



# Social Media Marketing and the Hospitality Industry: Evidence from Thailand

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## **Abstract**

*Social media are increasingly important in today's marketing world, and have become a major factor in influencing consumer behavior. This study bridges the gap in literature to identify how hotels use social media for their marketing communications and to determine the importance of social media for the hotel selection process of tourists. Face-to-face interviews were conducted with hotels in Phuket, Thailand, and an online survey was conducted with travelers to this destination. Social media are used by many consumers in gathering information prior to their travels and selecting hotels based on the comments and reviews provided by other travelers, as these are often considered more reliable than traditional online sources of information. A group of the respondents do not use social media due to privacy and reliability concerns. Most of the hotels in Phuket consider social media as an effective channel to interact with their customers and an effective PR tool for promoting and improving the brand awareness of their hotels. Social media act as a powerful word of mouth among users rather than as a direct sales tool. The paper provides recommendations on improving the effectiveness of hotels' marketing communication via social media.*

**Keywords:** *social media, hotel marketing communication, user-generated content, Phuket*

## **INTRODUCTION**

Internet, as arguably the most significant technological phenomenon today, provides completely new competitive opportunities to the tourist firms (Andrlic and Ruzic, 2010). The emergence of Internet marketing and new technologies has had a significant impact on the operations of marketers and consumers. Technology innovation has developed with the change of consumer behavior. The consumers are now seeking participation in which they can share and be a part of the communications (Larson, 2009). In today's world increasingly the consumers are the key persons who decide what information to share, how that information can be used (Stewart and Pavlou, 2002, p. 394). More power is now in the consumers' hands, thus creating challenges for the marketer.



“The new demands created by changed consumer needs, societal changes and technological developments, mean that organizations would have to keep up with these changes and start to rethink their ways of operation” (Radder, 2002, p. 49).

The ways of communicating with customers have also changed significantly with the emergence of Social Media, also referred to as consumer-generated media (Mangold and Faulds, 2009). Social media are becoming increasingly important in today’s marketing world. It is now one way of doing marketing for business organizations. Individuals are using social media not only for networking but also for business purposes. Social media emphasize on building customer relationship rather than just direct sales and it also makes information easier to access at any time. Online social media offer the opportunity to connect with the audiences, unlike traditional media (Brown, Broderick and Lee, 2007).

Social media are a very broad concept and include a variety of websites where there is much information to share among the users. They have become a major factor in influencing various aspects of consumer behavior including needs recognition, information acquisition, opinions and attitudes, purchase behavior, and post-purchase communication and most importantly evaluation (Mangold and Faulds, 2009).

Increasingly more and more companies are using social media as one of their marketing channels to communicate with their customers, advertising and also selling products. Among others the hotel industry has also started to use this media as a tool for promoting and create brand awareness. This study will investigate further how effective this marketing strategy is for the hotels in the island of Phuket, Thailand, a popular tourism destination which in 2010 had over 3.5 million visitors (OTD, 2011).

There are few academic papers on marketing communications via Social Media, with limited previous literature on social networking marketing. In addition, there is no previous literature that has been discussed hotels’ marketing communication in Phuket.

The research objectives for this study are to identify how hotels use social media for their marketing communications and also to determine its effectiveness and importance of this media on consumers’ hotel selection process. Recommendations are provided on improving the effectiveness of marketing communication through social media.

### **Related Literature**

Blackshaw (2006) describes social media as the internet-based applications that carry consumer generated content that is relevant to the past experiences or any source or online information issues. The consumers create this themselves, based on



their experience with products and services, and share it among themselves aiming at educating about the products and services (Xiang & Gretzel, 2009). These can be seen as extension of word of mouth (WOM), a very powerful tool that influences consumer behaviors.

The twenty-first century is witnessing an explosion of Internet-based messages transmitted through social media. These media have become a major factor in influencing various aspects of consumer behavior from awareness to post-purchase behavior (Mangold & Faulds, 2009). The marketing trends have now changed and instead of firms communicating to their consumers now consumers can also communicate with other consumers using social media. Many consumers now see social media as the most trustworthy source of information about the products and services than communications derived from the corporations. Unfortunately, there is very little guidance offered to the marketing managers for incorporating this media with integrated marketing communication strategies.

There are different types of social networking sites such as Facebook.com, MySpace.com, Twitter.com; consumer review sites such as tripadvisor.com, lonelyplanet.com, and business sites such as LinkedIn.com for instance. Trip Advisor is one of the popular sites where consumers share their experience through comments and has become a very powerful WOM communication (Ramsey, 2006). Marketers need to control and enhance positive WOM by working on relationship management, in order to be effective in marketing communication through these channels (Payne and Frow, 2005).

Hospitality eBusiness Strategies (2011) listed the use of Social Media as follows:

- Relationship Building
- Heightened brand awareness
- Increased visibility
- Sharing activity

Social Media also serves as cost cutter as it is a low cost medium to communicate and indicate the insight on users' preferences, attitudes, feelings and behavior, in a way more direct and efficient than the use of a research company to figure out this information (Li and Bernoff, 2008).

Social media also have significant impact on hotels that are using them to attract new clients, maintain the existing ones and also boost their online presence. They cannot ignore the rising popularity of social networking sites and UGC content nor the role they are playing in the trip planning behavior (Cox, Burgess, Sellitto and



Buultjens, 2009). Hotels are increasingly using Facebook and Twitter to publicize new activities and offers and keep up to date with customers. Hotel bookings are increasingly being affected by the many forms of Social media and the peer and guest reviews that have proliferated throughout those sites (Astbury, 2011).

The hotels use these media as marketing tools to communicate with the users and at the same time maintain their relationship. Additionally, the hotel industry is now seeing hotel booking rates influenced by Facebook (Astbury, 2011). Facebook can be used as a tool to create awareness, communicate with customers and response to their comments, etc. Hospitality eBusiness Strategies (2011) suggested that it is important to respond to positive and negative comments in order to enhance relationship, gain valuable feedback and address negative issues. According to HotelNewsNow.com, TripAdvisor has been surpassed by Facebook in terms of percentage of hotel bookings influenced by user referrals. Facebook have become integral to hotel information. An analysis by Cornell University researchers finds that hospitality firms rated Facebook, Twitter and YouTube as the most effective online marketing channels (ehotelier.com, 2011)

The Clockwork white paper, 2010 has listed eight in which hotel brands are using Facebook:

To promote special offers: from time to time, the hotel can promote last-minute offers or any special promotions on Facebook.

To promote special rates for Facebook fans: for instance, the hotel can set the Fans Rate for their Facebook fans to have more involvement with their existing loyal customers.

As a competition tool: to create awareness and also keep reminding their brands to customers and at the same time giving competitive advantages for the brands.

To promote portfolio of the hotel properties: it is good to have a whole page presenting all properties of the brand, especially with the brands that have many properties globally.

For surveys: It is always important to stay up-to-date with the customers' needs and wants, and at the same time the hotel can keep their interactions with their fans.

To promote events: Facebook page can be used to promote different events and serve as an invitation card to their fans.

To enable booking: without changing the page, this can enable the customer to do the online bookings via Facebook.



To promote the latest news: Facebook page can also be used as a channel to announce the latest news to the customers. This is probably the easiest and fastest way to reach the target market.

For Twitter the products are being promoted through the tweet option. These can also be communications among consumers. Twitter is extremely valuable for the organization as it allows instant communication and is more interactive than most other online channels. Twitter can be used to build relationships by replying to positive tweets or by addressing negative feedback and show users that the organization recognizes the issue and will work on it; this can minimize the loss of reputation (Hospitality eBusiness Strategies, 2011). Hotels can use Twitter in two different ways:

To promote special offers: Both hotels and travel agents are now promoting offers specific to Twitter followers.

Customer Service: Many hotel brands are using Twitter to respond to customer complaints or comments. The prompt response can enhance the positive word of mouth, and reduce the negative one.

Given the intangible nature of tourism and hospitality services, consumers who have never been to the destination rely a lot on embracing the information supplied by other people through word of mouth and social networking sites on the internet (Saranow, 2004; Ricci and Wietsma, 2006). Compete Incorporated (2007) estimates the consumer's generated content has influenced more than \$10 billion annually in online travel due to the increased reliability it is considered to have compared to more traditional forms of travel marketing.

Hotels in Phuket have also adopted social media for their integrated marketing communications. This research investigates the use of social media by hotels in Phuket. The effectiveness of this marketing channel will be evaluated from the hotels' and consumers' perspectives.

## **METHODOLOGY**

**This study adopted a mixed-method approach to the data collection.**

Face-to-face interviews were conducted with the marketing directors of 15 hotels in Phuket using purposive sampling method in selecting hotels that are active in Social Media Marketing. The interview questions were adapted from Luck & Lancaster (2003), Danaher & Rossiter (2011), Melewar & Smith (2003), and Mangold & Faulds (2009). The interviews focused on the overall effectiveness of this marketing channel, and on how hotels use Social media for their marketing communications. The topics



included were related to the way they practice their marketing activities and the importance of social media for their strategy and as a revenue-generating tool.

An online questionnaire was distributed to Facebook, Twitter, LinkedIn, YouTube and TripAdvisor users. The questionnaire was posted at the Tourism Authority of Thailand (TAT) Facebook page as well as at [www.thaivisa.com](http://www.thaivisa.com). The survey questions were adapted from Goldsmith & Lafferty (2002), Xiang & Gretzel (2009), Mangold & Faulds (2009), Hospitality eBusiness Strategies (2011), and Constantinides (2004). The questionnaire consisted of 3 pages of closed and open-ended questions with the first section about the demographic section and consumer behavior on the second part. The respondents were asked to rank the importance of social media with relevance to their travel, to evaluate the importance of the factors influencing their hotel selection, and to describe their behavior in using these media.

## **FINDINGS**

### **Hotels' perspectives**

For many hotels in Phuket, social media is still a new marketing communication tool to learn and be engaged with. However, social media are starting to have an impact on hotels that are using them to attract new clients, maintain the existing ones and to boost their online presence. Many of the hotels commented that it is a must to engage in social media as a part of their marketing tools even though they are not actively doing so. Some of the hotels use this media in order to keep up to date with the current trends. Others are genuinely engaged with these media.

Social media are used for both leisure and business purposes for many companies. Originally, social media was used for social networking only; however, trends are now changing and it is increasingly used by businesses especially in the hospitality industry who sell memorable experiences. The major reasons hotels practice social media marketing are to build image and to promote their hotels. The majority of the hotels stated that they adopted social media marketing to enhance their image and to provide PR for the hotels. Social media channels can enable them to learn more about customer preferences and their behavior, and help with their Customer Relationship Management (CRM). It is very important for their CRM programs and thus further leads to generating more room nights and driving more revenue for the hotel. In addition, social media is an effective channel to interact with their customers as it is very easy to reach their target in an influential way.

The majority of the hotels mentioned that although social media cannot help them to sell directly, they help the hotel in terms of brand awareness and exposure to outside people. They further commented that it acts as a powerful word of mouth tool to connect between users. Some stated that social media helps them to reach their



target market but more as a long-term tool than as a short-term one. All kinds of customers can be influenced by social media as nowadays almost everyone has started using social media, said some of the hotels.

Although it is still hard to really measure its effectiveness, some of the hotels have come up with different campaigns to measure the channel's effectiveness. To some hotels, social media are increasingly one of the channels for generating revenue. Different hotels have different ways to measure social media marketing effectiveness. Many hotels mentioned that they measure its success by the Click-through rate, Bounce rate and Like rate, as well as fan numbers on Facebook pages and followers on Twitter. One hotel measured by distributing a questionnaire to the guests, during check-in, to learn more about how the customer found out about their hotels. Others organize cocktails to enable customers to talk personally and directly to the managers. In addition, some hotels measure success by the numbers of comments and responses on their pages as this shows the customer engagement on their products. Two hotels measured its effectiveness by Return on investment (ROI) as they also invest in social media advertising.

Most respondents agreed that although social media are not yet directly revenue generating for some hotels, they are an increasingly effective WOM and PR tool for the hospitality industry.

Hotels in Phuket are aware of the importance of the social media popularity, with Facebook and TripAdvisor being the two most popular, in enhancing their image and PR, followed by Twitter, and the power has shifted towards this media. They are working on investing more in social media in terms of personnel and time as currently for them it is not a very high investment. Many of the hotels stated that although they are not very active in this now, in the near future they will be more involved in this media as that would be the main channel to interact with the customers and promote their hotels.

### **Consumers' Perspectives**

From the 216 valid returned online surveys, most of the respondents were between 31-45 years, followed by the under 30 years' category. The majority of the respondents were male.

There are significant differences between males and females as more of the female respondents use Facebook everyday than the male respondents. Also, more male respondents tend to use TripAdvisor to search for travel related information than female respondents. TripAdvisor is found to be widely used by foreigners in gathering information prior to their travel or selecting their hotel. In terms of nationality segments, Asians perceived travel agents as important in selecting hotels,



whereas online sources were more important to Australians, Europeans and North Americans.

Based on the survey results, Facebook, YouTube, Twitter and MySpace are mostly used for connecting friends. TripAdvisor and Lonely Planet are mostly used in searching for travel related information from the reviews and comments on those sites. Not many of the respondents use Facebook in collecting information prior to making decisions when choosing hotels; however, nearly 50% of the respondents share and comment about their experiences after the consumption of the product on their Facebook status, with 30% of them doing so on TripAdvisor. This shows that Facebook and TripAdvisor are the most influential social media and a very powerful word of mouth among consumers as the respondents are no longer seeking information from travel agents or company websites but through others' experiences in their status updates.

A Chi-square test was conducted to test for differences in the frequency of social media use, reasons for using and the consumer behavior among different age groups. Here the use of Facebook between different age groups is significantly different as 76% of the respondents under 30 years used Facebook everyday while middle-aged people and those over 60 years tend to use it less frequently. However, for the Trip Advisor, all age groups tended to use it just as often with the age group of 46-60 years having the highest percentages (37%) amongst all the respondents.

Another Chi-square test showed that Asians ranked the top in terms of using Facebook, followed by Europeans and USA. Only 3% of Asian respondents never used Facebook, while the number was 38% for other nationalities.

A Chi-square test was conducted to test the significant differences in the frequency of social media use, reasons for using and consumer behavior between Thais and foreigners. Significant differences were found in online hotel purchasing behavior in which foreigners (26%) tend to purchase more in a year than Thais (6%). Thai respondents tend to use social media like Facebook for general purposes more than foreigners.

A Chi-square test was further conducted to test the significant differences in the frequency of social media use, reasons for using and consumers behavior among educational levels. The results found that consumers with bachelor degree and above use more Social Media for business purposes.

Many of the respondents used Social Media, mostly TripAdvisor and Lonely Planet, to gather information prior to their travels or for selecting the hotels based on the comments and reviews. The respondents also used Social Media like Facebook and TripAdvisor for their post-trip sharing experiences. They tend to comment on the



social media after their travels for sharing their experiences. It was found that the updates on Facebook or Twitter would only create awareness among consumers; it might not generate sales at that time.

However, for some respondents social media has many disadvantages. They see social media as a threat and a security risk for some business travelers; also many corporations discourage their use. Some respondents mentioned that although social media are reliable, they tend to use their own experience to judge the information accurateness. They feel that social media is a threat for their privacy and security.

## **CONCLUSION**

Marketing communication via social media can be very effective for hotels in Phuket if each one assigns an employee or a team to take care and be responsible for the e-commerce channel only. Marketing communications through social media can be very time consuming and requires a hotel's representative to respond to guests comments promptly in order to generate more social media engagement. Many hotels stated that social media is becoming increasingly important; however not many of them have assigned an employee to take care or implement it officially. Besides monitoring and measuring the effectiveness of this channel, hotels can enable booking through this media, especially during special occasions when they can come up with a special offer just for this channel to boost their room bookings, and at the same time measure the effectiveness of social media engagement of the hotel.

Social media result in horizontal relationship that reaches every part of the business, from customer service to customer acquisition to customer retention, unlike a vertical layer such as advertising. There are different ways to gain advantages from social media if monitored efficiently. The hotels can strengthen their product or service development and customer service, and this is very important in the hospitality industry. With social media, hotels can identify their customers' needs easily, with the additional benefit that they can get in touch with customers directly, making communications more efficient and resourceful. Social media enable businesses to identify and choose who they want and need to talk to. The key to success with marketing communications is to monitor measure it continuously. Unlike other kinds of advertising it is not possible to generate revenue overnight; for this marketing channel to perform it takes time and continuous effort in monitoring it. Hotels need to train and empower their staff to engage and control effective marketing communication via social media.

Social media are widely used for both leisure and business purposes by many companies. They are also used by many consumers in gathering relatively reliable information prior to their trips based on the comments and reviews given by other



travelers. Social media also act as a powerful tool in influencing others in selecting destinations or hotels. For some it is a highly influential channel. Many of the respondents use social media after their trip to upload photos, share comments and experiences with others. However, there are still many respondents who do not use this media as a reference for their travels or for choosing a hotel due to *privacy, reliability, security and accuracy* reasons. Overcoming these apprehensions would be a significant boost to hotels' marketing communications in the world of social media.

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