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AN ANALYSIS OF THE USE OF FACEBOOK BY INTERNATIONAL HOTEL CHAINS

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Abstract

With customers becoming increasingly sceptical about the credibility of traditional sources of travel information and Social Media rapidly gaining acceptance as an alternative, this paper presents the first major benchmark of how Facebook (one of the leading Social Networks) is being exploited by hotel chains as a commercial tool. Using the Social Media Management Continuum as a framework, the study finds that few hotel chains are making effective use of this new customer communications and sales channel. Although many are present on Facebook, most are practically invisible and suffer from low levels of both activity and engagement.

Key Words: Social Media, Social Networks, Facebook, Hotel Chains.

Introduction

Just as the growth in the use of the World Wide Web in the mid-1990s had important implications for commerce, the online revolution currently in progress, dubbed Web 2.0, is forecast to have similar effects. Currently the Web is evolving from a push medium to one where the peer-to-peer generation and sharing of data are becoming the norm. Collaboration between individuals has come to the fore in a manner unimaginable in the past, making a vast pool of topical, unbiased and highly credible information, created not by commercial interests but by other consumers just like themselves, available to help in shopping decisions (Sweeney et al, 2008). Given the importance of information in the travel distribution process (O'Connor, 1999), this change has important implications. Having only recently fully embraced the web as a marketing and selling medium, travel businesses must now once again adapt to its evolving characteristics.

This paper examines the developing Web 2.0 phenomenon, focusing in particular on one of its key constituents Social Networks. Initially, the importance of information for travel is examined. How these information needs have been satisfied in the past (and, it must be said, continue to be satisfied in parallel with the Web 2.0 developments discussed here) is then critiqued, and the effect of Web 2.0 – and in particular Social Networks – explained. A benchmark of how major hotel chains are making use of Facebook (currently the Western world's largest social network) is then presented, and its implications assessed. Lastly, recommendations are made as to how hotels might benefit more from this developing phenomenon, and future research avenues are suggested.

The Importance of Information in Travel Distribution

Information has often been called the 'lifeblood' of travel, as in practically no other industry is current, topical and relevant information as important in the consumer decision-making process. Without appropriate information, a potential customer's incentive and ability to book is severely limited (Murphy et al, 2007). Travellers typically need access to information before going on a trip to help them plan and choose between options, and also need detailed information during the trip itself as the trend towards more independent travel continues (Poon, 1993). This need is heightened by the intangible nature of the travel product, as unlike manufactured goods, pre-purchase trial is impossible, making travel dependent on representations to help consumers make their purchase decision (Mazzarol et al, 2007). Travel products are also diverse, and in many cases it is this heterogeneity that makes them attractive. Travel products are also rarely bought in isolation and the endless combinations and permutations of alternative routes, transportation modes, times, and accommodation choices available from alternative suppliers make decision making complex, even for the initiated (O'Connor & Frew, 2004).

Travellers acquire information from a variety of sources, including directly from the supplier or through intermediaries, which essentially act as information brokers (Murphy et al, 2007). Although the dividing lines have

become blurred, intermediaries typically take different forms. The travel agent acts as a 'search and book' service and advisor for the customer, using their knowledge and experience to help match customers with destinations (Palmer & McCole, 2000). Tour operators act as consolidators, packaging travel components together and marketing them as a single product, thus helping to reduce complexity. Some regional tourism organisations also act as intermediaries, distributing information and processing bookings (Laws, 1997), while a variety of other organisations (such as clubs, credit card companies, incentive houses, and religious groups) provide similar services, albeit in a more minor way. In all cases the role of the intermediary is to facilitate a purchase by distributing information to help consumers in their travel decision-making process.

While relatively efficient, distribution through intermediaries suffers from several challenges. Two of the most significant are the knowledge gap (Buhalis, 2000) and the credibility gap (O'Connor, 2008b). Intermediaries' role as knowledge brokers is being challenged by changing customer characteristics. As the move from mass tourism accelerates, travellers' information needs are becoming simultaneously individually more specialised and collectively more diverse. Customers want to know increasingly more about smaller, more specific topics. At the same time, they are becoming increasingly knowledgeable, informed by travel shows on television, coverage of travel in print media and the able to research their interests in depth on the Web. Consumers are increasingly walking into travel agencies armed with very specific ideas about where to go, where to stay and what to do. Since the value added from the travel agent has traditionally been their superior knowledge and recommendations, this is being challenged as the specificity of consumer requests increases. In many cases, consumers are better informed than the generalist travel agency or tour operator – in effect putting an end to their role as information broker. The role of travel intermediaries is further threatened by the widespread adoption by both suppliers and intermediaries of the Web as a customer communications and selling medium (Buhalis, 2000b). Since the mid-1990s, the Web's potential to reach out and establish direct contact has allowed suppliers to bypass the intermediaries traditionally controlling distribution and interact with customers directly (Smith & Jenner 1998). Practically all have set up consumer-focused websites featuring both information and transactional capabilities, and, as Internet penetration has grown, travel has quickly emerged as one of the most frequent products searched for online. Recent research from Y Partnership shows that more than six out of ten leisure travellers now routinely use the Internet as part of their travel planning process.

Irrespective of whether travel information is distributed through an intermediary or directly from the supplier, and whether it is access offline or online, it generally ultimately has one of two sources – either from the supplier itself or as editorial in a media publication such as a newspaper, magazine or guidebook. However in both cases, the base information usually originates with the supplier thus questioning its credibility. Information provided directly by suppliers is by its very nature marketing orientated and thus heavily biased. Herein lays the supposed added-value of journalists and travel guides, whose role is to cast an independent eye over such information, filtering and consolidating it into recommendations that can be relied on by readers to be objective. However, consumers are increasingly questioning the impartiality of such sources, driven in part by reports of pay-to-play guides (with editorial / rankings driven by kickbacks from suppliers) and glaring errors (such as the award of a Michelin star to a Brussels restaurant that had not yet opened). Furthermore, while some travel guides have made the jump online, most have struggled to adapt to the different business model, with the result that the information they provide, particularly for free, is limited. While new web-only travel guides have appeared, without the benefit of established brand names, most have struggle to build trust with users.

Thus while the development of Web distribution has greatly added to the quantity of information available to consumers, the problem of credibility remains (Chen, 2006). This poses a quandary. Today's consumers have a need for relevant information as an input into their travel-planning process, but regards traditional sources as being untrustworthy (Xue & Phelps, 2004). Ideally, they need a more credible source – a need that is increasingly being serviced by Web 2.0 (Yoo & Gretzel, 2009). Developments such as blogs, user reviews sites and social networks offer a potential solution, providing consumers with access to a rapidly growing pool of high-quality, topical and most importantly unbiased information, generated not by commercial interests but by other consumers (Sigala &

Marinidis, 2010). This ‘wisdom of the crowd’ provides a credible alternative to commercial marketing orientated content, and is gaining increasing traction as the key source of travel information for today’s consumers.

An Introduction to Web 2.0

The term Web 2.0 emerged in late 2004, originating in the work of Tim O’Reilly of O’Reilly Media (Tredinnick, 2006). Despite much media hype, a formal, agreed-upon, definition has yet to be developed, partly because the term means different things to many different people. Technically Web 2.0 can be defined as new Internet-based systems that allow users to collaborate and share information in ways that were previously unimaginable. However, while the phenomenon is facilitated by technology, most people agree that its growth has more to do with a shift in user behaviour than any particular technological development (Dearstyne, 2007). The common thread throughout Web 2.0 is web-based information in the hands of users, which they can use, create, share, edit, and even sell if they so wish (Tredinnick, 2006). This idea of information being generated and shared by users has led to the development of the term ‘social media’, which is often (correctly or incorrectly) used interchangeably with Web 2.0.

Social media sites tend to be participatory, encouraging contributions and feedback from anyone who is interested, thus blurring the line between creators and audience (Dearstyne, 2007). They also tend to be conversational, using two-way interaction between participants rather than a broadcast approach (Nicholas et al, 2007). Many are community-focused, facilitating the interaction of groups of people with similar interests, and they are connected, amalgamating links and content from many different sources to add synergistic value to the resulting service, product or message. Social media sites have prompted a fundamental shift in how the Web works. Since users can interact with content and with each other whenever and however they want, individuals are increasingly take clues from one another, rather than from institutional sources like corporations, the media, political bodies or even religions. While in the past, consumers looked to such authorities for information, now they are increasingly looking at the collective wisdom of their peers as the ultimate authority (Cox et al, 2008).

Social networks

Social networks have their origins in support interactions among neighbours in a community (Carroll & Rosson, 2003). These typically facilitated information exchange, discussion and joint activity related to local events, issues and concerns (Boyd & Ellison, 2007). However their context has been transformed by the use of the Web (Wang et al, 2002). No longer limited by physical location, communities of individuals with similar interests and concerns can now be formed virtually and can interact primarily in the online environment (Sun et al, 2006). Today’s online social networks allow people to gather and form relationships within a virtual space. Most allow users to build personal pages and then connect with friends to communicate and share content. Sub-groups typically form around highly specific interests, with each member taking part in multiple sub-groups (Dwyer, 2007).

Facebook, the original social network, was launched by Mark Zuckerberg in 2004. At that time, it was targeted exclusively at Harvard students but proved such a huge hit that within two weeks, half of the student body had signed up and other Boston area schools began demanding their own Facebook network. Within four months, Facebook has added 30 more college networks and the social networking trend was born. Facebook continued to grow, opening up to high school students in September 2005, to work networks at the beginning of 2006 and finally to anyone with an email address in September 2006. With more than 150 million users, Facebook users’ passion, or addiction, to the site is unparalleled: more than half log into the system every day and users typically spend an average of 19 minutes a day on the site. While other social networks dominate in different areas of the Asia, Facebook’s phenomenal growth has firmly positioned it as a key influencer in most Western countries.

The reaction of travel companies to the social network phenomenon have been two-fold – to leverage the trend and try to create their own specialised travel communities; or to participate in existing social networks with the aim of becoming ‘friends’ with their customers and building brand loyalty. This paper examines the latter phenomenon, examining the use of Facebook by major international hotel chains.

Research Methodology

The study's population was defined as the top fifty international hotel brands as published in *Hotels Magazine* (Hotels Giants 2009) – the most up-to-date publically available ranking at the time of the study. This deliberately focuses on the actions of the largest chains, using the rationale that such companies should have the expertise, financial resources and technical ability to manage Social Media in a professional manner and thus that studying their performance gives a useful indicator of industry best practice. However, as a result, the study's findings cannot be generalized to the industry as a whole. It should also be highlighted that the benchmark was carried out at the brand (e.g. Sofitel, Novotel, and Ibis), rather than the company (Accor) level. The rationale behind this was that brands are the primary way in which chains interact with customers, and thus carrying out the assessment at the brand level made most sense. However, it is possible that some chains manage Social Media at either the company or the property level, and thus their efforts would be understated or perhaps even missed entirely in this study.

The Social Media Management Continuum proposed by O'Connor (2011) was used to structure the analysis. O'Connor maintains that in order to successfully manage a brand's reputation on Social Media channels, companies should follow a series of five interrelated steps. The first is to actively *monitor* Social Media channels by putting in place automated procedures to track what is being said about the brand on Social Media channels (Murdough, 2009). The prime benefit from this is in terms of knowing what customers are saying, and in effect it can be considered as a form of corporate intelligence (Smith, 2009). The next level is *presence*, whereby the brand creates a minimal account on the channel in question so that they are found when searched for by the customer. Having a passive presence also allows "vanity" names (e.g. www.facebook.com/marriott) to be claimed before they are grabbed by third parties. Once a presence has been established, the hotel should start to interact with customers (Kaplan & Haenlein, 2010). Such activity may be reactive (by systematically responding to comments) or proactive (by starting conversations and reaching out to their community with comments, information and offers) (Fisher, 2009). At the highest level, the brand should be able to engage with community members (Kaplan & Haenlein, 2010). However this can only happen if each of the prior stages has been well implemented. Community members accept the hotel as an equal partner, and in effect work as advocates, implicitly promoting the hotel to their networks (Smith, 2009).

Data was collected at the beginning of September 2010 by a team of three researchers cross validating each other's data. The official presence of each brand was sought out on Facebook, with the researchers taking the perspective of a customer searching for the brand in question's Facebook page. Where the official presence was not immediately apparent, the first fifty search results were examined to try to establish the brand's official page. Two potential limitations of this approach are that the incorrect page may have been identified as the official voice of the brand, or the official page may have been missed as it did not feature in the top fifty search results. However, as the same mistake would likely be made by consumers, such an error was considered to be acceptable and presences that appeared official were assumed to be so for the purposes of the study.

Research Findings

Monitoring

As discussed above, the first step in the Social Media Management Continuum is to actively monitor Social Media channels. Unfortunately such data could not be collected without surveying the brands in question. Attempts were made to identify potential contacts within each of the brands in question, but a sufficiently comprehensive list could not be developed. As a result, analysis of each brand's performance at this step was not included in the current study.

Presence

Companies can have two distinct types of presences on Facebook. Brands can set up and maintain a Fan pages, which gives them great control over the pages' layout, membership and activity. Alternatively (or in addition) anyone (either the brand itself or a third party) can set up a Community page dedicated to a brand which in effect is open to all. In many cases such community pages are automatically generated, taking data from other Web 2.0 sources such as Wikipedia.

For the surveyed set of hotel chains, a total of 29 had set up Fan pages which could be identified as being the "official" voice of the brand. A further twelve has community pages, with three brands having both presences. In practically all cases (96%), unofficial or rogue presences of varying quality were found that could potentially confuse the customer. Setting up official presences has gained the brands in question a lot of visibility, with each Fan page having on average nearly 6300 fans, although it must be pointed out that the variance is very high (standard deviation = 11403), with a small number of very high performers skewing the results. Overall, however, even the highest performer Hilton, with 47,000 fans, is relatively invisible when compared with major brands such as Starbucks or Coca-Cola, with 12.8 million and 10.7) fans respectively at the time of the study.

As can be seen from Table One, the degree of sophistication of hotel brand's official presences varied considerably. While all retained the default Facebook pages (Wall, Info and Photos), use of other facilities was more limited. Less than two-thirds (62%) had built a custom Facebook page, while only approximately half (52% and 48% respectfully) had included a discussion page or a video page. More advanced facilities such as an Events page or a page to facilitate booking were even rarer at 24% and 17% respectfully.

Table 1 – Hotel Chain Pages on Facebook

Page Type	Number	Percentage		Page Type	Number	Percentage
Wall	29	100%		Custom	18	62%
Info	29	100%		Events	7	24%
Photos	29	100%		Discussion	15	52%
Video	14	48%		Booking	5	17%

Activity

Irrespective of the facilities provided or their level of visibility, to successfully leverage Social Media brands need to interact with customers. Social Media channels present a unique opportunity to reach out to interested group of consumers – ones who have already expressed interest by becoming a fan. On Facebook, brands can interact with their fans through the Wall page. If they have set their accounts to be open, both the brand itself and their fan can post on this page. In both cases, these postings are disseminated outwards to other Facebook users through the network effect, putting the chain's brand in front of a spiralling number of people.

Table 2. Activity Levels on Hotel Chain Facebook Wall Pages

Wall Status	Average Number of Posts July	Average Number of Posts June	Average Number of Posts May
Open	37.55	23.65	22.30
Closed	31.55	20.11	16.11

Of the 29 official Facebook presences, over two-thirds (69%) had set their Wall pages to be open, allowing both the brand itself and anyone who was a fan of the page to post text, photos or videos. As can be seen from Table Two, activity levels were measured over a three month period, with a distinction drawn between open and closed Walls. On average open Fan pages featured more posts each month, thus offering more opportunity to reach out to the customer. The month over month growth in the number of posts is also worthy of comment.

Engagement

While having activity is good, the true test of whether it is working is whether it resonates with users. Posting information is pointless unless it is of interest to your fans. Facebook provide facilities that allow brands to judge whether their interactions with their audience are on target. Fans typically show their approval for a Wall posting by clicking on the “Like” button or by posting a comment. More likes and more comments implies more involvement as the posting has provoked a reaction.

As can be seen from Table Three, it’s clear that engagement is deeper when it the brand itself creates the activity. Although, as discussed above, brands with an open Wall attracted a higher number of posts, reaction to each one is lower than when the Wall is closed and only the brand can post material. In the case of both Likes and Comments, both in aggregate form and when measured in terms of reaction per post, averages are higher when only the brand can post. These differences are significant at the 99% confidence level.

Table 3 – Activity Levels of International Hotel Chains

Wall Status	Average Number of Likes	Average Likes per Wall Posting	Average Number of Comments	Average Comments per Wall Posting
Open	54.50	1.53	41.30	1.03
Closed	290.11	24.12	151.44	22.06

Conclusion

Although the study revealed that major hotel chains are present to a certain extent on Facebook, overall their use of the system is quite basic. With a few exceptions, most suffer from low levels of visibility, activity and engagement and need to take more definitive action if they are to more fully exploit its potential. In particular their level of visibility is low. At the time of the study, few companies have managed to acquire significant numbers of Fans. (The exceptions are Hilton, Sheraton, Embassy Suites and Best Western with over 47,000, 46,000, 31,000 and 20,000 Facebook Fans respectively). Having a presence is clearly just the first stage, and few hotel chains have moved beyond their initial experimentation and build significant visibility with their potential customers. Given the network effect of Social Media, each Fan has the potential to further influence his or her social circle, and thus hotel chains should invest in growing this visibility by encouraging more people to become Fans. For international hotel chains, having a subscriber base measured in the tens of thousands is not unreasonable.

Once a community has been built, it must be animated. By subscribing Fans are indicating their willingness to interact with the brand. Activity, in the form of Wall postings, is thus very important in terms of building this conversation. However only a very small number of hotel chains have significant amounts of activity on their Wall. Activity averaged 95 Facebook Wall posts (or approximately one per day) over the three month period assessed which is quite low, and thus represent a lost opportunity. Having invested the time and effort to both develop a presence and grow a subscriber base, most are failing to leverage this potential by reaching out and communicating in a real way with this interested, qualified audience.

Even when hotel chains are using Facebook actively, it is questionable as to whether their activity is of interest to their users. A good measure of engagement is whether subscribers react to the content posted. Reaction, in the form of Likes and Comments, triggers the Network Effect, disseminating that content to the Fan’s network of Friends, thus spreading the brand’s message to a wider audience. However in general the activity observed on hotel chains’ Facebook presences assessed provoked little reaction.

Overall it appears that hotel chains are not making effective use of Facebook. With low levels of visibility, activity and engagement, few appear to be leveraging the potential that this new customer interaction channel can offer. It’s clear that most companies need to rethink their current approach and take substantial action if they are to

fully exploit the potential of Social Networks in the future. It is hoped that subsequent benchmarks will track these developments using this proposed methodology, allowing a longitudinal analysis of channel use to be developed.

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