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Customer Relations 2.0 – Implications for Destination Marketing

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ABSTRACT

This paper examines the relationships travelers form with travel companies and destinations via Facebook. Based on a sample of over 6000 online American travelers, the research finds that travelers have goal-driven motivations to enter such “friendships” with travel companies, from which they mostly expect deals. In contrast, relationships with destinations are more likely based on emotional attachment. The study further finds demographic differences in the likelihood to enter such relationships as well as differences based on Internet skills and travel experience, thus providing insights regarding basic profiles of fans and their motivations. Implications for customer relationship management are discussed.

Keywords: social media, customer-relationship management; destination marketing

INTRODUCTION

“The essence of the information technology revolution and, in particular, the World Wide Web is the opportunity afforded companies to choose how they interact with their customers” (Winer, 2001:89). Indeed, it has led to a paradigm shift in tourism marketing, favouring customer relationship management (Li & Petrick, 2008). The recent developments in social media take these changes one step further, enabling customers to be more actively in control of their relationships with companies. The barriers to building relationships are low (all it takes is clicking a button), the relationship is visible to others, and there is no sunk cost for quitting. This paper builds upon this research by investigating the relationships customers are likely to form with travel companies and destinations via social media, and how these relationships are structured. The ultimate goal of the research is to inform social media marketing strategies in tourism.

THEORETICAL BACKGROUND

While social media awareness is high among tourism companies and destination marketing organizations, there is often a lack of a clear vision when it comes to the actual implementation of social media marketing strategies (Hamill, Stevenson & Attard, 2012). Similarly, Stankov, Lazic and Dragicevic (2010) find that social media are currently not used to their full potential in tourism marketing. Indeed, Yoo and Gretzel (2010) argue that the active participation of consumers in marketing conversations requires new marketing approaches that conceptualize customer relationship management as real-time, engaging and community-focused and where the conversations with actual and potential tourists need to be continuous and active (Shao, Davila Rodriguez & Gretzel, 2012). Thus, managing but not over-managing conversations is key, but this requires detailed knowledge of why consumers enter into such relations and what they expect to get out of them. Interaction frequency within

the conversation framework is also an important issue that needs to be understood for effective customer relationship management (Winer, 2001). Traditional customer relationship frameworks often assume high attitudinal and behavioural loyalty of the customers who engage in relationships with companies, but it is not clear whether such assumptions still hold for customer relations 2.0.

METHODOLOGY

An online survey was developed including questions that focused on American travelers' interactions with travel-related companies and destinations via Facebook, as it is the most prominently used social medium in North America. A link to the online survey was sent to a general sample of online Americans using an online panel company in January 2011. The effort resulted in 6,461 usable responses. Almost three quarters (72.2%) of the respondents had taken at least one overnight pleasure trip in 2010. The resulting sample included a majority of females (70%, compared to 30% male), and was pre-dominantly white (83%) but included a balanced distribution regarding income. The mean age was 47 years. Almost all (90.7%) of the respondents indicated they had a personal Facebook account. As an exploratory study, the analyses included descriptive statistics and crosstabulations to describe the customer-company relationships established via Facebook, and to profile those who had declared themselves as "fans" of travel-related companies or destinations.

RESULTS

Of those respondents who have a personal Facebook profile, 12.2% have joined a Facebook group related to travel, whereas 21.6% have "liked" a travel-related company and 36.6% are fans of destinations, suggesting that exchanges with companies and destinations are more common than interactions with like-minded consumers in Facebook groups. Still, only a minority of online Americans have formed Facebook-based company relations in the context of travel. As can be seen in Table 1, most relationships are formed with hotels, followed by restaurants and airline/car rental companies. However, most of the interactions with travel-related companies are rather passive, with 71.5% having liked a post but only 24.9% of the fans have actually commented on a company post, 20.1% have actively posted something on the company wall, 18.1% have downloaded an application from the company page, and 15.0% have participated in a discussion. Also, active word-of-mouth is limited. That is, while friends of the fans will automatically see activities such as liking, only 27.4% of the fans actively shared a company post with others and 20.1% invited others to become fans.

Table 1
Type of Travel Company "Liked" on Facebook

Type of Travel Company Befriended	% of Respondents who have befriended a travel company on Facebook
Hotel	58.3
Restaurant	49.9
Airline/rental car	47.9
Attraction/theme park	37.9
Travel Agency	26.9
Museum	26.9
Travel community (e.g. Tripadvisor)	21.2
Destination marketing organization	18.7
Other	6.4

Importantly, the motivations to become Facebook fans differ significantly between travel companies and destinations. As shown in Table 2, while getting exclusive deals is the most common motivation for travel company fans, information needs drive the liking of destinations. However, in addition to the functional relationship, fans of destinations feel emotionally connected to the destination and are also more likely to want to show their association to others.

Table 2
Motivations to Establish Relationships via Facebook

Type of Motivation	% of Fans	
	Travel-Related Company	Destination
Exclusive deal or offer	71.8	47.8
Keep informed through news for events, etc.	70.3	63.8
I am a current customer/plan to travel to the destination	64.1	71.0
Interesting or entertaining content	63.9	70.8
Customer service and support	61.3	-
I would like to help promote the company/destination	47.9	53.5
Other people I know are fans of the company/destination	40.4	49.9
I feel emotionally attached	37.9	66.7
I want to show others that I am a customer/associate with the destination.	36.3	52.3
I (or people I know) am/are employee(s) of the company/current or former residents of the destination	31.7	60.4

Last, analyses were conducted to examine the demographic profile of those who “like” travel companies and destinations on Facebook and several interesting patterns emerged. The results indicate that fans of both travel companies and destinations are significantly ($\alpha < 0.05$) more likely to be younger, African American and Asian, and more educated than non-fans. However, no significant differences exist regarding gender. Additionally, fans of travel companies are significantly more likely to have higher incomes than non-fans while such a difference does not exist for fans of destinations. Fans of travel companies are also significantly more likely to be fully employed while fans of destinations are more likely full-time students, part-time employees and unemployed than non-fans. Fans of travel companies are less likely to be divorced and fans of destinations are more likely to be single compared to the respective non-fans. Last and not surprisingly, fans are significantly more frequent travelers than non-fans. However, active travel is not a necessary condition for fandom, especially not for destinations. A total of 12.6% of travel company fans did not engage in overnight pleasure travel in 2010 and for destinations the proportion is even higher with 22.9%. Further, fans of travel companies and destinations are more active social media users and social media content creators. They are also significantly less likely to describe themselves as novice or intermediate Internet users.

Interesting demographic differences also emerged regarding specific motivations to become fans of destinations on Facebook. Female travelers are significantly ($\alpha < 0.05$) more likely driven by wanting to keep informed. In terms of age, significant differences appear across all motivations, with exclusive deals being more of a motivating factor for 31-40 year olds, having actual travel plans not being a driving force for 20-30 year olds, and the need to show others, mimicking the behavior of others, being a resident and feeling emotionally attached being more important for younger travelers. 31-40 year olds are the most motivated by contents. Ethnic origin has an influence on the desire to get exclusive deals with Caucasian travelers being least likely to name this as a motive, while no significant differences were found for income and level of education. Those who are single or living

with a partner are more motivated by wanting to help promote the destination, showing others their association, residency, and emotional attachment. Significant differences also emerged for employment status with employed and full-time students being more likely motivated by wanting to show others, helping promote the destination, being emotionally attached and wanting to keep informed. In contrast, full-time homemakers, retired and unemployed were more likely motivated by associating with a destination because of residency. More experienced travelers, more active social media users and creators, and more experienced Internet users were across the board more motivated than those without these characteristics.

DISCUSSION

The results indicate that the relationships formed with travel companies are deal and content-driven, and are rather passive with fans expecting to be served with information. Only a small proportion of online Americans actively engage with travel companies through their Facebook pages. However, with social media use growing and younger consumers being more accustomed to this mode of operation, one can expect that these numbers will change in the near future. Importantly, relationships are not only formed by those who actively travel for pleasure, and in the case of destinations, the relationship is formed with the place rather than with the DMO and involves much stronger emotional attachment and social identity.

From a theoretical point of view, the research makes a contribution to our understanding of online consumer behavior by exploring dimensions of customer-company relationships in social media contexts, stressing fundamental differences between relationships with companies and destinations. From a practical point of view, it emphasizes the importance of rethinking current approaches to customer relationship management. Destination marketing organizations need to consider the specific motivations of the “fans” as well as their demographic profile when designing contents for their Facebook pages. The results show rather complex patterns of motivations and demographics, suggesting that intricate knowledge of the target markets is required.

Further, research has shown that for long term relationships, emotional attachment is essential as interactions with destinations are generally less frequent than interactions with airlines, hotel chains and travel communities due to variety seeking. While the current research provides insights regarding the basic profiles of fans and the relationships they want, future research should examine, from both the company and the customer perspective, the nature of this communication in terms of the rules of engagement and disengagement and regarding its relationship to behavior (including loyalty).

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