

Social Media and eCRM as a Prerequisite for Hotel Success

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Summary

Development of information and communication technology (ICT) has enabled the development of electronic customer relations (eCRM) as a business strategy that uses web technologies for developing the capacity and enabling hotels to engage guests in the strong, personalized and mutually beneficial interactive relationship, and thus increase their profitability and sales efficiency. Internet development has enabled the rapid growth of hotel industry. Today, hotel managers are completely aware of benefits that Internet as a promotion tool offers to their business, and accordingly, they are motivated to create greater awareness of their hotels with the goal of increasing number of guests and improving hotel reputation. This article describes how eCRM strategy is used by hotel managers to promote the hotel, more specifically, how much impact websites, social media and e-mail marketing campaigns have on hotel promotion and business performance.

Keywords

CRM, eCRM, hotels, social media, email campaigns, hotel website

1. Introduction

In a dynamic business environment where modern hotel organizations operate, a business's main priority is focussed on improving services to end users, and improving the quality of business processes. Meeting these challenges, many hotel organizations are beginning to apply the strategy of managing relationships with customers. Customer relationship management (CRM) is focused on business strategies that aim to increase satisfaction and customer loyalty by offering customers more options and customized services for everyone. It is important to understand that CRM is a way to run a hotel, rather than just a tool to use within the way a hotel is run (Nikolis, 2009). CRM can be used to personalize individual experiences that will give individual customers a feeling that they are fully taken care of, which opens up new marketing opportunities based on customer preferences and history. Ideally, CRM enables organizations to adapt their products and services to each client and fully meet the needs and expectations of the client. Increase in global competition and transparency among suppliers and prices resulted in users being more demanding and more mobile between firms. As a result, the quality of the service itself is no longer sufficient to increase customer loyalty and repeat purchases (Sigala, 2008). High quality information about customers, their habits and the services they use – and also a fast response to their wishes – can produce competitive advantage. Knowledge about customers and recognition of

their needs enables higher quality of services that can be offered, thereby increasing revenue opportunities through increased number of services that hotel organizations can provide to the customer. Some of the most common reasons for acquiring a CRM system include achieving greater revenue and profitability, increased customer satisfaction, simplified processes and lower costs, better insight and decision making (Russo, 2011).

The Internet has changed the traditional business model of the organization. This has brought about the emergence of many new industries, and organizations were forced to accept organizational and operational changes. In modern-day globally competitive environment, organizations must do everything to reach new customers, and more importantly, to retain loyal and profitable customers. Today, customers require the same information via the Internet, mobile phone and PDA technology (e-CRM). e-CRM provides companies with the means to implement interactive, personalized and relevant communication with customers through both electronic and traditional channels. It uses a complete overview of the customer to make decisions about what is the best way to approach customers. Proponents of e-CRM will recognize that a comprehensive understanding of customers' activities, personalization, relevance, permits, and timeliness metric are means for the end of optimization (Milovic, 2011). In the context of Internet distribution and marketing in the hospitality industry, eCRM (Electronic Customer

Relationship Management) is a business strategy supported by web technologies that allows hotels to engage guests in strong, personalized and mutually beneficial interactive relationships, and thereby increasing profitability and sales effectiveness. eCRM is the latest technique that companies use to increase and improve their marketing skills and capabilities. Integrating technological and marketing elements, eCRM covers all aspects of online user experience throughout the transaction cycle: pre-purchase, purchase and post-purchase (Alhaiou, Irani, & Ali, 2009).

ICT trends in the hotel industry are improving on a daily basis. The development of information communication technology has dramatically changed the way customers interact and seek information, as well as the way of purchasing services (Ip, Leung, & Law, 2010). Online marketing has practically restored the tourism industry. Traditional hotel reservation system is changed by the Internet. As a result, potential customers can easily compare the rooms and their rates of different hotels. Furthermore, there is progress in computer graphics and web images that hotel managers are using to display images of hotels. This way, guests can use virtual tours to view the interior and exterior of the hotel better, and thus create a picture of what awaits them when they visit a hotel. It has become very easy for customers to obtain information about hotel rooms, rates, benefits and promotions. Hotels rank Internet as a tool that allows potential guests to find information about them and motivate guests to possibly make a reservation at the hotel.

2. The Importance of Hotel Website

Development of the Internet has increased possibilities for the growth of hotel industry. Hotel managers are now fully aware of the benefits that Internet as a means of advertising offers their business, and accordingly, they are motivated to create greater awareness of the hotel with the goal of getting more online bookings. Hotels need to develop strong eCRM strategy because communication with numerous clients is mainly going to occur over the Internet. Hotel managers need to know how to establish mutually beneficial interactive relationships with guests. Hotel website or presence on Internet enables hotel managers to easily get and stay in touch with potential and regular guests on a personal basis. Today, web technologies are easily learned by hotel managers. For example, they can very easily update new

information or pictures on the site. There is also an enhanced content management system (CMS) that allows setting and use of multilingual content. This way, it is very easy and efficient, in terms of cost, for the hotels to translate the messages according to the respective languages of potential guests. Through the presence on Internet, hotel managers very easily use the fundamental principles of hospitality marketing to increase the hotel's reputation on the Internet and beyond. Effectively managed, websites can be the best medium for creating relationships with customers, creating hotel brand, guest retention and encouraging repeat visits of the existing hotel guests.

A hotel website should provide all necessary information to guests including room specifications and services offered. If a website is updated regularly, the visitor can find the latest information about the hotel. Usually hotels have street maps on their websites so potential customers can easily find a hotel. Also, the website will contain various pictures including the pictures of hotel rooms and other hotel facilities. This will allow guests to create a picture of how the hotel looks. Some hotels websites also have virtual tours. This represents a video that shows the hotel through the lobby, hallways and rooms. Information and communication technology (ICT) provide a platform for hoteliers to collect information on the guests. Many hotel web sites invite customers to register and identify their interests, from which hotel managers can create personalized services and products and increase customer satisfaction (Ip, Leung, & Law, 2010). Personalization increases the customers' emotional involvement into the experience, often improving their opinions about it as well as the service provider. As it is important to inform the guests, the responsibility of hoteliers is also to keep information about the guests safe (Luck & Lancaster, 2003).

With the aim to be competitive, hotel managers should aim to add value to their offers on hotel websites. Providing features such as reservations and reservation modifications, tracking transaction history, providing a level of personalization and understanding the specific needs and preferences of guests enhances the value that customers receive, which increases loyalty (Hamid, Cheng, & Akhir, 2011). Bookings that are done online are often much faster and cheaper. Hotel website can enhance and increase reservations with online reservation system. This system will increase sales. It pays off to invest in hotel website and to implement an online booking system.

The awareness about optimizing hotel websites for search engines is very important. Each traveler or tourist uses search engines to obtain information about where they want to go. Hotel managers need to focus large amounts of time and resources on this type of Internet traffic. Because of this, managers need to create strategies that will help them increase their presence on search engines. Internet search engines are constantly changing the rules of ranking websites on the Internet. It is therefore crucial for managers to stay up to date with search engine optimization trends.

When a hotel has an effective site that is optimized for the web browser, it results in increase of number of reservations, customer loyalty and a good return on investment (ROI). Successful implementation of the selected systems for customer relationship management (CRM) is essential for the success of modern business. Successful implementation needs an effective project management methodology that will enable risk and cost minimization and have an impact on greater return on investment (ROI), thus providing maximum customer satisfaction. Assessing the ROI is useful for CRM systems when there are certain investments in specific CRM applications such as sales automation (SFA) in the system of evaluation of effectiveness or cost reduction (Payne, 2005). Also, the presence on the Internet saves hotel staff time with automated processes on the site such as typing the basic information about the guests, questionnaires, layout of conference rooms and other information that can be collected from the website. Moreover, it is easier for staff to collect contact details of guests that will encourage their return through regular blogs, newsletters, membership in an online community, promotions, etc. The use of questionnaires allows hotels to improve service quality, customer satisfaction, develop new capacities and avoid mistakes (Ip, Law, & Lee, 2010).

3. Social Media Impact on Hotel Industry

The hotel industry is rapidly evolving as new technology demands that hotels become more social and engaging in their marketing efforts; travelers are looking for the best value propositions, and consumer demand is pushing for hotels to make concerted efforts on property upgrades and improvements. In order to understand the market better, hoteliers need to realize that social media marketing is very important for success of hotel business and the

following trends for future need to be recognized (Rauch, 2011):

- Hoteliers need to invest in renovation of their properties. In the near future, there will be more hotels renovating lobbies, restaurants, bars and fitness centers, as well as replacing beds, TVs, and more.
- Online booking will continue to grow.
- There will be more mobile bookings. More and more travelers will be turning to their mobile devices not only to research lodging and travel options, but to book and communicate room preferences directly with the hotel. It is crucial for hoteliers to optimize their website for mobile usage to capture potential mobile transactions.
- Social media will continue to transform connections with travelers. By 2016, half of the travel industry will be using social media as a way of generating revenue and bookings. Currently more than one-fifth (22 percent) use social media as a revenue generating tool with a further 27 percent planning to do so over the next five years. It is necessary for hotels to add social media to their marketing mix.

Contact with potential customers can be achieved in several ways (Wilhite, 2010). Creating a presence on major social networks (Facebook, Twitter, Flickr, etc.) and sponsoring a group who live nearby is one of the ways to find guests. This increases the awareness of hotel to those who will be in the area. If the positive reputation is created, social network will also carry out promotion. The biggest on-site opportunity for social media in the hospitality industry is at the intersection of social media and mobile phone technology. For example, if mobile geolocation features alert a hotel that a guest is in the building, it creates the opportunity for them to pitch relevant services. Perhaps when a guest arrives, for instance, management will encourage him to come down to the bar and enjoy a complimentary cocktail (Kessler, 2010). Hotels also need to join social networks that are specifically designed for tourists. Tourism-based user groups have several purposes. They provide an open forum of companies that offer products and services associated with the user group. TourNCare, Tripatini and GoAbroad are examples of social networks exclusively for tourists and travelers. Marketing to these groups reaches the guests who were already identified as interested in tourism.

Hotel managers should have a blog to post information on activities, attractions, dining, shopping, or nightlife. It allows them to provide guests with suggestion on what to do. Moreover it is a constant source of content that can be used to spread on other social networks like FaceBook and Twitter (Landman, 2011). Inviting guests to join hotel’s FaceBook page, and asking them to post pictures of the hotel and their trip could enhance hotel’s reputation as well. Interacting with customers using Facebook and Twitter can improve customer service. The idea of personalized customer service was also possible with a telephone number, but it is immensely easier with social media. Another option is having a Facebook or Twitter page to answer the questions that guests may ask. Instead of having to come to the hotel to collect brochures, guests could ask questions before they get to the hotel, from their rooms, or while they’re out exploring. They would also have easy access to the questions other guests asked and past recommendations (Kessler, 2010).

Travel and tourism marketing has changed a lot. Modern-days travelers are relying on word of mouth more than ever. The tourism and hospitality industry is turning to social media to promote its services and to engage customers in a more personal way. Next year, almost two-thirds of travel companies plan to increase their social media marketing budgets (Social Media and the Tourism Industry Statistics, 2012). The reason for this is shown in Table 1 below:

Table 1 Influence of social media on hotel business

40% of online travelers visit social networking sites to influence destination selection	87% said reviews impacted hotel choice	
	84% said reviews impacted method of travel	
	78% said reviews impacted choice of dining	
70% of consumers trust online recommendations while only 14% trust advertisements	50% of blog readers read travel blogs	97% of readers thought those reviews were accurate
	57% of travel-related website visitors read traveler-written reviews	

Source: Social Media and the Tourism Industry Statistics, 2012.

Based on the survey conducted on 1000 UK regular travelers (World Travel Market, 2010), Table 2 below shows how social media influences travelers’ decision on holiday choice:

Table 2 Influence of social media on traveler’s holiday choice

After consulting a social media site, travelers:	
Booked their original holiday choice	42%
Chose a different hotel	35%
Switched resort	15%
Switched airline	15%
Changed the agent/operator/website travelers booked the holiday with	15%
Holidayed in a different country	12%
Other	7%

Source: Social Media and the Tourism Industry Statistics, 2012.

The vast majority of the 36% of UK holidaymakers that use social media see it as a positive experience, although in many cases this means changing their holiday choices. Four out of ten (42%) booked their original choice after using social media, meaning 58% changed at least one component of their break. More than a third (35%) changed their choice of hotel, with 15% switching airline, ski resort or the agent/ operator they planned to book with. Furthermore, 12% choose a different country after consulting social media.

TripAdvisor had the greatest impact on female booking habits (74%), with Facebook having the greatest influence over men (42%). TripAdvisor has greatest influence over holidaymakers aged between 55 and 64 years of age, eight out of ten saying the holiday reviews website has the greatest influence over their holiday choices. Facebook has the greatest influence over 25-34-year-olds’ holiday choices (52%).

4. E-mail as a Tool for Hotel Promotional Campaigns

Growth in the use of e-mail messages is one of the most important developments in business communication in the last quarter century. The wide acceptance of e-mails has deeply influenced society and the business, changing how individuals interact with each other and how the business is interacting with customers (O’Connor, 2008). It is important to send an appropriate e-mail message to the right guest at the right time, all with the aim to improve the guest experience.

Another way is the use of contact forms that suggest hotels. Internet users rarely give up their personal information for marketing purposes. Although the use of self-directed user contact forms requires the exchange of such information. This may include users who sign up for the mailing

list and in return receive discounts or by entering their contact information get a chance to win a prize. These mailing lists can still be used for marketing campaigns of desired customers.

With the use of CRM software and based on stay patterns and preference hotels are capable to send targeted, relevant and high quality emails to guests. This system for guest profiling with email marketing with newsletters and special offers is aimed at increasing the stays frequency. Integration of eCRM and PMS (Protection Management System) enables automatic sending of emails which are highly personalized and customized for each guest. Email marketing for hotels helps show the very best of the hotel in a single customized message. Not only does the email feature the hotel's logo and phone number, as well as a personalized greeting for the recipient, but it will also show all the hotel has to offer. Here, we can differentiate the following (Xotels, 2012):

- confirmation emails – email messages that guests receive immediately after completing online reservation in order to confirm it.
- pre-arrival emails – messages that are sent to remind guests about the reservation they made,
- thank you emails,
- guest satisfaction survey.

Some guidelines must be followed In order to create an effective e-mail marketing campaign for hotel (Mackenzie, 2009):

- Make sure you get through the spam filters. Mail that is not delivered is not read.
- Write effective subject lines. Say what is inside, but do not over do it. Sometimes boring is best. Do not use too much hype.
- Always send a text version of each message. If you are using HTML, you want to provide an option for people who do not – or cannot – read that format.
- Use a table of contents for longer emails.
- Make the email content scannable.
- Include descriptive links with a call to action.
- Link to a web version (if the email does not display properly).
- Include a “forward to a friend” link on all messages.

Results of electronic marketing campaigns can be measured With the help of CRM system, and also the knowledge about how much income has been generated from each email and campaign. More will be known about the preferences of guests and their purchasing habits, and there will

be a possibility to receive feedback from guest satisfaction surveys. The most important thing is to be able to quantify this information in numbers and income.

5. Conclusion

With the development of the Internet and the continuous improvement of technology, CRM has entered a new era of development. From the perspective of CRM (Mendoza, Marijus, Perez, & Griman, 2007), Internet is a tool for customer interaction, which brings many benefits to the organization. Creation and maintenance of loyalty requires that companies to understand that Internet is customer-oriented environment where the customer should be regarded less as a target and more as a partner (Stockdale, 2007). Internet reduces costs, extends the scope of the market and increases quality of services. It also increases the value of customer relationships at certain levels, such as access, convenience and low cost.

Online success in the hotel industry is dependent on many different factors. Hoteliers can achieve marketing success by keeping up to date about content management systems and innovative technologies applicable for the industry and planning for every aspect of electronic commerce. It takes hard work and effort to optimize the hotel website; however, implementation of web features such as content management system is necessary.

Altogether, the application of eCRM in the hospitality industry along with satisfied and loyal guests brings many benefits such as increased guest retention rates, increased revenue and profitability, reduced internal costs, reduced marketing costs, improved customer service, creating a positive reputation of the hotel, increased market value of the hotel, improved marketing methods, business process improvement, better understanding of the requirements of guests, higher employee productivity and protecting marketing investment with maximized returns. All of these benefits that eCRM offers hotels can be a source of long-term and sustainable competitive advantage.

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