Exploring the potential of social media tools to enhance customer’s satisfaction and increase turnover in the Irish accommodation sector.

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Businesses in the tourism and hospitality sector are operating in a competitive and stimulating environment. It is a competitive environment as they must sell their perishable products each day at the right price and as new technology emerges it becomes more challenging to communicate with customers. Social media networks enable customers to share their dissatisfaction effortlessly online, where potential customers can be influenced by their negative experience. However, at the same time social media offers unique opportunities for business in the hospitality sector to engage and address these issues. Web 2.0 has fundamentally changed the way businesses operate and communicate with their customers, allowing customers to communicate with organisations and voice their opinion about the products and services they have experienced. A study conducted by TripAdvisor (2014) advocates that 65% of travellers are influenced by online travel reviews and almost half (48%) are influenced by personal recommendations, causing travellers to change their plans as a result of what they read on Facebook, Twitter or TripAdvisor.

Reading the literature on the subject this research attempts to contribute to the knowledge on the subject of social media engagement in the hospitality sector, customer satisfaction and increased customer turnover. After revising the literature on the subject, collecting primary data was crucial in order to contribute to the knowledge on the subject. A quantitative data collection method was reckoned to be necessary to collect primary data from Irish accommodation providers using online questionnaires to investigate the current use of social media by Irish accommodation providers.

The objective of this study examined the adoption of social media by Irish accommodation providers and the impact it has on increased engagement, customer satisfaction and increased customer turnover as perceived by accommodation provider’s owners/managers. The result provides several theoretical contributions to social media customer engagement based on social exchange theory. The quantitative and qualitative data analysis shows that by being very active in social media and engaging with customers, accommodation providers will be able to enhance customer’s satisfaction and increase customer turnover. The findings of this research highlight the social media tools used by the Irish accommodation to engage with customers on social media to create awareness and ultimately increase customer turnover.

Keywords: Irish accommodation, Social Media, Customer turnover, eWOM and customer engagement.

Introduction

This paper reports on research conducted on the impact of social media and the Irish accommodation sector. In the last decade, social media and web 2.0 has fundamentally changed the way organisations communicate with their customers. The hospitality sector provides perishable, intangible, and inseparable products to its customers. Technology and the internet enable consumers to search easily for information about products and services in order to reduce or eliminate the risks associated with purchasing an intangible product. They are searching for insights from people who experienced the services before and they expect to obtain similar services.
Electronic Word-of-Mouth (eWOM) and user-generated content (UGC) can now reach millions of customers all over the world through social media channels, influencing a potential customer’s decision. Consumers share material and information about their experience with friends and followers on social media, therefore creating UGC and eWOM. This form of content has been recognised by the consumers to influence their perception about a product when considering booking travel accommodation. A recent global report conducted by Ipsos for TripAdvisor (2015: 35) found the 90% of consumers are influenced in their decision to book a room by the ratings of reviews and 88% of people are influenced by the online reviews and posts on TripAdvisor.

To address this issue, the Irish accommodation providers need to use social media tools strategically to engage with consumers and monitor the online environment for information that is related to their business products and services. This research provides insights on the current uses of social media and theorises that organisations that uses social media can increase engagement and ultimately increase customer turnover and profitability. The literature on the subject of “social media and customer engagement”, “social media and customer satisfaction” and “social media and customer turnover” were or reviewed for this study.

Social media and the impact on the hospitality industry

The concept of social media is not new! People have been communicating for millennia, but before social media they were limited only by distance and time. Not anymore! Since the emergence of new technologies and web 2.0 individuals can now communicate face to face, update and share information globally with each other through the internet and social media 24/7. The advancement of technology and smart mobile devices enables consumers to capture every moment to share it with their friends and followers instantly and effortlessly. With the newly developed social media networks such as Periscope and Meerkat, they can now broadcast live.

For businesses, the communication channel with consumers has been transformed from a one-way communication channel to a two-way real-time communication. UGC is being created about businesses, products and services at this very moment. With 69% of the online population using social media for their business or their personal use (Kemp 2015), accommodation providers are directly affected by what customers share on social networks (Park and Allen 2013).

Studies (Brodie et al 2011; Sashi 2012; Wei et al 2013; Cabiddu et al 2014; Chathoth et al 2014) suggest that organisations that engage with social media forge long-term relationships with existing and new customers. Wei et al (2013) states that customers’ engagement behaviour (CEB) is influenced by the positive or negative valance of CEBs reviews and that the management response to CEBs can influences prospective customer’s trust. He believes that customer engagement takes different behavioural forms and his research suggests that user-generated hotel reviews can have a positive or negative impact on business reputation and that the management engagement and response should be specific and not generic. He further adds that a “three-way interactive network” exists between the actor (the person who writes the review), the respondent (the manager that engages with the actor when responding to the review) and the observer (the potential customer who is interested to find out more about the business) when engaging on social networking platforms and reviews sites. Cabiddu et al (2014) argue that in order to engage effectively organisations need to realise their social media affordance perspective based on their proprioception of whom they are as a business, exteroception of what social media stands for and
how they can be used in coperception to engage with customers either in persistent engagement, customised engagement and triggered engagement.

Customer satisfaction has been extensively researched and recognised as a key influencer in establishing a loyal customer base which influences future purchase intentions (Bowden 2009, Taylor & Baker 1994). With the convenience of social media, satisfied customers are more likely to tell others about their stay when they have a good experience state that increased customer satisfaction has a positive effect on an organisation’s profitability, brand loyalty and repeat purchases. According to Abdullah & Hamdan (2012) social media helps satisfied customers, to voice their overall opinion to millions of people and such positive reviews have been recognised as the “best advertisement money can buy”. eWOM has been classified a unique opportunity to address customer issues and increase customer satisfaction (Field & Grande 2013). Reviews on TripAdvisor and other OTA’s such as Expedia, Trivago display satisfaction ratings based on many attributes such as cleanliness, service, value (TripAdvisor 2014b). However, reviews on sites such as Facebook, Twitter offers a star rating based on the whole experience and organisations need to analyse the words customers used (Xiang et al 2015). Measuring customer satisfaction is the hospitality industry is imperative, in order to identify shortcomings in meeting and exceeding customers’ expectations. Reviews on sites such as TripAdvisor, Facebook, and Google local, help organisations address both positive and negative reviews to clarify the issues. At the same time, it offers the opportunity to enhance customer satisfaction by monitoring brand sentiment and mentions, offering customer support and it empowers other customers to respond to other customers comments (Beard 2013).

Research shows that organisations that engage with customers who post online reviews leads to increased loyalty (Loureiro & Kastenholz, 2011), increased turnover (Luo et al 2013) and competitive advantage (Serlen 2010; Alsobhi & Abeyesinghe 2013). A very common approach used by many accommodation providers is to distribute the remaining hotel rooms on TripAdvisor to drive revenue to booking platforms and to increase customer turnover (Leung et al 2013). Studies (Sparks and Browning 2011; Ye et al 2011; Anderson 2012; Colaco 2014; Ladhari and Michaud 2015) suggest that eWOM and reviews have an exuding impact on customers booking decision. A majority of positive reviews influences the customer’s decision to book a room (Sparks and Browning 2011). Moreover, when managers respond to negative reviews with brand integrity and facts, it influences customer decision (Park and Allen 2013). Research conduct by Tsao et al (2015) also revealed that a large number of reviews has a negative bearing on customer decision when booking accommodation.

Conceptual background and research hypothesis

A comprehensive study of the literature review on the subject has been conducted to learn what other researchers have previously examined. Although a large number of research has been conducted overseas (Hsu 2008; Mohamed and Moradi 2011; Sparks and Browning 2011; Ye et al 2011; Chiou et al 2013; Leung et al 2013; Šerić et al 2014; Zhang and Vásquez 2014) on the subject of social media and the impact of online reviews and eWOM on the hospitality sector, limited work has been undertaken in Ireland. Published academic research on the hospitality sector in Ireland analysed the Impact of TripAdvisor on hotels (Cunningham et al 2010). The researchers suggest that hotelier’s behaviour changed due to the impact of TripAdvisor reviews, and an increased standard of service was achieved by Irish hoteliers over a two-year period (2007-2009).

A data explosion of UGC occurred, according to Gunelius (2014) where every minute on Facebook users share almost 2.5 million items of content. On Twitter the users tweet approximately 300,000 times, Instagram users post 100,000 new photos and YouTube visitors upload 72 hours of new video content per minute. On TripAdvisor, more than 125 reviews and contributions are posted every
minute (TripAdvisor 2015), and all these forms of UGC are a source of negative influence from dissatisfied customers (Zeng and Gerritsen 2014). As consumers spend up to 60 hours a week in front a screen (TV, laptop, smartphone, and tablet) they choose what information they are willing to read or watch and when, how and for how long they are willing to engage with what organisations share (Nielsen 2014). Not having a social media presence, hospitality providers are missing out on the opportunity to engage with customers. Therefore the first hypothesis suggested is as follow:

**H1. Social media presence can lead to increased engagement with customers**

Social media tools enable organisations to listen to what customers have to say about their products, services and their brand (Hutchinson 2014). The customer connects with organisations on social media as they want business to listen and engage with them (Kietzmann et al 2011). Zhang et al (2010) research suggests that business can use social media networks such as Twitter to increase engagement with customers that follow them on Twitter. The researchers theorised that by engaging with customers on this network they will be able to diffuse the information to socialise, learn, get others to advocate for the brand, to co-develop and share with the followers. Their findings suggest that eWOM can be used to enhance customer's engagement and reach second-degree relation to the business. eWOM is an informal form of content about the usage of a product, created by the consumers to influence other users or business providers (Litvin et al 2008). Responding to the content created by consumers it encourages manager/owners to participate in the online conversation (Litvin and Hoffman 2012), to listen and address customers concerns (Zhang and Vásquez 2014). Thus, we propose the second hypothesis as follows:

**H2. Responding to customers reviews/comments on social media may increase engagement**

The competitive environment in which accommodation providers operate has instigated accommodation providers to focus on delivering outstanding services that exceed customer satisfaction to differentiate themselves from their competitors (Angelova and Zekiri 2011). Customer satisfaction has been recognised as a key driver in building customer relationships, which leads organisations to predict the likelihood of customers to return (Curtis et al 2011; Zhu and Chen 2015), their likelihood to recommend the products and services (Crotts and Magnini 2011) and to become loyal customers (Wendy Gao and Lai 2015). Responding to comments and showing appreciation for their engagement strengthens their relationship with customers. It transforms the calculative commitment that they have made when starting to follow on social media into an emotional commitment, therefore building a long lasting relationship with the consumers (Bowden 2009). The following hypothesis is proposed.

**H3. Increased engagement on social media sites helps build relationships with customers**

A review of 42 academic studies by Nadkarni and Hofmann (2012) on why people use Facebook enlightens us that consumers use this network based on motivational factors such as belonging, self-actualisation and expression of their own opinion. Therefore listening to customers on social media can help with identifying and addressing customer needs and wants or any concerns they might have. Listening to customers eWOM published on social media helps businesses create products and services that meet their expectations and enhances customer satisfaction (Mohammadian and Mohammadreza 2012). Engaging in social media activities without a social media strategy reduces the effectiveness of social media activities. It is difficult to measure the return on investment when no objectives are set (King 2014). Organisations that engage strategically with their consumers are the ones that benefit the most from the social media. Benefits such as an increase in online traffic,
sales, customer satisfaction and business brand recognition could increase (Angelova & Zekiri 2011; Callarisa et al 2012; Xiang et al 2014; Julig 2013). Therefore, the following hypothesis is proposed.

**H4.** Engaging with customers on social media may help enhance customer satisfaction

eWOM generated from experiencing a product has a significant impact on a consumer’s purchasing decision (Tsao et al 2015), because 72% of online consumers trust what their family and friends are sharing on social media (Edelman 2015) more than they trust any other form of media. Sparks & Browning (2011) studying the impact of online reviews on hotel booking intention, state that consumers tend to rely on readily available information to influence their decision to book a hotel room. Diana et al (2014) claims that social media sites are no longer a new phenomenon, as they are constantly evolving, but they believe that “social media discovery is a relatively new issue” and organisations should be aware how this affects their business. To prepare for this new challenge organisations need to listen and consider how the information shared on social networks affect them, their profitability, their reputation and image. As the tourism sector is experiencing growth after the recession the accommodation providers need to focus on filling up rooms at the right rate to increase profitability. Angelova & Zekiri (2011) state that increased customer satisfaction has a positive effect on an organisation’s profitability, brand loyalty and repeat purchases. Noone et al (2011) suggests that by providing direct booking links on social media platforms it helps accommodation providers to increase their profitability by cutting out the middleman. Litvin and Hoffman’s (2012) research suggests that negative reviews have a significant positive impact on customer purchasing decision when they are contested by a positive customer review and a manager’s response to negative reviews. Therefore, we propose the following hypothesis.

**H5.** Increased social media engagement can help increase customer turnover.

**Research Methodology**

To test the hypotheses proposed data was collected from 344 Irish accommodation providers. As part of this study, an online questionnaire has been designed by the researcher to collect information from accommodation providers listed in the “Hotels & Guesthouses Be Our Guest 2013 Guide” and “B&B Ireland 2013 Guide”. A total of 1345 online surveys were sent.

The first section is composed of general questions in order to find out the current level of social media usage and which social media sites the respondents use. Closed-ended questions, open-ended questions, multiple choice questions and Likert scale format questions were used in this section, to find out what are the reasons why accommodation providers use or do not use social media sites. The second section of the questionnaire design attempts to identify what are the effects of having a social media strategy in place in order to engage effectively with their customers and if engagement can lead to increased turnover. The third and last section of the questionnaire was designed to collect information about how often accommodation providers use social media to engage with their customers. This section was designed to collect information on how often accommodation providers engage with customers and to assess if this engagement might lead to customer satisfaction. The same approach to question asking was applied in all sections as mentioned in the first section of the questionnaire design.

A total of 344 recipients responded, which represents 26% of the total sample. Out of these responses 145 said that they do not use social media and 199 affirmed that they use social media for their business. From 199 responses received who stated that they are using social media only 175 of the respondents stated that they are in charge of managing the business social media activity. The number of valid responses dropped further to 136 where the uncompleted responses were eliminated to ensure the validity and reliability of this research. To acquire a deeper, more
meaningful understanding of the data collect and to test the hypotheses proposed the data collected were coded in Minitab 17 Statistical Software. The Pearson chi-square test of association and Fisher exact test were used to test if an association exists between the variables proposed. To analyse the open-ended question NVivo 10 Qualitative data software was used. The data was coded using the content analysis technique. An inductive content analysis approach was undertaken for this research which involved “open coding” method (Mayring 2014: 79).

Research Findings

The literature review showed what impact social media and eWOM has on the tourism accommodation sector worldwide. The research conducted in Ireland informed us that content published on TripAdvisor helps improve the hotel offering. However, that research was conducted more than five years ago, and a more up to date research was deemed necessary. As previously mentioned the concept of social media is not new anymore and social networking sites are continuing to evolve where new tools and new algorithm are being placed to optimise the user’s experience (Ward 2015). Therefore, new research is deemed to be necessary.

Although the importance of having a social media presence to engage with the customer has been well discussed in the media and more than 69% of the global online population are active on social media, the findings of the online questionnaire shows that only 58% of Irish accommodation providers have a social media presence. Based on the responses received from owner or managers who utilise social media in Ireland this research highlights that organisations that use social media to engage with customers could better develop the customer relationship, enhance customer satisfaction and increase turnover.

A conceptual framework was proposed (see Figure 1) based on the finding of the literature and was tested using the Pearson chi-square test if an association exists between the variables.

The first hypothesis tested analysed if an association exists between having a social media presence and increased engagement. The probability value (p-value) result was 0.048 which lies in the rejection area, therefore, the null hypothesis (H0) can be rejected, confirming that an association exists between the two variables. The second hypothesis tested if an association exists between responding to online customer reviews and comments and increase engagement. The findings of the Pearson chi-square test of association suggest that significant connection exist between the variables, accordingly a p-value of 0034. The third hypothesis tested was measuring if an association exists between the engagement and building customer relationships and a p-value of 0.000 was obtained. The Fisher exact test was applied to acquire an exact probability, and a p-value of 0.00045 was attained. This suggests that a significant relationship exists between increased engagement and building customer relationship on social media. The fourth hypothesis tested considered if an association exists between increased engagement and enhanced customer satisfaction and a p-value of 0.000257 was obtained after performing the Fishers exact test. The last hypothesis tested was to consider if an association exists between increased engagement and customer turnover. The results of the Fisher exact test suggests that a significant connection exists between the two variables, and a p-value of 0.000049 was obtained as a result.
The results of hypotheses have enabled the researcher to accept all the theories suggested. This implies that tourist accommodation providers that engage with the customer on social media can - by responding to comments and by posting relevant content - meet their expectations. By posting relevant, engaging content, organisations will be able to increase brand awareness, build customer relationships, enhance customer satisfaction levels and increase turnover that could lead to an increase in profitability.

Using the NVivo software to analyse the open ended questions from the online questionnaire, a word cloud (see Figure 2) and a word frequency query (see Figure 3) were constructed. The objective of asking open-ended questions in the questionnaire was to identify how the Irish accommodation providers perceive the impact of eWOM on their business. The word cloud was created to understand the opinion of Irish accommodation providers on how useful the negative reviews are for their business. The open ended questions were not mandatory, and only 110 responses were received and analysed. The word cloud illustrates the most frequently used words by the respondents to the survey.
Figure 2. Word Cloud – Utility of negative reviews

The software groups similar words and synonyms under one category, in order to include words into a group and excludes words such as “and”. The most common word used is displayed in a bigger font while a word that has been mentioned only once is displayed in the smallest font. Mostly positive words have been used by respondents such as “help”, “improve”, “yes”, “give”, “opportunity”, “useful”, “positive” and so on. We can also notice that words, such as “negative”, “issues” and “no”, are also mentioned.

From analysing the data and the illustration above we can conclude that a majority of tourist accommodation providers perceive negative in a positive light as an opportunity to improve their service based on customer feedback. The respondents indicated that the negative reviews are beneficial for the business, because, now, on social media and reviews sites, they can reply to any negative reviews and comments made online, whereas before, customers could talk with other people about their dissatisfaction, where they were unaware and unable to reply to those comments. However, some of the respondents believe that negative reviews are not useful as it puts them in a negative light and they believe that the issues highlighted by the customers are just minor or unfounded reasons for their dissatisfaction.

When the respondents were asked how negative reviews impact their business, mixed responses were acquired. We can see from the word frequency in the second column that around 20% of respondents believe that negative reviews influence other customer’s decisions to book with them. 20% believe that negative reviews affect the number of bookings directly. Approximately 20% see negative reviews positively, as a way of improving business offerings. The other 20% believe that by responding to negative reviews you get “a second chance”, by being able to rectify the misunderstanding. The last 20% believe that good reviews outweigh the negative reviews and have very little impact on the business.

Therefore we can conclude that the respondents suggest that by responding to a negative in a positive manner, but at same time responding with the facts organisations have an opportunity to
communicate sincerely with brand integrity and to turn the situation around. Some of the respondents believe that responding to negative reviews it increases the chances of that person returning and his response was as follows:

“They are a great opportunity to distinguish your business from the rest. A simple sorry, acknowledging the issues, apologizing if necessary but equally important is to disagree in a professional manner with statements if you believe your company was acting correctly. i.e. On TripAdvisor I got a one star review for how I treated a stag party. I disagreed with the reviewer and stated my side and because of this it has attracted more of the right type of business I wanted to attract.”

(Survey respondent)

The findings suggest as previously mentioned in the literature that a management response can affect other consumers attitude in a favourable way, making them more likely to book (Litvin and Hoffman 2012).

![Figure 3. Word frequency – Impact of negative reviews](image)

**Discussion and conclusion of the research findings**

This research shows that social media and the eWOM have a detrimental impact on accommodation providers who fail to have a social media presence and fail to listen to what customer have to say about their business. As the number of active social media accounts are rising consumers can create eWOM about the products and services consumed even if the business is not active on social media (Mehta 2013) in an attempt to share information with their family and friends and this form of information can reach millions of users.

Social media has changed the one-way monologue communication system into a dialogue a two-way communicating system where customers can communicate and engage with business. As businesses create new products and services, they can effortlessly engage with customers to build better products that meet customer expectations. Engaging customers in the co-creation process
strengthens the relationship with the customers, and it enhances customer satisfaction that could influence their decision to return or/and advocate for the brand.

The findings of this adds to previous research in this field as it demonstrates that the Irish accommodation providers who use social media to engage with their customers and prospective customers can build customer relationships which can lead to customer loyalty and trust. Loyal customers are more likely to advocate for the business and also defend the brand when other users are posting negative comments/reviews (Sullivan 2013).

Furthermore, the findings suggest that accommodation providers who engage with customers on social media could enhance customer satisfaction by addressing their dissatisfaction. By listening and replying to eWOM posted by the consumers on social media, organisations can address those issues politely, with facts and brand integrity and they could turn the whole misunderstanding around and convert those customers into loyal customers and brand advocates, where this possibility was not available before social media.

Finally, the findings of this research also contribute to knowledge on the subject that social media and eWOM has an influence on customer turnover. This research found that increased engagement has an effect on customer turnover. The eWOM is an important source of information on how well the business products and services meet customer expectations. As mentioned in the literature review individuals use social media and engage in eWOM for different motivational reasons, including belonging, self-actualisation and expression. Therefore they are sharing their experience to inform and help others choose the right accommodation to eliminate or reduce the high factors of risk involved in the purchase of an intangible, perishable and inseparable service products such as tourist accommodation. It is for this reason customers share positive and negative experience to influence other’s booking decisions, as previously mentioned in the literature review.

The findings of this research together with those from the literature review shows that social media has a tremendous impact on tourism accommodation providers if they are listening and engaging with customers as it helps them create long-term relationships, enhance customer satisfaction, and increase turnover and profitability, therefore helping them achieve a heterogeneous competitive advantage. Consequently if they fail to have a social media presence, it could affect their reputation, turnover and profitability.

References


