A look into the implications that social media has had on customer relationship management as well as the hospitality industry. This paper explores the research that has been conducted on the subject and lists possibilities for future research and study.

INTRODUCTION

With the emergence of social media, consumers now have more control over how information is generated, created, organized and shared (Trackeray et al. as cited in Zhang, Mattila, & Cranage). Consumers use new media to participate in social networks, which enables them to create and share content, communicate with one another, and build relationships with other consumers (Hennig-Thurau et al., 2010, p 312). As consumers today spend a lot of time creating user generated content and posting it on the Internet, it behooves the business community, and hotels specifically, to take note and keep track of what is being done in order for them to market themselves correctly.

While travel consumers in the past relied heavily on travel journalism and traditional media to help guide them to the best places to go and the most exciting things to do, the Internet has now taken over that role as information provider (O’Connor, 2008). According to the US Travel Association, the Internet was used by approximately 90 million American adults to plan travel during 2008 with 76% of those people using it for planning leisure trips (USTA, 2009). A 2010 study published by Deloitte titled ‘Hospitality 2015’ states that social media and new technology trends will play the key role over the next five years towards the growth in the hospitality industry; the study further points out that with millions of consumers having internet access around the globe, that the study’s numbers are expected to increase by 50% in 2015 (as cited in Lee, 2010, p 7).

Given the potential impact of social media on online tourism, knowledge about the role of social media in travel information search is important in order to better inform tourism marketing practices (Fesenmaier, 2007; Gretzel, 2006; Xiang & Gretzel, 2010, p 181). Social media is changing the ways that business are going about marketing themselves to their consumers, as it forces a rethink of traditional marketing methods. 81% of surveyed executives expect to increase investment on social media projects and reduce traditional marketing (Value of Social Media, 2010 as cited in Zhang et al., 2011).

Moving through this paper, we will look at past literature and use it to break down the effect that social media has had customer relationship management and on marketing for hotels specifically. No
rational person can deny the fact that social media has changed the world of marketing, as marketing and advertising are no longer confined to the three main channels of the 1970s, 80s and 90s, print, radio and television. Nowadays consumers can be reached at all times in almost any place they go thanks to the proliferation of Internet capable smart phones, and this means that companies must work hard to keep their brand and image relevant and on point. Another thing that we are going to be looking at is how the new social media has affected companies’ relationships with their customers, especially as it pertains to the ease of which consumers can now complain or compliment a company. With so many online rating sites, as well sites where people can publish personal thoughts via written or video format, companies nowadays have an amazing opportunity to become more directly involved with their consumers. The hospitality industry in general has been affected tremendously by the advent of the new forms of social media, as they are no long only being judged by a set of formal criteria decided upon by travel guide writers, but now are open to reviews that can be read by the “everyman”. We will be looking at how these new travel related websites, be they advertising or review, are helping and possibly hurting the hotel industry as it attempts to play catch up with this new media.

LITERATURE REVIEW

The Impact of Social Media on Customer Relationship Management

In the era of new media, managing customer relationships is like playing pinball - companies serve up a "marketing ball" (brands and brand-building messages) into a cacophonous environment, which is then diverted and often accelerated by new media "bumpers," which change the offering's course in chaotic ways. After the marketing ball is in play, marketing managers continue to guide it with agile use of the "flippers," but the ball does not always go where it is intended to and the slightest miscue can be amplified into a catastrophic crisis (Hennig-Thurau et al., 2010, p 313).

This statement holds its ground today as well as it did a year ago if not more so as the United States economy heads towards a possible double-dip recession. Nowadays the concept of brand loyalty is an important one as marketers advertising and promotion budgets are cut, and it is much easier to keep someone buying a good than to convince a new person to start buying it.

Customer relationship management (CRM) is important to marketers and brands today as they strive to keep their customers from “straying” to opposing brands. Customer relationship management is defined as a process which helps in profiling prospects, understanding their needs, and in building relationships with them by providing the most suitable products and enhanced customer service (“Customer Relationship Management”, n.d.). SCRM, which is the combination of social media and CRM, is described as the business strategy of engaging customers through social media with the goal of building trust and brand loyalty (Woodcock et al., 2011, p 52).

With the advent of the Internet, and social media in particular, it has never been easier to connect with ones consumers than it is now. Traditional CRM helps to manage customer relationships on a huge scale, but it does not help in building mutual trust between buyers and sellers as it is impossible to build trust with thousands of customers over e-mail, mail, or phone (Woodcock et al., 2011, p 53). Nowadays more than ever trust is a major factor is buyer-seller relationships, as we only have to look at China to see how much a company can fall after losing their customers trust. According to Woodcock et al., SCRM is how:

We [the marketer] help you engage with us, whenever you need to, wherever you are, in ways that are convenient to you; provide you with the personal experience you need to keep you engaged, informed, interested and maybe even entertained; transact with each other, or through third parties, in ways that are mutually valuable; get to know each other over time so that we can tailor what we do (and how we do it) with you in mind (2011, p 52).
As you can see, SCRM is very individually focused, and since a large part of CRM deals with building trust, it is important that the consumer be made to feel that they are important to your brand or company. SCRM can also be useful for a company, as it supports the whole customer lifecycle, and should lead to increased sales and decreased costs if implemented correctly (Woodcock et al., 2011, p 55).

Customer relationship management is not a new concept, nor has it tenets changed dramatically; it is just the way that it is carried out now that has changed. Kierzkowski et al., (1996) point out that retaining customers is the perquisite for learning and building relationships with them, and Chan and Guillet (2011) continue on by pointing out that providing interesting and valuable content on social media sites has become very important for that reason (p 365). It is essential for marketing managers to continuously find a solution to appeal to and to keep new and current customers (Schneider, 2009 as cited in Lee, 2010, p 2). Since, as Lee (2010) points out, when a company gets their customers involved and engaged, it leads to lasting working relationships (p 7). Furthermore, there is a strong correlation between high customer-retention rates and sustainable profits (Murphy et al., 2003, p 73), which goes to explaining why social media should be considered a key element these days in CRM.

A significant part of CRM, and usually the first step in the relationship process is getting to know your consumers, their likes, dislikes, and things of that nature. This learning process has been going on for years, especially in the hotel industry, with the comment cards that guests would fill out. As Stringam and Gerdes Jr (2010) state, hoteliers have found that review of the information in comment cards enabled them to make management decisions that resulted in improved service operations, increased profitability of the hotel, and increased the loyalty of hotel guests (p 776). It is important that companies listen to their customers, because by doing so they might just be able to avoid a pitfall down the road.

Social media can make it much easier for companies to learn about their customers, even if it’s just by reading what they write online. Kaplan and Haenlein (2010) say that companies should find out what their consumers would like to hear, what they would like to talk about, and what they might find interesting, enjoyable, and valuable; then the company should go about developing and posting content that fits those expectations (p 66). O’Connor (2008) also points out that becoming friends with the customer allows companies to see first-hand what their customers are like, and can be an incredible source of market intelligence, as it can give them access to information that would be difficult or impossible to obtain otherwise.

Another important step in the CRM process is that of retaining consumers. Woodcock et al., (2011) point out that through the use of SCRM a company can get to know their high value customers, and then proceed to market accordingly to those customers (p 56), ideally creating the feeling for the customer of being in a one-on-one relationship with the company or brand. This is one of the major pluses of using social media in CRM, as it has the ability to create a sense of trust between the marketer and the consumer, and it can also lead to better customer service. Murphy et al., (2003) show that customer service has a strong link to customer satisfaction, which then yields customer loyalty and long-term profitability (p 76). It has also been shown that when a company gets their customers involved and engaged, it can lead to lasting working relationships with organizations (Lee, 2010, p 7), and that maintaining ongoing contact is essential to developing and keeping that relationship (Keirzkowski et al., 1996, p 15).

The third step in the customer relationship management cycle is engaging the customer, because through engaging the customer, you can keep them on your side. Woodcock et al. (2011) state that it is clear that the greater the consumer engagement, the greater the financial value of the customer, and that a deeply engaged, or committed consumer has 5x-8x the value of an average consumer (p 56). This means that if you are able to engage your consumers and move them from just being mildly committed to engaged, you increase the value of that consumer for your company.

Different types of social media can have different effects on consumers and consumer brand relationships. A fan page on Facebook allows customers to communicate with one another, and more importantly, to communicate with the company (Zhang et al., 2011, p 1). The use of corporate blogs enables companies to strengthen relationships with their customers (Lee, 2011, p 17), as the customers are kept abreast of the happenings at the company and therefore feel involved. Firms are also increasingly
trying to use online communities to enhance their customer relationships (McAlexander, Schouten, and Koenig, 2002, as cited in Hennig-Thurau et al., 2010, p 319). For example, in online communities of information technology firms such as Hewlett-Packard and Microsoft experienced customers support peer customers who face product-related problems ("consumer support forums"; e.g., Mathwick, Wiertz, and De Ruyter 2008, as cited in Hennig-Thurau et al., 2010, p 319).

As mentioned previously, the hospitality industry has been very involved in customer relationship management for years. Tourism businesses and organizations have adopted the Internet as one of the primary communication channels for gaining and retaining visitors (Buhalis and Law, 2008; Pan et al., 2011). Jeong and Jeon (2008) point out that with varied formats of CGM, the hospitality industry is becoming more open minded about listening to customers' unfiltered and candid experiences about its offerings. In doing so the industry immediately addresses issues and acts appropriately to establish a lifelong relationship with its customers (Starkov & Price as cited in Jeong & Jeon, 2008, p 124). In a look towards the future, O'Connor (2010) identifies that hotels will need to actively embrace the concepts of social networks and user-generated content, and try to leverage these developments to generate incremental business and build customer loyalty (p 769).

To sum up, when harnessed with CRM, social media can deliver financial benefits to companies in every sector. The benefits are centered on 'customer engagement' and are not peripheral but fundamental to driving business performance. Financial benefits apply across the customer lifecycle, in acquisition, retention, value development and managing cost to serve (Woodcock et al., 2011). In addition, engaged consumers on social media have the desire to actively engage and to become both producers and consumers of information, so called "prosumers" (Toffler, 1980, as cited in Kaplan and Haenlein, 2010, p 66).

**The Impact of Social Media on Hotels**

When it comes to hotels, the Internet and social media has changed how they do business over time. As Litvin et al. (2008) point out, cyberspace has presented marketers with new avenues to improve the efficiency and effectiveness of communication, and new approaches for the acquisition and retention of customers (p 458). Hotels and social media appear to be a great fit, as hotels are information gatherers and always try and get repeat business from their consumers. These days, hotels use the Internet to provide information and to promote and distribute their products and services (Murphy et al., 2003, p 72). They realize that in order to stay competitive in the digital world, the hotel has to be engaged or involved with their intended consumers, usually through some form of social media, while increasing awareness about their brand and building relationships with both new and loyal customers (Lee, 2010, p 11). On the whole, the popularity of travel distribution over the Internet has provided hoteliers and consumers alike the opportunity to review consumer generated content across the industry. This is important because when used together, these reviews and ratings provide a powerful tool and a wealth of data to hotel management (Stringam & Gerdes Jr., 2010, p 775).

When it comes to social media sites, there are a lot out there, and they tend to vary in importance from place to place around the world; here is a look at some of the social media sites that are popular with hotels. According to a study done by Chan and Guillet (2011), among the 23 social media sites investigated in their study, Twitter (56.7%) and Facebook (53.7%) were the most widely used social media sites in the industry (p 353). Following those were YouTube (38.8%), Flickr (26.9%), and TripAdvisor (23.9%) (p 353), so as you can see, hotels appear to be on more than one social media site at a time. A few other interesting facts from their study was that only 15 out of the 67 hotels that they surveyed used blogs for marketing purposes, and that few of the hotels surveyed used Second Life, MySpace, or LinkedIn as a way to stay connected with their consumers (p 354). This is not necessarily a bad thing though, because as Chan and Guillet (2011) point out, hotels do not need to be present on all social media sites, and they should take firm-specific traits into consideration when deciding which social media to use (p 365).

When it comes down to joining a social media site, it is important that hotels do so without hesitation and with a plan. Social media can be very useful for a hotel, as not only does it let them interact with their
consumers, it can help them to move product as well. As O’Connor (2008) puts it, from the supplier perspective, the highly perishable nature of travel products makes effective distribution particularly important, as any unsold item cannot be stored and subsequently consumed at a later date. Using social media as a marketing tool can also provide a good ROI for a hotel, as it requires a low cost of investment, and yet can provide so many benefits. This is confirmed by Hailey who says that there are advantages in marketing through social media, low cost investment, direct consumer communication, brand communication and also it acts like a verbal evidence theory that people tend to believe when compared to commercial advertising (as cited in Lee, 2010, p 8). Buhalis and Law (2008) also point out that by being on social media, hotels can learn more about their users, and in turn, use their new gained knowledge to more effectively market themselves to their consumers, as well as provide new products or offerings that their consumers might enjoy. In general, by joining a social media site, a hotel opens itself up to opportunities that it would not as easily have otherwise, such as the ability to gather consumer information, see trends in the industry, and create better relationships with its consumers.

When it comes to hotels and consumer generated media (CGM), hotels and consumers use it in different ways. For consumers, CGM seems to be a way for them to double-check what they have heard about the hotel or destination that there are going to. According to Gretzel & Yoo, word-of-mouth recommendations have been shown to affect the purchase decisions and public perceptions of hotels (as cited in Stringam & Gerdes Jr, 2010, p 775). Another study by Gretzel et al., quote statistics from Complete, Inc. that suggest that almost half of travel purchasers used CGM in their travel planning, and that one-third found its input useful (as cited in O’Connor, 2010, p 760). The issue of trust is also brought up when dealing with CGM, and it is important for hotels to note that in a survey carried out by TimesOnline in 2007, 82% of respondents trust reviews posted on a travel review site like TripAdvisor.com (McGarth & Keenan, as cited in Jeong & Jeon, 2008, p 125). If consumers are so trusting of what is put on travel review sites like TripAdvisor, it behooves hotels to pay attention to what is being said on there, and to act accordingly.

There are two ways for hotels to use CGM, they can either create it themselves, or react to what others are putting online. In the case of company created media, the key for the hotel is to stimulate usage and to make bulletin boards interesting and lively so that consumers return often to their site (Litvin et al., 2008, p 464). Examples of hotel created media include the blog, Marriott on the Move!, which is used by Bill Marriott, Chairman and CEO of Marriott International, to engage in a dialogue with consumers. Another example would be the Wynn Las Vegas and Encore hotels using Twitter and Foursquare to stay connected with their guests (Lee, 2010, p 13), and using those applications to provide up to the minute updates on happenings around the hotels.

When it comes to using the CGM that consumers are posting online, one of the most important things a hotel can do is to listen and learn. The best way to gain a full understanding of a customer's feelings about a hotel is to analyze the content of the customer's comments (Lewis & Pizam, 1981; Pullman, McGuire, & Cleveland, 2005; Stringam & Gerdes Jr, 2010, p 776), and these comments can now be posted anywhere on the Internet. Analysis of guest comments is not something new for hotels; they have used it for years to help them correct problems with services or products that have been pointed out to them. This in turn had the ability to lead hotels to greater profitability as they could become more efficient, and could also create loyalty as consumers could see that their comments were taken to heart, and so there a bond could form between the two. A salient point broached by Jeong and Jeon (2008) was that managers, by listening to guests’ voices about their hotel experience, have an opportunity to review and re-evaluate their operational strategies and management goals against industry norms and performance averages (p 136). Jeong and Jeon (2008) also point out that:

Hotel review sites seem to provide hotel management with valuable market information that is not directed by researchers, but freely volunteered by guests, thereby offering a raw opportunity to read industry performance trends as well as benchmark a hotel against the industry in general. (p 137)
What is better than free information that can help you as a business to grow and possibly prosper? Very little, so it is important for hotels to take note of CGM and to monitor it closely so that they can track industry and customer trends, as well as learn about improvements that they might need to make.

One of the main types of CGM that hotels deal with frequently is that of EWOM, and due to the Internet, it can spread quickly to everyone. According to the Cornell Center for Hospitality Research, hotels have relatively little control over consumer generated ratings and word-of-mouth recommendations (as cited in Stringam & Gerdes Jr, 2010, p 775), which means that hotels must always be reacting to it. This is important, especially in the case of hotels, as EWOM is thought to be particularly important for services (particularly those that are complex or are associated with high risk such as leisure travel), as their intangible nature makes pre-purchase trial impossible (Mazzarol, Sweeney, & Soutar, 2007 as cited in O’Connor, 2010, p 758). Kirkpatrick and Roth (2005) point out that you can also manage EWOM for the purpose of revenue generation (as cited in Litvin et al., 2008, p 463), since people will see positive EWOM as a recommendation for your property, and can therefore drive consumers to choose you over a competitor. Litvin et al. (2008) also say that by allowing and encouraging EWOM on the company created social media site through posted comments, it can provide the host company genuine and untainted consumer feedback, while at the same time providing a service recovery mechanism to reply, rebut, or rebuff negative comments (p 464). That does not have to just apply though for the company’s own social media site; it is important that hotels continuously track what is being said about them everywhere on the Internet, especially on travel review sites. As O’Connor (2010) points out, on TripAdvisor, hotels have the opportunity to post a management response to each review (p 762), however, that fact does not seem to be being taken advantage of. Chan and Guillet (2011) in their study of Hong Kong Hotels and social media, found that only about 24% of hotels responded to customer reviews on TripAdvisor, and of those that replied, 25% only provided a one-off response (p 353-354). It is important for hotels to get involved in responding to EWOM, especially negative EWOM, as it has the ability to drive customers away if they are given no context for the negative review.

In summation, tourism businesses need to better monitor the information sources from the third-party and Web 2.0 websites such as TripAdvisor.com and take advantage of them (Pan et al., 2011, p 373). For hotels using social media, Kierzkowski et al. (1996) states that frequent updating is important, as fresh but still valuable content keeps customers returning to your site. A final point that needs to be stressed is that some hotels seem to have the misconception that social media is just another advertising channel. Ergo, they fail to socialize, respond, interact, and build relationship with customers, which is an essential component of SM (Briscoe, 2009; Kaplan & Haenlein, 2010; Scott, 2007; Tylee, 2009; Xiang & Gretzel, 2009; Chan & Guillet, 2011).

IMPLICATIONS, LIMITATIONS, AND FUTURE RESEARCH

The present study builds on the work of Chan and Guillet (2011), but this study has a different scope. Chan and Guillet look into how the hotel industry as a whole in Hong Kong is utilizing social media marketing, whereas my study looks specifically at four and five diamond hotels located in the Las Vegas area.

While the study has not yet been completed, from looking at the literature, it can be extrapolated that hotels in general are for the most part not using social media to its full potential, and in many cases are using it incorrectly. It can be inferred that hotels need to change up their marketing game plans in some cases in order to take advantage of social media and all the benefits that it may contain. From the literature we can also see that online word-of-mouth, EWOM, has a large influence of users of Internet travel review sites, whether it is on TripAdvisor or on Facebook.

This study is very limited in its scope as it only looks at 30 hotels, and should not be generalized for the industry as a whole. This study specifically looks at four and five diamond hotels, and as is the case in most places, they are not the dominant supplier of rooms in the Las Vegas hotel industry. This study is also limited in that it uses second hand data in compiling its information, and that it only takes its data from a short window of time.
Future research might want to look at other parts of the Las Vegas hotel industry and its use of social media marketing, or even look at any major metropolitan city in the United States as few studies seem to have been done on it yet. Alternatively, researchers may choose to replicate this study and see if hotels have improved or regressed in their use of social media over time.

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