

# How social networking is changing the hospitality marketplace

Still in its infancy, the discipline of social networking will transform the way hospitality marketers do business—like it or not.

[JOHN BUCHANAN]



Rarely have two words—social networking—created such a commotion in business. Or so much confusion. Hailed as the next big thing in marketing, the nascent discipline of social networking—or the use of reviews, blogs, and other forms of user-generated, interactive content as a way of getting closer to customers—is often misunderstood. Instead of realizing that it really means the empowerment of consumers to an unprecedented extent, too many companies see it as a new way to get their marketing message out. But regardless of underlying motive or how little they know about how the game is actually played, everyone wants in.

“Everybody is jumping on the social networking bandwagon,” says Adrienne Lenhoff, president of Southfield, Michigan-based Buzzphoria, a social networking firm spun off in October 2007 from a public relations firm she also heads.

Yet, few executives and managers really understand the bottom-line



impact of social networking or how it will transform a centuries-old relationship between seller and buyer. It is “a social trend in which people use technologies to get the things they need from each other instead of from companies,” says Forrester Research analyst Charlene Li in *Groundswell: Winning in a World Transformed by Social Technologies* (2008, Harvard Business Press). “If you’re in a company, this is a challenge.” That’s putting it mildly.

a company that rolls out its new television commercial only to see it immediately parodied and ridiculed on YouTube—and viewed by tens or hundreds of thousands of people.

As a result, Li says, most companies so far are avoiding social networking like the plague, with a strategy she calls “duck and cover.”

“They’re hoping this just passes them by, but in the meantime, they’re running for cover,” she says. “Very few brands are really embracing this and asking what they can do. So far, most brands are focused on how to avoid it. Or, they’re focused on just tracking information so that if something bad is said about them, they can tackle it and address it.”

Another example of the enormous impact of the social networking business model is that “the day of the brochure, even the day of the one-directional Web site that just talks at customers, is over with,” says Mark Newton, program director of the hotel, restaurant and tourism management program at Gwinnett Technical College in Lawrenceville, Georgia. “Social networking is two-way communication. And most companies do not understand that yet.”

An important step in getting to that understanding is the realization that social networking has forever altered the fundamental dynamic between sellers and buyers. “There is a growing understanding now that the audience is not someone you just push information at,” says Justice Mitchell, vice president, director, interac-

tive and new media services at Birmingham, Alabama-based marketing agency Luckie & Co., whose clients include Alabama Tourism, the City of Mobile, and Asheville, North Carolina. “Instead, you invite your customers to be participants in a process so that you can get feedback. You are engaging your customer because you want to create a loyal relationship.”

In order to do that, Newton points out, you must address the interests of customers, not speak from self-interest. Doug Carrillo, senior vice president, sales and marketing, at Miami-based hotel management company Desires Hotels, agrees with that assessment. “If it’s about me pushing my hotel, offering special rates, or talking about my rooftop bar, that is the opposite of what social networking is,” he says.

### A LEAP OF FAITH

To entrust your brand to the public whims of consumers requires courage – and confidence in the integrity of your brand and customer service. “When you put the control in the consumer’s hands rather than the company’s hands, that is a little risky,” says Tepper Roukas, director, content and community, at American Express, which launched a “Members Know” social networking site earlier this year after a year of planning (see sidebar on next page). “You’re not sure what you’re going to get.”

The first step in understanding what is at stake is to grasp the need for an entirely different marketing mentality. “Instead of thinking of yourself as a hospitality marketing organization that is doing something really cool, why don’t you embrace your big, diverse constituency of customers and ask for their ideas and suggestions?” says David Nour, CEO of Atlanta-based consulting firm BeOne Now and author of the new book *Relationship Economics* (2008, Wiley).

Such a radically different approach to business is, of course, anathema to many old school marketing departments.

“The number-one enemy of doing social networking well is corporate culture,” says Nour. “It takes a very different mindset, a very different approach. Most companies are afraid of putting a blog out



By definition, such unprecedented collaboration among customers weakens and erodes the traditional control that marketing departments have had on their brands. “Companies are being reminded every single day that they are not really in control anymore,” says Li. As an example, she cites

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# Who's Doing What?

there because they don't know what customers are going to say. They should be thinking in terms of what they could learn from this vast audience that can give them candid input."

And therein lies the principal determinant of success or failure, Nour and other experts say. Traditional marketing is based on talking to people, via ads, commercials, brochures, e-mails and Web sites. The more self-serving chatter that can be generated, the better. In the era of social networking, however, success is defined by listening to what customers have to say—to each other and to you—and then reacting accordingly.

Only a minority of companies grasp the concept today, says Nour. Most think of social networking as merely an extension of the traditional chatter created by marketing and advertising departments. Only a few comprehend that it represents a transformational moment in the evolution of business. "Where a lot of these ad agencies and PR agencies are falling short," Lenhoff says, "is that they are used to talking at the customer, rather than making the effort to create a dialogue."

For those companies that truly get it and do it well, such dialogue will become a new driver of innovation, says Nour. "It will be about how you can leverage your user community to continue to innovate," he says. "It's about being so plugged into what that community is thinking, feeling, saying, wanting, and needing. You have to adapt your products and services to those needs."

## A DOSE OF TRUTH

Before new devotees of social networking can build a community and get to know its members, they must face a common rite of passage. "At the outset of a campaign, when we first start looking at reputation analysis for a new client, 30 to 35 per cent of the time clients say, 'Great—this is exactly what we wanted people to be saying about us,'" says Lenhoff. "But 65 to 70 per cent of the time, they say, 'Oh no, what do we do about this?'" The often surprising extent of customer angst is driven by a simple principle of human nature:

Like every other business, the hospitality industry is new to the arena of social networking. But some early adopters are setting standards for everyone else.

Hyatt Hotels has scored early points with its "yatt'it" social networking program launched in late March for Hyatt gold passport holders. Content includes tips from travelers as well as local Hyatt concierges in more than 40 worldwide destinations. In its first month, the Hyatt site generated 200,000 unique visits and 500 new Gold Passport members.

Marriott International has created a social networking site aimed at its 29 million Marriott Rewards members worldwide, who generate 70 per cent of all of Marriott's online bookings. Called Marriott Rewards Insiders and still in beta testing with a relatively small audience, the site is a true social network, where members can communicate with one another with very little intervention from Marriott.

"It is not a place for us to communicate to our members," says Heather Tortorelli, director, Marriott Rewards eCommerce Strategy. "So, we didn't want to create any content ourselves. We felt very strongly that this had to be home-grown from members. We have this real group of road warriors, who travel all the time, so we created a way for them to share information, the insider scoop, on destinations." So far, it's a smash hit. It will be rolled out to all Marriott Rewards members by the end of this year.

Last November, American Express launched a pilot social networking program targeted at its consumer card members. Dubbed Members Know, the program is "about leveraging the Web to connect our card members, not only with the American Express brand, but with each other, to really deliver on the value of membership," says Tepper Roukas, director, content and community, at American Express.

Like Marriott, American Express is relying on user-generated content that is moderated only for profanity and commercial solicitation. Among the most popular content on the site is a directory listing the hotels, restaurants, and nightclubs where Amex card members spend the most money in 23 markets. American Express also presents exclusive content from writers for *Travel & Leisure* and *Travel & Leisure Golf* magazines, which it owns.

InterContinental Hotels Group (IHG) is in the early stages of implementing a social networking program aimed at enhancing communication with its 1,700 U.S. franchise owners, 75 per cent of whom own at least one competing franchise. The company's goal is to develop a more detailed knowledge of who their owners are and how IHG can foster a broader financial relationship. Using proprietary technology, the company is collaborating with owners on projects ranging from construction schedule check lists to a new bedding standard for IHG's Holiday Inn brand. "For us, leveraging relationships and having a reputation for working with franchisees and licensees has been one of our strengths," says Bob Resnick, vice president, franchise programs and strategies, at IHG in Atlanta. "So now we are looking to leverage that more with some of these technology initiatives."

people are much more likely to comment about something they didn't like rather than something they liked. And bad news spreads faster than good news, so to speak.

In her research, Li has observed that how a company deals with negative feedback is a critical factor in whether its social networking initiative is a success or not. "For example, a hotel guest writes in and says, 'I had a horrible night, the night manager was rude to me, and I can't find anyone to help me with my problem,'" she says. "Most companies will make excuses, come up with a rebuttal position, become totally defensive. The company that is willing to embrace it will say here is an opportunity for us to improve. We're sorry you had a bad night, and we will definitely make it up to you, but we want more information about how this could have happened. You look at it as a learning experience. You don't get defensive."

have to determine what an ideal relationship with customers would look and feel like," she says. "To get to where you want to be, you have to know what the process will look like along the way. And you have to understand all of this is happening because your customers have the opportunity to talk back to you."

Opening the floodgates of customer opinion and criticism is no easy task. "It is really hard to do, because it's so new and different," says Li. "So, you need to start small. The biggest mistake I see companies making is that they say if we're going to get into it, we're going to get into it big and we're going to have a grand plan. And we're going to throw out the old and bring in the new and completely revitalize everything. And I guarantee you that kind of initiative will fail, because you'll run into roadblocks and make mistakes."

To be truly effective and enduring, a

and that you would like to learn from it and make sure it doesn't happen to anyone else."

Lenhoff has observed companies that have successfully turned a negative comment into a positive experience and reinforced a customer relationship. "The key is addressing issues head-on, in a public forum, which is a place where most brands have traditionally been reluctant to show their hand," she says. "But the goal is to turn brand critics into brand ambassadors, because they see that you have taken a real interest in them and their problems. But the key to everything is dialogue."

That dialogue can yield very tangible results. For example, says Newton, effective social networking is really a form of market research. "It's a great way to do research," he says. "And all good marketing decisions depend on great research."

On the other hand, says Lenhoff, you must be prepared for the worst. "You need to have a crisis communications plan in place when you're embarking on a social networking campaign, because people are more apt to talk about a negative experience they've had than a positive experience," she says. "And a negative comment can be blasted all over in a split second. Once it's there, it's there. So, part of it is how are you going to address it? How are you going to engage that consumer to do some damage control?"

Heather Tortorelli, director, Marriott Rewards e-commerce strategy at Marriott International, cautions that intervention to defend against negative customer comments can destroy the entire rationale for doing social networking in the first place. "If we moderated out negative feedback or if we jumped on every time somebody wrote something bad, we would lose complete credibility as a community where our Marriott Rewards members and our other customers can be candid with one another," says Tortorelli. "We have to prove to them that this is for them, so we can't play that Big Brother kind of role. We moderate for profanity or solicitation of some sort. Otherwise, you can talk about whatever you want, and we won't intervene. It's free speech." ■

## Educational Tools

In keeping with the spirit of social networking, a pair of social networking sites have been created for the hospitality industry. To learn more, go to [www.travel20.ning.com](http://www.travel20.ning.com) and [www.wiwih.com](http://www.wiwih.com)

For a comprehensive look at how social networking is impacting hospitality sales and marketing, get a copy of the HSMIA Foundation's publication, "The Travel Marketer's Guide to Social Media and Social Networks." [www.hsmia.org](http://www.hsmia.org)

Another common mistake, says Lenhoff, is to rush out and hire a 25-year-old social networking guru from Starbucks who knows every nuance of Web 2.0. "That is a mistake because the mature strategic thinking that you're going to need about your brand is as important as the specialized skills," says Lenhoff. "So, you have to strike a balance."

For Mitchell, the most important step in the process is to define and develop a coherent social networking strategy based on your overall marketing objectives. Li agrees, but adds a consideration. "You

social networking program should be created under the broader auspices of change management, because if done right, the change created is of whopping proportion.

For example, corporate accountability is increased, says Lenhoff. "If a customer has had a bad experience, that gives you an opportunity in a public forum to become, in effect, proactive, while you're being reactive at the same time," she says. "You can tell that consumer who is posting a negative comment that you are very sorry he or she had a negative experience