The Social Media Mandate for the Hotel Industry

It's time for hospitality companies to harness the power of social media by assessing the suitability of various channels for their ability to increase customer engagement, enhance customer satisfaction and improve retention rates.

Executive Summary

In the early 20th century, Hungarian author Frigyes Karinthy posited the concept of "six degrees of separation," arguing that any two people in the world, no matter how geographically distant, could contact and be acquainted with each other through a maximum of five intermediate people, or links. A link could include a personal acquaintance with the immediately preceding and succeeding members of the chain. Karinthy believed that the social world had effectively shrunk due to advances in communication and transportation, such as the invention of the telephone and the advent of air travel.

Today, with more than a billion active users on Facebook, and nearly a quarter of the world's population socially networked (and expected to rise to 35% by 2017[1]), Karinthy's premise is becoming outdated. With the search features available on social networking platforms, it is possible to locate anyone, anywhere in the world, and directly contact that individual. The notion of six degrees of separation is gradually being replaced by the ability for individuals across the globe to directly reach out to each other.

Given the rampant use of social media, it's clear that tremendous benefits can accrue for companies that enable effective social media interventions, including conveying information about their service, maintaining brand perception, encouraging highly satisfied customers to speak well of their experience, and offering immediate response to negative experiences. This is particularly true for travel and hospitality companies, given the propensity for people to use social media when researching their vacation destination, sharing their vacation experience, and reviewing the places they've stayed. Consider that 52% of Facebook users said their friends' photos inspired their vacation choice and travel plans, and 55% of travelers said they changed their travel plans after researching their trip on social media.[2]

By engaging with social media, hotels can begin to grow their digital footprints, or what we call the enterprise Code Halo.™ [3] When enterprise Code Halos collide with customer Code Halos (created by customers' posts, likes and other digital activities), hotels can gain valuable insights that enable them to develop highly personalized and contextual customer experiences that lead to competitive differentiation.

In this white paper, we will examine and discuss the various ways for the hotel industry to harness the power of social media and Code Halos through

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social CRM initiatives. We will also assess the suitability of the various social media channels for serving distinct business objectives.

Importance of Social Media to the Hotel Industry

Thanks to increased social networking among consumers and the influence of social sites such as TripAdvisor, Kayak, Expedia and Yelp, it has become a business imperative for hotels to embrace social media. As Dilip Puri, managing director of Starwood India, explains, general managers are more concerned about checking online feedback on social media than the occupancy and room rates of their hotels.[4]
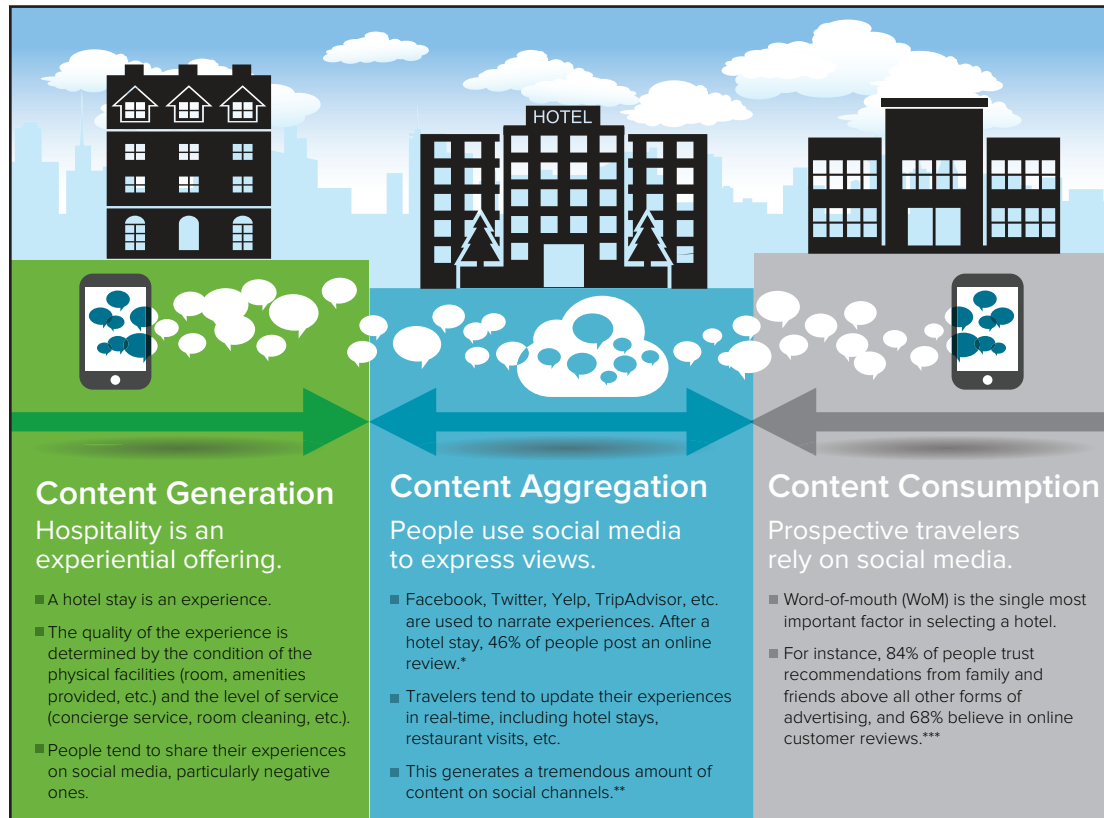
Most major hotels now have dedicated teams that monitor social comments on a daily basis, and ensure prompt response to customer issues and feedback. "An individual can do significant damage to your brand simply by an online post," says Patu Keswani, chairman and managing director at Lemon Tree Hotels in India. The hotel gets 30 to 40 comments every day and responds to all of them, Keswani says, as rating sites increasingly become routes to booking.[5]

Figure 1 outlines how managing conversations on social media has become pivotal to maintaining the brand image of a company – and how negligence on this front can be potentially devastating for a hospitality business's reputation.

Given the inescapable need to invest time and resources into managing online reputation, business leaders may question whether social media is a cost center. We believe the answer is no, as long as social media channels are creatively used for low-cost, high-impact marketing and service initiatives. These initiatives can dramatically increase customer engagement with the brand, enhance customer satisfaction and improve customer retention rates.

Impact of Social Media on Hotel Reputation

Content Generation
Hospitality is an experiential offering.

- A hotel stay is an experience.
- The quality of the experience is determined by the condition of the physical facilities (room, amenities provided, etc.) and the level of service (concierge service, room cleaning, etc.).
- People tend to share their experiences on social media, particularly negative ones.

Content Aggregation
People use social media to express views.

- Facebook, Twitter, Yelp, TripAdvisor, etc. are used to narrate experiences. After a hotel stay, 46% of people post an online review.*
- Travelers tend to update their experiences in real-time, including hotel stays, restaurant visits, etc.
- This generates a tremendous amount of content on social channels.**

Content Consumption
Prospective travelers rely on social media.

- Word-of-mouth (WoM) is the single most important factor in selecting a hotel.
- For instance, 84% of people trust recommendations from family and friends above all other forms of advertising, and 68% believe in online customer reviews.***

* "Techie Traveler," MarketResearch, March 23, 2012, http://blog.lab42.com/techie-traveler.

** On TripAdvisor alone, there are more than 170 million travel reviews and 100 new contributions posted every minute. 90% of questions posted in TripAdvisor forums are responded to within 24 hours. See http://www.tripadvisor.com/PressCenter-c4-Fact_Sheet.html.

*** "2012 and 2013 Social Media and Tourism Industry Statistics," Stikky Media, February 2014, http://www.stikkymedia.com/blog/2012-2013-social-media-and-tourism-industry-statistics.

Figure 1

High-Impact Social CRM Initiatives

The potential applications of social media are limited only by the creative potential of those in charge of the social CRM strategy. We will focus on a few initiatives that are easy to implement and can provide a force multiplier to conventional marketing and service initiatives (see Figure 2).

Information Dissemination

Different social media channels are suitable for sharing different types of information. For instance, YouTube can be used to create a video library of the hotel, including guided tours of the facility and the surrounding attractions, special features (i.e., indoor parking), interviews with staff and customers, etc.[6]

Social media platforms such as Flickr and Pinterest can be used to upload images of the different areas of the hotel and surrounding locales. Because 80% of Pinterest subscribers are women,[7] this channel is of special significance to hotel marketers, since leisure travel is predominantly planned by women. Social networking sites like Facebook can be used to share the latest updates about the hotel, such as the opening of a new annex.

Using social channels to distribute information offers a wealth of benefits, such as reduced traffic to costly channels like contact centers and a better customer experience. The information conveyed on social media improves the decision-making process for potential guests, especially because it can be shared in real-time.

An example of using social channels effectively can be seen at the Roger Smith Hotel in Manhattan, whose social media strategy includes:

- **A social blog,** www.RogerSmithLife.com, which functions as a repository for nearly all of its online content. The hotel invites users to visit the blog via Facebook and Twitter, which hosts all of the hotel's videos and pictures from YouTube and Flickr.

- **A library of over 900 YouTube videos.** The philosophy underlying the video content is to tell interesting stories that engage and inform the user rather than simply promote the brand.

- **Twitter and Facebook accounts** that are regularly monitored for guest comments, with responses provided within a short timeframe. Twitter is also used to communicate information and deals (see Figure 3, next page).

- **A culture of collaborative content creation.** The content generated comes from both the staff and interested guests.

Five Applications of Social Media for Hotels

Marketing

1 Information Dissemination
Use social media channels to share information, i.e., videos on YouTube, photographs on Flickr and Pinterest, updates on Twitter and Facebook, etc.

2 Ongoing Customer Engagement
Create a buzz around the brand by conducting contests and employing gamification strategies on social networking channels like Facebook.

3 Just-in-time Marketing
Extend market deals and offers to customers in real-time that are personalized and contextualized to customer situations.

Service

4 Extending Concierge Service
Enable customers to seek service from any location using social channels like Twitter to enhance customer satisfaction.

5 Service Recovery
Ensure that unfavorable opinions expressed in social media forums are addressed in a timely and transparent manner.
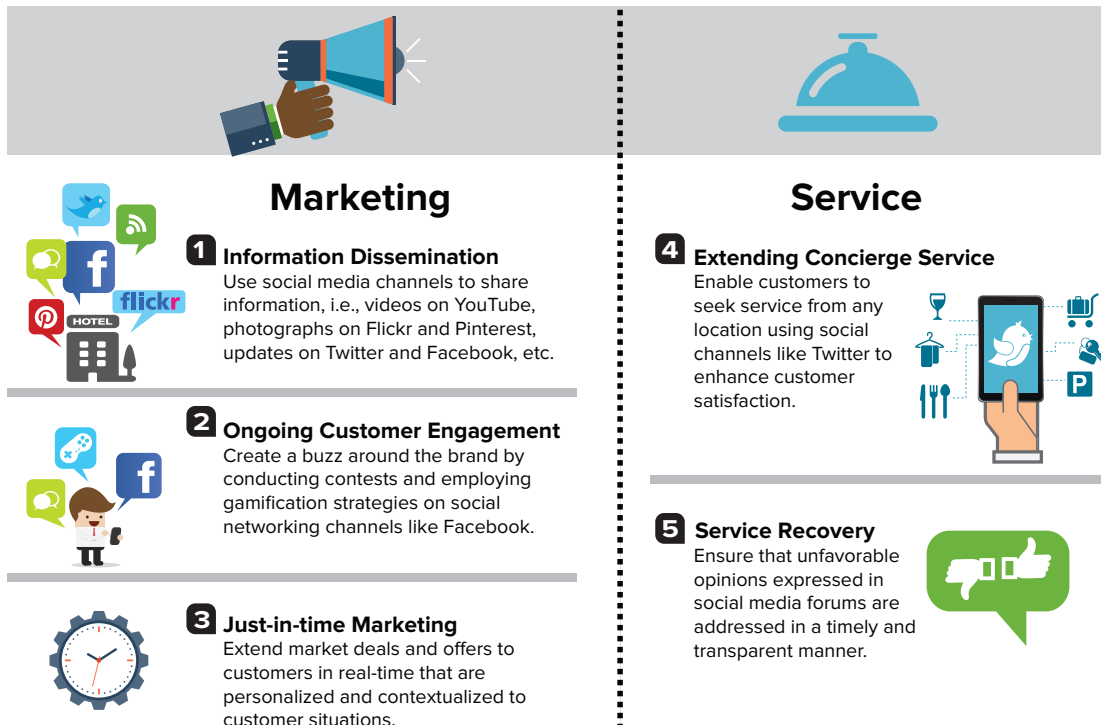
Figure 2

According to John Knowles, director of innovation, the hotel uses its video and content strategy to fuel its marketing and business. "The methods of social media will constantly evolve, but the dedication to community remains the same: Inform, educate and encourage others to spread the word," he says.[8]

Ongoing Customer Engagement

Continuously engaging with users and generating a sense of community within the customer base can substantially improve customer retention rates. Social media provides an opportunity for hotels to create a buzz around their brands and maintain an ongoing dialog with customers.

For instance, social media platforms like Facebook can be used to sponsor contests like "Photo of the Week." Gamification techniques can increase user involvement, by offering a sense of competitive excitement at little cost to the business, as prizes are offered only to winners rather than disseminating offers to the entire user base.

Consider Starwood Hotel's loyalty program, Starwood Preferred Guests (SPG). Starwood has partnered with location-based mobile application company Foursquare to award loyalty program members who check in via Foursquare with points that can be used to gain a variety of privileges, from free nights to room upgrades (see Figure 4). Moreover, each month, the user with the most check-ins at Starwood properties is anointed as "SPG Mayor" and interviewed on the SPG specials landing page. Mayoral duties on Foursquare include sharing travel tips with fellow travelers across the globe.

Another example is the Best Western group of hotels, with its "Be a Travel Hero" campaign. Initiated in spring 2012, the campaign was premised on the belief that most business travelers feel a sense of guilt when they are on the road and away from their loved ones. Its objective was to transform that feeling of guilt into one of heroism. Rewards members could build a dream vacation for their family and friends on Facebook and invite them to join in for an opportunity to win a dream vacation.[9] The campaign was a staggering success, increasing sales in the two-month spring period by 20% year over year, and generating an additional 283,617 "likes" for its Facebook page.

Just-in-time Marketing

Some of the most innovative applications of social media in the hotel industry employ Code Halo thinking at the intersection of social and mobile channels. Location-based applications, such as Foursquare, are widely used in the industry for marketing to users in a manner that is directly relevant to their current needs. For instance, when Foursquare users check into Wynn Hotel and Casino in Las Vegas, they get a complimentary glass of champagne at Blush Boutique, one of the hotel's nightclubs.[10]

Starwood Preferred Guests Program: Connecting with Foursquare
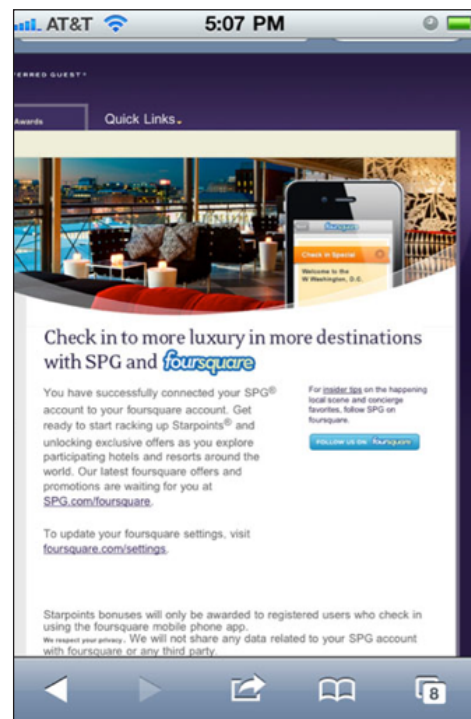

Figure 4

Roger Smith Hotel's Twitter Page

Figure 3

Tools such as LobbyFriend enable businesses to use a combination of social and geolocation technologies (see Figure 5). The LobbyFriend mobile application allows hotel guests (once they check in) to connect with others staying at the hotel, as well as hotel employees. This can be highly beneficial for, say, business travelers attending a conference, as they can instantly connect with other attendees. Hotel staff can also make on-the-spot offers to guests who have downloaded the application. Once a guest checks out of the hotel, the LobbyFriend social network is no longer available. This is an example of a temporary social network, as it is event-generated (check-in) and event-terminated (check-out).

Extending Concierge Services

Social media channels, particularly Twitter, have made it possible for guests to seek help from any location instead of just the front desk. An example is Hyatt's Twitter Concierge Service, launched in 2009 (see Figure 6). "When we launched this," says John Wallis, global head of marketing and brand strategy for Hyatt, "we made a conscious decision that this channel would only provide information and never push out promotional information."[11]
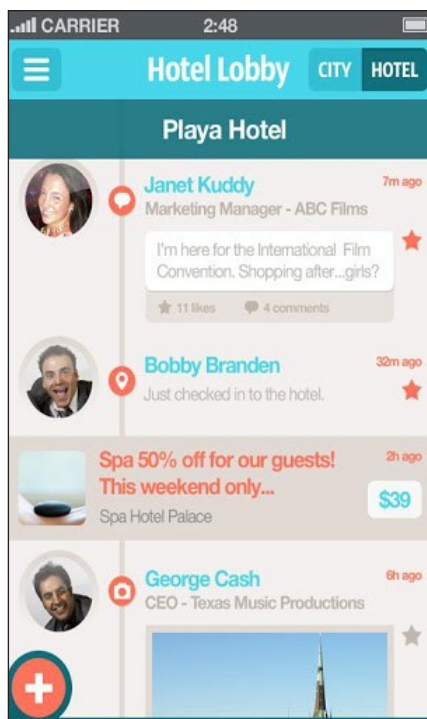
LateRooms.com, a leading hotel reservations Web site headquartered in the UK, provides online concierge services that enable customers to post their questions through Facebook or Twitter and receive timely responses and relevant information (see Figure 7). According to BrandWatch, a provider of social media monitoring and analytics tools, 30% of the inquiries handled by LateRooms.com get converted into sales.[12]

Service Recovery

Travelers who have had a poor experience with a hotel will often vent their anger in social media forums. Negative comments, if not acknowledged and followed up with remedial action, can be devastating to the reputation of the company, as the sheer reach of social networks means negative publicity spreads very rapidly. On the other hand, effective service recovery can actually increase customer loyalty,[13] as it conveys the perception that the company cares for its customers.

LobbyFriend Android App

Figure 5

Hyatt Concierge Service

Figure 6

LateRooms.com Concierge Service

Figure 7

When faced with a negative comment on a social media channel, a hotel should:

- Acknowledge the complaint (i.e., thank the user for posting his/her experience).
- Show empathy.
- Provide an explanation for the poor experience (if such an explanation exists).
- Offer an apology, if the poor experience was triggered by a mistake on the part of the hotel.
- Provide a direct contact number/e-mail address for the customer to contact the company for follow-up on the grievance.
- Transfer the complaint to another channel if that can lead to swifter resolution (e.g., ask the contact center to call the customer if the problem is related to loyalty membership).
- Track the problem to satisfactory closure.

An example of this is an interaction that occurred on TripAdvisor.com between a customer and the staff at the Landmark London, a five-star hotel situated in the heart of London (see Figure 8).

The hotel's response conveys great empathy and concern for the customer's complaints, provides plausible reasons behind the chosen course of action and explains the remedial actions being taken to address his grievances. Equally deftly, the response steers clear of apologizing for what are clearly not mistakes on the hotel's part (the unavailability of rooms).

When responding to negative criticism on social media, the following points should be considered:

- It is equally if not more important to acknowledge and respond to positive comments as it is to provide redress to aggrieved customers. Satisfied customers require very little effort at retention and are the most valuable customers for the business.
- Offering freebies or discounts to aggrieved customers is generally undesirable, as it can lead to blackmailing behavior (i.e., customers threatening to write poor reviews unless the hotel provides them with extra privileges, discounts, etc.).
- Social media is not a substitute for the conventional feedback mechanisms of guest experience, such as surveys and forms.[14]

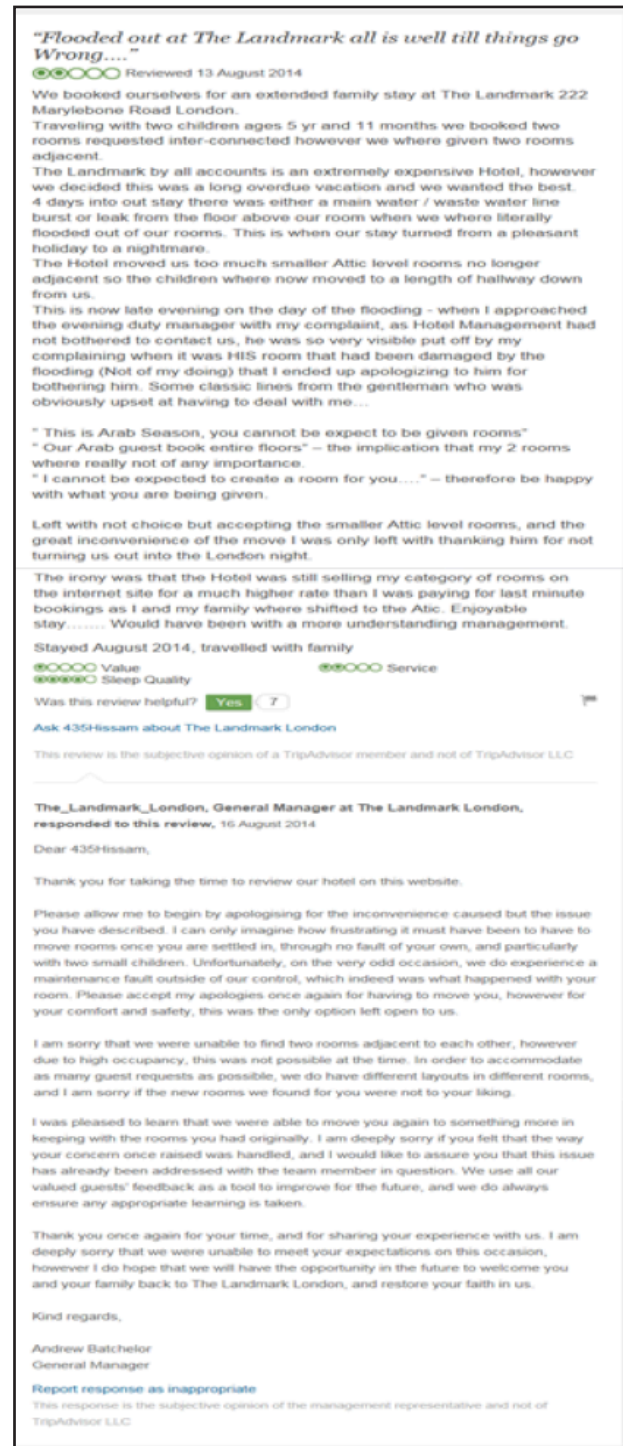## Effectively Countering Negative Sentiments on the Social Web

Figure 8

Optimizing Social Media Channels

Each social media channel or platform has its own set of distinct characteristics that makes it ideally suited for certain applications. Marketers in charge of a hotel's social media strategy must ensure that each social channel is deployed to serve not more than two or three clearly defined objectives. Using a channel for a wide spectrum of communications can reduce the efficacy of that channel, as customers respond best when they receive a clearly defined and delimited (in terms of content type) set of communications over a channel.

Figure 9 provides a list of the most suitable applications and corresponding best practices for some of the most popular social media channels and platforms.

Given the typical applications of each social media channel or platform, we can also assess which channels are most applicable at each stage of the hotel customer lifecycle. We assume that this lifecycle consists of three stages, with distinct marketing objectives at each stage:

Key Applications for Social Media Channels /Platforms

	Channel Characteristics	Most Suitable Applications	Best Practices
Facebook	■ Enables bidirectional conversations. ■ Most popular social networking tool.	■ Community-building (contests, promotions, gamification apps). ■ High-frequency updates.	■ Avoid lengthy posts. ■ Update content at least twice weekly. ■ Incorporate reservation app/widget onto the Facebook page.
Twitter	■ Ideal for short, focused messages. ■ Extensively used by business travelers.	■ Concierge services. ■ Last-minute deals and offers. ■ Response to criticism and defusing of crisis situations.	■ Use Twitter as a communications channel, and not as a push marketing channel.
You Tube / flickr / Pinterest	■ Visual channels provide a high level of user engagement. ■ Low-cost marketing, with user-initiated viewing of content. ■ YouTube content appears in search engine results.	■ Information dissemination (i.e., create a hotel channel on YouTube to upload informational videos). ■ Generation of user excitement (i.e., use Flickr and Pinterest to post pictures of rooms, menus, sightseeing options in the vicinity).	■ Market indirectly by engaging and entertaining viewers. Explicitly promotional marketing should not be undertaken on these channels.
yelp / tripadvisor	■ Reviews of hotels are posted and ranked. ■ Quality of peer reviews is a very important criteria in hotel selection.	■ Reinforcement of positive reviews by acknowledging and thanking customers. ■ Mitigation of negative sentiment in a timely fashion by professionally addressing user grievances.	■ Perform a sweep of these sites once or twice daily, and address all comments. ■ Avoid generalized, non-specific responses to critical reviews.
Blogs	■ Ideal for longer content. ■ Frequency of content updates is lower than on other platforms.	■ Creation of content digest/metadigest. Blogs can be used to aggregate content from different channels or provide links to content on other channels. ■ Showcasing of industry expertise via Tumblr.	■ Keep posts succinct and focused. Address one or two themes at most in a post.

Figure 9

- **Pre-purchase:** At this stage, marketers need to communicate information about the hotel, such as the facilities and amenities, surrounding attractions, unique features, etc. This is also the stage at which hotels would want to generate excitement and buzz about their brand. One way to do this is through contests and gamification strategies.

- **Purchase:** In this part of the purchase lifecycle, hotels need to communicate relevant deals and promotions, as well as provide personalized service and communications to assist in the purchase process.

- **Post-purchase:** This is the remarketing stage, in which customer feedback must be acknowledged and grievances redressed. Customer contact must be performed in a non-intrusive but personalized manner (e.g., sending a birthday greeting over Twitter). Of course, marketers would want to keep the buzz and excitement around their brand intact in this stage.

Having defined the stages of the purchase lifecycle, we can now graphically illustrate which social media channels are most applicable at each stage (see Figure 10).

Next Steps and Considerations

The operational aspects of social CRM seem to be somewhat more thought-provoking than the conceptual areas. The following are some of the important implementation considerations:

- **Social database:** Social CRM cannot exist

Mapping Social Media Channel Suitability to Purchase Lifecycle Stage

Channel: Application Mapping

	Destination Marketing	Promotions and Deals	Games and Contests	Personalized Service and Communication	Reviews/ Feedback & Issue Resolution
Facebook	●	●	●		
Twitter		●		●	●
YouTube, Flickr, Pinterest	●				
TripAdvisor, Yelp	●				●

Buying Stage: Application Mapping

	Destination Marketing	Promotions and Deals	Games and Contests	Personalized Service and Communication	Reviews/ Feedback & Issue Resolution
Pre-Purchase	●		●		
Purchase		●		●	
Post-Purchase			●	●	●

Buying Stage: Channel Mapping

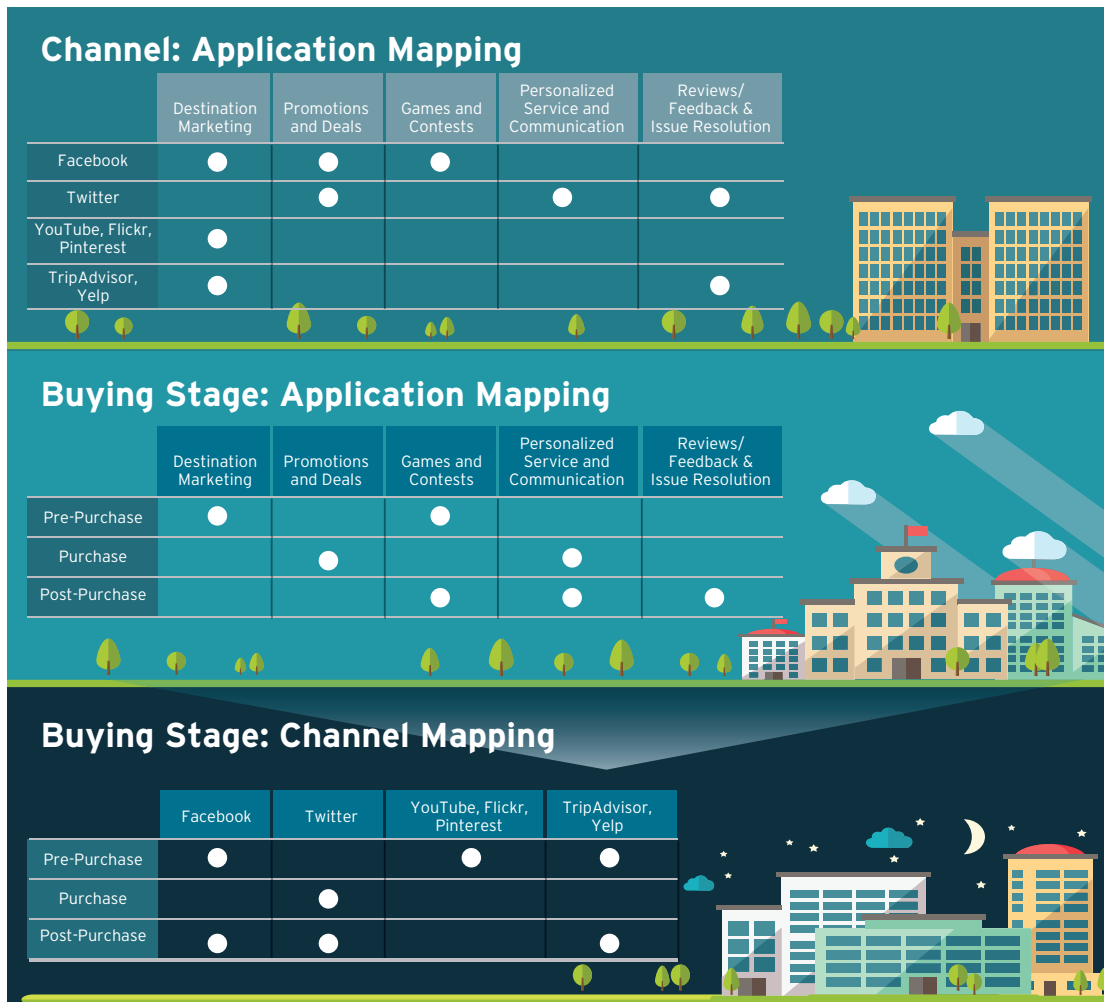|	Facebook	Twitter	YouTube, Flickr, Pinterest	TripAdvisor, Yelp
Pre-Purchase	●		●	●
Purchase		●		
Post-Purchase	●	●		●

Figure 10

without social data. Thus, apart from storing conventional customer information, such as name, e-mail, contact, etc., the customer database will also require some social content related to the customer. This includes the customer's blogs, Facebook profile, Twitter handle, etc. However, gleaning such data will require cross-channel identification of the customer, which, in turn, will necessitate healthy coordination among various business departments and IT.

- **Cross-functional integration:** Social media actions, initiated by the marketing, sales and customer care functions, need to be coordinated in order to project a uniform image of the organization and provide better service to the customer.

- **Absence of an end-to-end solution:** Implementing social CRM requires multiple technology components, including CRM, social data listening, segmentation and analytics tools, customer dashboards and customer interaction tools. Although traditional CRM vendors have some interest in developing the required platforms, few vendors are capable of providing the entire suite.

- **Customer analytics:** The sheer volume of content garnered from social CRM is tremendous. Deriving value from this massive amount of data is painstaking, if not impossible, without the employment of high-end analytics tools. Accomplishing this task encompasses such proficiencies as mapping the right customers to social data, segmenting customers based on their social outlook, advanced data mining, setting benchmarking index, look-alike modeling, etc.

Looking Forward

The digital exhaust (a.k.a. Code Halos) generated by social media presents a host of opportunities for hotels to improve the efficacy of their marketing and service efforts. For starters, hotels must clearly define and enunciate the objectives of their social CRM strategy; these objectives will then determine the social channels on which the company needs to focus. From there, hotels must deploy analytics tools to derive and apply meaning from the intersection of customer and enterprise Code Halos. Only then can they deliver unique and personalized customer experiences that facilitate consumer loyalty and generate more profitable interactions and transactions.

By taking steps now, businesses in the hotel industry can begin reaping the rewards of a properly executed social CRM strategy, such as cost reduction, revenue enrichment and higher customer satisfaction. The less effectively that hotels engage with social media and Code Halos, the less relevant they will be to their ever more social and connected customers.

Footnotes

[1] "Social Networking Reaches Nearly One in Four Around the World," eMarketer, June 18, 2013, http://www.emarketer.com/Article/Social-Networking-Reaches-Nearly-One-Four-Around-World/1009976#DCz96U2UtJUiAQeI.99.

[2] "The Impact of Social Media on Travel and Tourism," Media Bistro, June 27, 2012, http://www.mediabistro.com/alltwitter/social-media-travel-hospitality_b24679.

[3] For more on Code Halos, read "Code Rules: A Playbook for Managing at the Crossroads," Cognizant Technology Solutions, June 2013, http://www.cognizant.com/Futureofwork/ Documents/code-rules.pdf, and the book, *Code Halos: How the Digital Lives of People, Things, and Organizations are Changing the Rules of Business*, by Malcolm Frank, Paul Roehrig and Ben Pring, published by John Wiley & Sons, April 2014, http://www.wiley.com/WileyCDA/WileyTitle/productCd-1118862074.html.

[4] Ruchika Chitravanshi, "Social Media Feedback Key to Hotel Performance Now," Business Standard, June 16, 2013, http://www.business-standard.com/article/companies/social-media-feedback-key-to-hotel-performance-now-113061600217_1.html.

[5] Ibid.

[6] For an interesting overview on how hotels can tap into the potential of visual social channels like YouTube and Flickr, read "Using Visual Social Media Sites to Market Your Hotel," Hotel Managers Group Blog, Feb. 6, 2013, http://hmghotelsblog.com/2013/02/06/using-visual-social-media-sites-to-market-your-hotel/.

[7] Craig Smith, "By the Numbers: 120 Amazing Pinterest Statistics," Digital Marketing Ramblings, Sep. 26, 2014, http://expandedramblings.com/index.php/pinterest-stats/.

[8] Josiah Mackenzie, "How the Roger Smith Hotel Built A 'Culture of Content' And Reached Social Media Celebrity Status," ReviewPro, May 6, 2011, http://www.reviewpro.com/roger-smith-hotel-publishing-3551.

[9] "Be a Travel Hero," Brand Activation Association, http://www.baalink.org/reggie-case-study/be-travel-hero.

[10] Sarah Kessler, "The Future of the Hotel Industry and Social Media," Mashable.com, Oct. 18, 2010, http://mashable.com/2010/10/18/hotel-industry-social-media/.

[11] Ibid.

[12] "Accommodation Booking Website Uses Brandwatch to Improve Customer Service and Inform Product Development," Brandwatch, http://www.brandwatch.com/wp-content/uploads/2012/10/Late-Rooms-Case-Study.pdf.

[13] The "service recovery paradox" theory postulates that customers who have experienced a service failure that is then followed by a swift and satisfying remedial response from the business may end up being more loyal to the company than customers who have never experienced a service failure. Empirical tests of this theory have shown mixed results.

[14] For a thought-provoking article on this subject, please refer to "For Hospitality, Social Media is Too Little, Too Late," Market Metrix, http://corp.marketmetrix.com/pdfs/MMx_Social_Media_Too_Little_Too_Late.pdf.

About the Authors

Siddharth Begwani is a Manager/Consulting in Cognizant's Enterprise Application Services (EAS) practice. He has over 11 years of experience in CRM consulting, and has worked with blue-chip clients across retail, pharma, telecom and insurance domains. Siddharth holds a bachelor's in engineering (electrical) from Jadavpur University and an M.B.A. from Faculty of Management Studies, Delhi. He can be reached at Siddharth.Begwani@cognizant.com.

Aritra Pal is a Business Analyst/Consulting in Cognizant's Enterprise Application Services (EAS) practice. He has over five years of experience in CRM and process consulting. Prior to joining Cognizant, Aritra was involved with Big 4 consulting firms. He has worked with clients across BFS, travel, hospitality and healthcare domains. Aritra holds a master's in engineering (computer science) from Bengal Engineering & Science University, Shibpur, and an M.B.A. from T.A. Pai Management Institute, Manipal. He can be reached at Aritra-3.Pal-3@cognizant.com and LinkedIn: https://www.linkedin.com/profile/view?id=45346296&trk=nav_responsive_tab_profile_pic.

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World Headquarters	European Headquarters	India Operations Headquarters
500 Frank W. Burr Blvd.	1 Kingdom Street	#5/535, Old Mahabalipuram Road
Teaneck, NJ 07666 USA	Paddington Central	Okkiyam Pettai, Thoraipakkam
Phone: +1 201 801 0233	London W2 6BD	Chennai, 600 096 India
Fax: +1 201 801 0243	Phone: +44 (0) 20 7297 7600	Phone: +91 (0) 44 4209 6000
Toll Free: +1 888 937 3277	Fax: +44 (0) 20 7121 0102	Fax: +91 (0) 44 4209 6060
Email: inquiry@cognizant.com	Email: infouk@cognizant.com	Email: inquiryindia@cognizant.com