tool directs towards the company's final step of consistent strategic efforts to improve their services or products (Constantinides, 2014).

### 2.2. Metrics and measurability in social media

Considering the vast number of databases available, companies now have the potential to extract all kinds of information and understandings related to their current or potential customers. However, in practice, organisations are underutilizing what they know (Michopoulou and Buhalis, 2008; Rust et al., 2010). In this context, metrics are seen as lenses through which this data is approached, converted into information and later on, into knowledge that further guides strategic decisions at a corporate level. Rust et al. (2010) suggested that metrics can be tools helping to drive customer engagement, to minimize the wrong application of financial metrics that lead to short-sighted management practices and processes (Mizik, 2010), and also to support the establishment of customer centricity (Wind, 2008; Shah et al., 2006).

Marketing performance literature has previously identified various manners or attributing value to marketing actions (Vassinen, 2011; Rust et al., 2004; Lenskold, 2003), which have eventually led to a ramification of two viewpoints: on one hand, financial metrics, and on the other hand, indirect measurements (Ambler and Roberts, 2008). For

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