

Social media marketing in hotel companies: case study of an innovative approach to customer relationship management via Facebook at Maistra Inc. Croatia¹

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Abstract

Social media marketing (SMM) activities, when managed in-house, are usually performed by marketing departments. In most cases hotel companies that manage several facilities have a centralised marketing function which is therefore in charge of SMM. The main disadvantage of marketing department involvement in social media strategies of hotel companies lies in the fact that marketing is a back office function and so marketing employees do not actually know their customers. Having in mind that viral, conversational, community, and interaction – are some of the key concepts related to social media, managing these activities solely by marketers, or outsourcing them, may not be the best solution.

However, hospitality has a sort of its own entertainment industry – the entertainment staff. They are the only employees whose main task is entertaining guests. Therefore, Maistra Inc. engaged its entertainment staff to complete its social media marketing strategy. This paper presents the set up and the first results of the project. The main goal of this paper is to explore entertainment staff involvement in social media marketing in hospitality as an innovative approach to customer relationship management via Facebook.

Keywords: social media marketing, customer relationship management, Facebook, hotel companies, hospitality entertainment

Introduction

Web 2.0. is characterized by collaboration and collective intelligence, while Web 1.0. is more focused on one-way communication. The term Web 2.0. was coined in 2004 in O'Really Media, referring to what is considered to be the "second generation of web communities and hosted services that enable collaboration, and sharing of content among users of web services."² Some experts in the field of technology dispute Web 2.0. as a new phase of development of the World Wide Web, given that certain Web 2.0 applications existed before. Although the term suggests that it is a new version of the Web, the novelty is not about its technology, but in the manner of its application, where Web 2.0. features the following main characteristics:³

- "Web as a platform - users can use applications entirely through a Web browser,
- Users are the owners of data of a certain page and have control over them,

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² Carnet (2009). Pojmovnik. <http://www.carnet.hr/tematski/drustvenisoftver/pojmovnik>

³ Carnet (2009). Pojmovnik. <http://www.carnet.hr/tematski/drustvenisoftver/pojmovnik>

- Web architecture encourages users to give their contribution to a web content or application, as opposed to the strong hierarchy and control of access for typical applications in which users were categorized according to different levels of access and thus functionality,
- Some aspects of social networking,
- Improved graphical interface."

Social media are moving into the mainstream⁴ and they represent one of the most researched marketing topics lately, even though research in this area is still in its initial stages (Tobin et al. 2008, 2) (Sharma 2011) and mainly focused on case studies.

On the other hand, marketers are still searching for ways to commercially exploit social networks' potentials and as a result many are still holding back or sticking to well known promotion models in their social media marketing (SMM) campaigns (Slivar 2009).

A pilot project in SMM in hospitality and its first results will be presented in this paper.

Social media marketing

Social media are internet-based applications derived from the Web 2.0. concept that allow the creation and dissemination of UGC - User Generated Content or CGM - Consumer generated Media (Kaplan et al. 2010).

SMM enables companies to communicate directly with customers using highly accessible publishing technologies. It is based on a natural, authentic conversation between people about a subject of mutual interest (Scott 2010, p. 38-39). Even though companies are not in control of customer-to-customer messages, they may still influence the conversation (Mangold et al. 2009). Besides reach, credibility is an important characteristic of consumer-to-consumer communication.

Social network sites (SNSs) - like Facebook and MySpace - have become almost synonymous with Web 2.0. They are associated with the concept of virtual or online communities - "a group of people whose communications are primarily or initially conducted via internet."⁵ Such websites use social software that allows social networking. SNSs are web-based services that primarily allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system (Boyd et al. 2007).

Facebook was founded by the Harvard student Mark Zuckerberg with the purpose of finding and keeping in touch with people one knows but has lost contact with. In 2006 it became open for public and today it counts 835 million active members (visiting the page at least once a month).⁶ According to Alexa, Facebook is now ranked as the second most visited website in the world (after Google).⁷

Given the purpose of Facebook, it makes it unrealistic to expect direct sales from such a promotion, but expansion of brand awareness (Slivar 2009) and consumer relationship

⁴ Maximize Social Media (2012). The new social media numbers. <http://maximizesocialmedia.com/social-media-agency-the-new-social-media-numbers>

⁵ Carnet (2009). <http://www.carnet.hr/tematski/drustvenisoftver/pojmovnik>

⁶ Internet world statistics (2012). Facebook. <http://www.internetworldstats.com/facebook.htm>

⁷ Alexa (2012). Top ranked sites. <http://www.alexa.com/topsites>

management seem plausible expectations. Some researches indicate that Facebook ads don't work e.g. four out of five Facebook Inc. users have never bought a product or service as a result of advertising or comments on the social network site, a Reuters/Ipsos poll shows (Oreskovic 2012). Facebook makes about 1/10th of Google's revenues; the main reason behind it is that ads work best if they catch people when they intend to make a purchase (Dixon 2012).

The project

Maistra d.d. is the leading Croatian based hotel company operating in Rovinj and Vrsar, Istria. Its main product is accommodation. Maistra's hotels, resorts, and camping sites can accommodate around 33.000 guests daily. Its secondary products and services include: gastronomy, conferences, events, wellness, and fun (entertainment services) & sport.

Social media marketing (SMM) activities, when managed in-house, are usually performed by marketing departments. In most cases hotel companies, like Maistra, that manage several facilities, have a centralised marketing function which is also in charge of SMM. The main disadvantage of marketing department involvement in social media strategies of hotel companies lies in the fact marketing is a back office function and thus marketing employees do not know their customers. Having in mind that viral, conversational, community, and interaction – are some of the key concepts related to social media, managing those activities solely by marketers, or outsourcing them, may not be the best solution.

In order to further reach Maistra's audience, it was necessary to include front-line employees who actually personally knew Maistra's customers. One of the reasons why people visit Facebook is to have fun, therefore, the marketing manager Mr. Ivica Vrkić, came up with the idea to employ Maistra's entertainment staff to engage in communication with guests via Facebook. They are the only employees whose main task is entertaining guests. Receptionists are mainly engaged in the provision of service and in providing other information mainly related to the hotel or campsite, guest relations staff assist guests in planning their stay, providing destination related information such as available activities, excursions, events; while the entertainment staff is paid to make Maistra's guests' stay a fun and memorable experience.

Hospitality, through its own entertainment industry - its entertainment staff - found a way to overcome this issue. Maistra Inc. engaged its entertainment staff to complete its social media marketing strategy. The project is described in the following steps.

1. Presentation of the idea that the entertainment manager

From the conversation with the entertainment manager it emerged that guests were already adding members of Maistra's entertainment staff as friends on Facebook. Therefore, what the project would achieve was to actually formalize the relationship that already existed between the guests and the entertainment staff, and the limitations of such a relationship would become clearer. The goal of the project was not to create personal friendships between entertainment staff and guests, but to stay in touch with guests as an entertainment team of a particular facility, forming a community, enhancing a person's need to belong by continuing to provide entertainment services online.

2. Informing hotel management and call centres

This step was significant, it was important to make it clear for the hotel management and call centre staff that no new, official, separate Facebook page for individual facilities was opened, but only a Facebook page of the entertainment staff.

3. Selection of facilities for pilot project implementation

Three camping sites and one hotel were selected for the implementation of the pilot project out of a group of 25 facilities. The reason for selecting a greater number of campsites rather than hotels lies in the nature of the relationships that are formed among campers - friendships are more likely to occur given the close coexistence of camping guests when compared to hotel guests. Also, there is a large share of the so called "lump-sum-paying" guests (guest that pay a lump-sum amount for the entire summer season) on campsites, making them loyal guests.

4. Selection of employees that will be in charge of the new Facebook pages

Depending on the preferences of individuals and their use of social networks, two employees were chosen from each entertainment team to act as administrators of the new Facebook page of a chosen facility.

5. Modification of employment contracts of selected entertainment staff in agreement with HR department

Entertainment staff responsible for the new Facebook pages entered into new employment contracts, in accordance with their new duty, lasting longer than the summer season.

6. Education of entertainment staff in social media management

Training on the application of marketing in social networks was organized for the selected entertainment staff lasting two days. The training covered the following topics: project objective, technical instructions about managing Facebook pages, content publishing, communication rules in social networks and approach in case of negative comments.

7. Formulation of social media communication strategy

After the training, a communication strategy for the entertainment staff was designed. It emphasised general dos and don'ts advice e.g. it is not allowed to take photos or videos of guests without their permission and similar. With regards to the content of topics, it was decided that those related to the facility should focus on entertainment programme announcements and events, but no emphasis should be made on sales. For example, it is allowed to announce a Latino night at the beach bar, but any information concerning a particular happy hour should be omitted. Dealing with complaints, as well as sales promotion, does not fall within the scope of work of entertainment staff, therefore, in the case of negative comments, entertainment staff will forward these to management staff in charge of it, and will inform the customer of that action accompanied with a reassuring message.

8. Decision of naming new Facebook business pages

Facebook pages are named according to a simple principle: Type of facility - brand name - Fun Club e.g. Camping Amarin Fun Club.

9. Decision of naming employee's virtual identity and pseudo profiles of employees

Employees have created a pseudo-profile according to: First name - Brand name - type of facility, e.g. Ana Camping Amarin

10. Creation of Facebook pages with custom tab and first posts

Facebook pages with a custom tab as well as the first posts were published during the training.

11. Project visibility dissemination

Promotion of the project was mostly in-house oriented and based on activities such as: posters, leaflets, seals, word of mouth as well as issuing of a newsletter.

There is also great potential in integrating the micro-location of Maistra's facilities in Facebook and Foursquare in order to inform guests where the entertainment team is and to encourage guests to "check" themselves.

Reasons for the emergence of Customer Relationship Management and Relationship Marketing

During the 1980ies classical marketing faced problems that could not be solved by the implementation of the usual marketing activities. Traditional marketing rested upon traditional marketing instruments. The 1980ies saw a rapid expansion of competitors on the market and the market underwent an abrupt change (Godson 2009). It was therefore necessary to redefine marketing and enable the continuation of its development through the invention of new courses of action and new instruments. In this manner marketing managed to survive and to contribute to the successful business operation of companies.

This is how relationship marketing emerged. Relationship marketing enabled the continuation of development of classical marketing. Relationship marketing can be a method or a new paradigm that marks a complete transformation of the current way of thinking. The definitions of the term *relationship marketing* are numerous, however, they all contain the same or similar elements. These elements are the connection between the company and the customer and the long-term relationship of a company with its customer (Gummesson 1999). The definitions of relationship marketing emphasis the bond between the company and the customers and the interaction of the company with its customers (Gronroos 1996, Morgan et al. 1994, Bruhn, 2002)

Therefore, relationship marketing is aimed at the customer, his needs and wishes, and at the best possible solution to the customer's problems. With the use of relationship marketing the company can successfully solve its customer's problems and create, develop and improve the long-term relationship between the service provider and the customer, providing benefits for both sides. With the implementation of relationship marketing companies can increase the value of their services by providing added value. In this way standard services become services that have added value for their customers. Such services are of better quality than classical and usual services and provide solutions that are better and of higher standard precisely because of their added value that is composed of activities that fall under the category of relationship marketing. Such services with added value also generate a higher level of satisfaction in customers.

Relationship marketing also brought big changes to some classical postulates on which traditional marketing was based. The best example is the redefinition of the traditional instruments of the marketing mix that were considered to be unchangeable, such as the 4 Ps. In relationship marketing the four Ps have been expanded to the seven Ps or have brought different elements into the marketing mix. Different authors mention different elements (Godson 2009). The philosophy of relationship marketing is the comprehensive focus of a company's business activity on the customer and on customer relations (Ryals et al. 2001)

Companies should use relationship marketing activities in order to achieve a closer connection with customers and to begin creating a relationship with them. Namely, without customers the business activity of a company does not have a purpose nor will the company be able to survive on the market without its customers. By implementing relationship marketing a better quality relationship between the company and the customer is created and the company can use it to better learn about the needs and wishes of its customers. The principal condition for the implementation of relationship marketing is the organization of a customer relationship management (CRM) system. Namely, in relationship marketing the customers are acknowledged as the most important resource of the company. The successfulness of the business activity of a

company depends directly on the decisions of its customers. It is for this reason that companies should introduce CRM into their business activities.

The setup of CRM is necessary so that the business activities are fully concentrated on the customers, the understanding of their needs and the providing of such services that successfully solve the problems of the customers. In this way the level of satisfaction of the customers shall increase, with the consequent effect on the achievement of the business activities' goals. The purpose of managing customer relations is to increase value for both the customers and the company (Turban et al. 2002). Added value is created in the long term relationship between the company and the customer (Gordon 1997, Strauss et al. 2001). Therefore, the managing of customer relations is a process of establishing, managing, maintaining and developing of long term relations that occur between service providers and customers. CRM is in direct connection with the level of satisfaction of the customers (Szwarc 2005, Gronroos 2007), and customers' satisfaction is crucial for a company's success.

Almost any service providing process happens during communication between two parties that establish a relationship through the process; the service provider is on one side and the customer on the other. During this process the customer compares his/her expectations of the service to what the customer actually gets. This is precisely what this is about - customer satisfaction. Since Maistra, due to the very nature of the services that it provides, is almost always in contact with its customers, it must be aware how the establishing of such a relationship influences the level of satisfaction of its customers. Therefore, CRM and customer satisfaction are in direct relation. Without research of customer satisfaction and taking of measures and activities that fall within the category of CRM whose aim is a satisfied customer there can be no successful business activity. The connection between the satisfaction of the customer and CRM is the basis for the success of CRM. The purpose of implementation of CRM activities is the increase of the level of satisfaction of the customers.

Satisfied customers are loyal and have a preference for the company. This results in increased purchase frequency and increased use of services which enables the company to strengthen its competitiveness, it allows for easier profit making and survival on the market. On the other hand, the customer receives a good quality service - i.e. solution to his/her problem, and recognises the company as a partner that knows the customer and approaches her/him in a unique way creating such a relation in which the customer is treated as special and important, directly affecting the level of the customer's satisfaction.

The basic element of establishing, maintenance and development of long term relations with customers, i.e. implementation of CRM activities, is communication between the company and its customers. The companies may combine different media in order to achieve such communication and recently a great influence has been played by communication via social networks such as Facebook, Twitter, G+ etc. This work researched activities undertaken by Facebook users.

Users that are engaged on Facebook communicate among themselves. Communication happens for social reasons and for the purpose of obtaining information (Ridings et al. 2002). The reasons why people communicate within virtual communities such as Facebook are diverse: strengthening of one's reputation, increase of self-confidence and building of a community (Ardichvili 2008). By communicating and engaging in activities within the virtual community the users wish to transfer their impressions about the service to other users and learn about the impressions and

gather information from other customers that have used the service. This motivation of individual users has been presented in the theoretical model (Dholakia et al. 2004) where the connection between the perceived value, the variables of social influence and decision making and participation in communication within virtual communities are shown. The importance of virtual communities such as Facebook constantly increases and therefore virtual communities are a frequent subject of research (Bagozzi et al. 2002, Balasubramanian et al. 2001). Especially important are the researches of activity and engagement of users (Dholakia et al. 2001) since a user's activity exerts influence on other users and influences the creation of an opinion about a company and its services.

It is precisely Facebook that offers the possibility of direct communication between a company and its customers and between customers themselves. This brings to the appearance of the *word of mouth* (WOM) i.e. sharing of a customer's experience with other customers (Steffes and Lawrence 2009). WOM is a very cheap and effective method of promotion in comparison with the classical promotional methods (Trusov et al. 2009). Research has shown that WOM generates more interest in customers than classic advertising (Reynolds-McIlroy et al. 2010). It is therefore important for companies to manage their customer relations on social networks and to transform the original CRM into SCRM (social CRM).

It was for this reason that Maistra decided to communicate with its customers via its corporate Facebook page which is administrated by Maistra's community manager. At the same time, each separate camping site within the Maistra group set up its own Facebook fan page. Maistra commenced with the implementation of the Social CRM strategy (Ang 2010) which is the implementation of CRM within social networks, primarily Facebook, because its customers are active on this particular social network. The aim of the research was to research the activities of the customers and to determine whether there is a difference in the engagement between the users of Maistra's corporate Facebook Fan pages and the users of Facebook Fan pages of individual camping sites within the Maistra group. The hypothesis was that the users of Facebook Fan pages of Maistra's individual camping sites are more active than the users of Maistra's corporate Facebook Fan pages.

Methodology

A research of the users was carried out in the period between 31.7.2011 until 1.8.2012. The following activity of the users was measured: the number of people sharing stories about a page. These stories included: liking Page, posting to Page's Wall, liking, commenting on or sharing one of Page posts, answering a Question posted, RSVPing to one of the events, mentioning Page, photo-tagging Page or checking in at Place. (Unique Users).

The following are the results obtained:

Table 1: Activities of Maistra's customers on corporate Facebook pages and on Facebook fan pages of individual sites/facilities

FACEBOOK BUSINESS PAGES	AVERAGE ENGAGEMENT PER USER (%)
Maistra (corporate page)	0,40
Istra Fun Club	0,74
Amarin Fun Club	0,77
Belvedere Fun Club	0,51
Porto Sole Fun Club	0,84

Source: Author's research

The results of the research carried out have shown that the users of Facebook fan pages of Maistra's individual facilities are more engaged than the users of Maistra's corporate Facebook page. The conclusion derived from the research: the users of Facebook fan pages of individual Maistra's facilities are better motivated to become engaged than the users of Maistra's corporate Facebook pages (a larger percentage of Facebook individual fan pages users has shown engagement).

Proposal for future research

- discover the motives for greater engagement of Maistra's individual Facebook fan page users versus the users of Maistra's corporate fan page
- research the influence of the engagement of Facebook fan page users on other users of Facebook fan pages ("word of mouth" influence)
- research the influence of the engagement of Facebook fan page users on the image of the company that owns the Facebook fan page

Conclusion

Maistra's corporate Facebook pages do not motivate users to become engaged as much as the Facebook fan pages of individual facilities within the Maistra group. Customers using the services of individual facilities obtain concrete services that result in a certain level of satisfaction or dissatisfaction. This motivates the customers to become engaged on Facebook fan pages. On the other hand Maistra, as a corporation, provides information to its customers on its Facebook pages, however, the users are directly linked to Maistra's individual facilities. That is the reason why no connection is made that would motivate the users of Maistra's corporate Facebook fan pages to show greater engagement than the one shown by the users of its facilities' individual Facebook fan pages.

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