Digital Marketing in Tourism Sector and Benefits Relating to Customers Satisfaction

Digital media plays a significant role in various aspects of tourism with huge perspective. Many hospitality firms have introduced online communities as a new marketing channel in the business. Still any definition for social media and digital marketing is relative knowing the fact that this segment is changing from day to day as it’s building upon itself while replacing other communication channels. With the fast pace growth of internet and its users digital marketing has become one of the main tools for addressing to customers. Smart entrepreneurs, marketing masters and software developers merged in a coalition which recognized the opportunity and took the advantage that the free space has offered and reshaped the whole marketing aspect of tourism. The research of this paper aims to asses whether digital marketing when implemented in tourism has effect on customers satisfaction. The results displayed a positive pattern of acceptance of digital marketing from the guests, a real time benefit from the platform and a recommendation for further improvement.

Keywords: digital marketing, tourism, hospitality, customer satisfaction.

Introduction

Online media and digital marketing are developing with fast pace and replacing other communication channels, becoming one of the main tools for targeting customers. Nowadays, digital media plays a significant role in various aspects of tourism. Many hospitality firms have introduced online communities as new marketing channels in their business. As a segment not so explored, with the first publications on social media and tourism published only in 2007, a need for further exploration and research was identified (Zeng et al. 2014). Until 2014 not one research on digital marketing has been presented in Balkans, too (Zeng et al. 2014), and it is a gap that needs to be fulfilled for further development of the Hoteliers industry in this region.

Our research is to asses the digital marketing effect on customer’s satisfaction in tourism industry. Two methods of research were used in order to accomplish our research: survey with hotel guests staying in a hotel with digital platform and interview with three hotel managers with different digital literacy background. Previous research from worldwide authors with highest ranking is presented, covering digital marketing development in the tourism and hotelier industry, following the research methodology for this paper and discussion of research results. We are finalizing this paper with conclusion about this research and presenting the limitations and opportunities for further research, too.
Literature Review

Tourism and Digital Marketing

In order to analyze the synergy of digital marketing and tourism it’s necessary to trace back to the beginnings of digitalization, or in other words the Internet. The first predecessor of today modern known Internet is Web 1.0, which represented a concept where companies were able to create “read-only” web pages, on which customers can only read the content. Such platform provided only basic contribution to tourism with the method of availability of information from one side (the provider). In the late 1999 Darcy DiNucci firstly used a new term “Web 2.0”¹, which represented the beginning of the today’s known Internet. The biggest evolution from Web 1.0 as described by Leung in 2013 was the fact that Web 2.0 was actually “active and dynamic tool”. It included two sided communication and it allowed users to actually interact with each other and thus providing the opportunity to share experiences and post reviews. With this innovation the first opportunity for broader tourism digitalization and marketing appeared.

The last development phase of the technology with the current Web 3.0, an evolution platform from Web 2.0, introduced increased internet speed, online applications and more creative content. Kaplan and Haenlein (2010) defined social media as “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content”. Still any definition for social media and digital marketing is relative, knowing the fact that this segment is changing from day to day as it’s building upon itself while replacing other communication channels. Kaplan and Haenlein (2010) also classified social media in different types: collaborative projects, virtual communities, content communities, social network sites and virtual games. Relating to tourism, collaborative projects provide general information, facts and statistics about a destination. Nowadays digital media plays a significant role in various aspects of tourism, mainly in information search, decision making and promotion.

In 2013 the most referenced source for tourism industry PhocusWright² posted that from total of 120 million Internet users almost 98 million used the Internet relating to travel process (Patkose et al., 2004). This study also encountered an increase in online travel bookings, so from the total of 98 million users almost 31% were using the Internet to book online. The prominent webpage trip advisor in the survey gathered in 2013 by its data collecting tool “Trip barometer” has published³ its findings that the travel planning process is mainly determined by reviews from travel website with 69%, followed by online travel agencies with 57%, travel providers with 56% and friends and relatives with 43%. The most purchased online travel products are plain tickets (82%), followed by accommodation (67%) and other activities

¹http://darcyd.com/fragmented_future.pdf  
²http://www.phocuswright.com/Free-Travel-Research/Travel-Tech-Trends-2013  
The above-mentioned coalition has identified the need of integration across various social enterprises. The big companies aspire towards creating “one account for all”, where they can embrace all stages of the travel planning process. It is a concept of “one stop shop” where the client in the “before trip” phase can review and compare current options and book various services such as flight, hotel, and rent-a-car. In the “during the trip phase” the opportunities have vastly increased with the introduction of the mobile apps, which allow travelers to post live experiences such as photos, videos, comments etc. In the after the trip phase the client could review their travel and contribute to the global network with their experience (Buhalis and Law, 2008). Social media relating to tourism is regarded as a tool for promotion and communication development, suggesting that if properly managed it can also result in spreading electronic word of mouth and increasing customer loyalty (Chevalier and Mayzlin, 2006).

Tourism Trends, Preferences, Behaviors

Analyzing the historical trends and development of Internet, brings us to a conclusion that the whole pattern of consumer habits and expectations has changed. Tourists now are lot more demanding, have higher expectations and seek for a more personalized approach. In order to satisfy these needs the provider of services must collect and analyze customer information and act accordingly. Gathering only general information is not enough, so different stages of the “travel” need to be individually assessed. Current stages of data collection are before, during and after the travel phase. With the analysis of the three stages a complete virtual image of a client is being created, his needs, expectations and travel behaviors are summarized and collected in a database. According to Gretzel et al., 2007 and Anderson, 2012, social media are mostly used for gathering information, avoiding bad destinations and hotels, comparing various alternatives and seeking for ideas before purchasing.

Customer Satisfaction relating to Digital Marketing in Tourism

The relationship between customer satisfaction and e-service quality is tightly interconnected, and most researchers view customer satisfaction as predecessor of e-service quality (Cronin and Taylor, 1992). Relating to tourism, customer satisfaction is positioned as a very important determinant in the decision-making process, more precisely in the destination choosing, the consumption of services/products while on the destination and finally returning to the destination or repetitive behavior (Kozak and Rimmington, 2000). According to study conducted by Crosby in 1993, satisfied customers tend to transfer their positive experience to online web communities by posting reviews, or to friends and relatives. A satisfied customer is very likely to recommend the travel destination to others, and such word-of-mouth marketing is the cheapest marketing for the travel industry. Kumar et al., in 2010 stated that the result of highly satisfied customers is a loyal customer, whereas a low satisfied customer will result in a customer’s non-
recurrence behavior. According to Zeithaml et al. (2012) long-time satisfied customers are more likely than short-term customers to buy additional services and spread favorable word-of-mouth communication.

Many tourism companies are getting online to promote and present their services online in order to stimulate communication with clients, to sell more, and to reduce cost associated with interaction with customers. The whole tourism sector is changing with the growth of information communication technology and these changes has affected the methods through which tourism products and services are communicated and delivered to customers around the world. Internet is a cheap media for travel service communication (Buhalis and Licata, 2002). In the past decade tourists have substantially replaced the traditional travel agencies with online travel services. It provides them detailed and updated information regarding the desired destination or service and sets no boundaries or restrictions (Buhalis and Law, 2008). It also presents an advantage for the customers since they can book a destination, flight and rent-a-car from their home, instead of wasting time in bureaucracy and reserving on the spot. Customers get four tangible benefits (Rahul & Mathew, 1999) as more information and detailed product description, more payment options, instant delivery and greater assistance. This is very beneficial for clients, since clients used to waste a lot of time gathering offers with traditional sources. There are very little chances of misinterpretation, and misleading, a circumstance that can happen if talking live and directly with a sales agent. Another great benefit for customers is that online web shops do not have limited working hours, and are available throughout the whole day, and the confirmation of the services is delivered right away documented in a form called voucher. This enables the customers to make easy “last minute” reservations (Buhalis, 1996).

By creating databases of customers, companies use newsletters, adverts and social networks to update their clients with the newest products, or pricing. Relating to the protection of customer’s rights digital complains are a module that has proven to be very successful. Regarding to interactivity the digitalization has created a whole new era of interaction (Kozak and Rimmington, 2000) making it more easier for customers expression and discussion. On the other side online complains usually get faster response since companies implement a time obligation for their response which is no longer than 48 hours. The internet gives the opportunity to customers to provide fast and reliable feedback to each purchase, and to receive support for each product via email or even right away through the option of live chatting with a service assistant (O’Conner 1999).

Unlike traditional communication channels, the internet communicating channel has switched the power to the consumer in terms of deciding with who, how and when to interact. The customer has the full power to decide which page to visit, from which provider to purchase the goods or services and how often to do it. To consider communications even deeper we consider the correlation between consumer-consumer and company-company communications of Kiani (1998). According to his theory Internet as an interactive media use a mixture of communication techniques, stressing that company to company
communication provides opportunities for creating partnership which produce mutual benefits for companies, mostly in the sector of sharing supply and distribution channels. On the other side consumer-consumer communication results in creating virtual communities, which is a starting point for increasing customer loyalty and improving the customer service. Consumers mostly use these communities to share informations and experiences regarding a product and companies mostly use them to gain insights of consumers needs and behaviors. Social media has emerged as the new way in which people connect socially, it is accepted as a parallel virtual community that is built on participants’ contributions and interactions Kiani (1998). According to Hudson and Thal (2013) digital marketing unlike traditional marketing has eliminated the possibility of “gap between service delivery and external communication” and has eased the decision-making process. Meaning that now future customers can rely on previous customers review and prevent from being misled by the possible false marketing of the company. In simple words the tools of digital marketing have thoroughly changed the way individuals plan and consume travel. With introduction of digital marketing customer satisfaction has elevated to a new level, where property owners are aware of the fact that a client with bad experience can bring a bad review and far off some potential clients, whereas a positive review can bring more clients. It is a circle of dependence between positive experience and revenue. This forces today’s managers to address customer demands with relevant value and to provide added value to their customers in order to suppress their competition (Wang et al., 2001).

Research Methodology

The research objective of this research is to assess whether digital marketing when implemented in tourism has an effect on customers satisfaction. First, used was the quantitative research method with collecting primary data, implementing a survey on 80 guests (domestic and foreign) in a specific hotel, using digital distribution (email) of the survey. The second part is a qualitative research covering three hotel managers, two from R.N. Macedonia, one from hotel with already implemented partial digitalization and the other manager from a hotel operating with traditional marketing and not yet implemented any digital platforms. The third is an international hotel manager of a hotel with already implemented digital platforms. From the perspective of work experience two of the managers have managerial experience in a hotel position of 3 to 7 years, and one senior executive has 7-11 years of experience in the hotel industry.

The sample for the primary survey, was taken from 212 guests with records, getting back total 80 completely fulfilled questionnaires, further processed and analyzed. Among the sample, 70% of the interviewee were male, and 30% were female. The largest number of interviewees were middle aged from 31-45 years old (41.25%), followed by younger 18-30 (33.75%) and older 45-60 (23.75%) and only one participant or 1.25% was over 60 years old. Most interviewees were
domestic from R.N. Macedonia- 43.75%, followed by neighboring Albania with 27.5% and Kosovo with 20%. Only 8.75% were coming from other than these 3 countries.

The second part of the qualitative research covered two hotel managers from R.N. Macedonia, of which one hotel that has already implemented digitalization or partial implementation of some kind of digital platform and one hotel manager that operated with traditional marketing and have not yet implemented any digital resource. Additionally, to this one different interview would be conducted with an international hotel manager of a hotel that already has implemented digital platforms. By this we would draw a parallel between domestic digital operations and traditional operations, and international operations.

Results Discussion

This part discusses the results and the comparison between the literature review that was already conducted by previous studies and this research results.

The results from the customer’s surveys are presenting high level of online communication and expectation. However, most of the clients, 41.25% responded that they have used direct hotel reservation in order to make their reservations (figure 1). This included phone call, email, fax or direct reservation on the spot. This was followed by Internet distribution systems which included booking.com, tripadvisor.com etc., and accounted for 23.75% reservations. Just 18.75% or 15 clients made their reservation through the hotel web page reservation system and 13.75% clients made the reservation through travel agencies. On this question the first result is that clients used traditional sources in order to make a reservation, but if we sum up all the digital sources which in the question were stated separately, digital sources would account for 42.5% and traditional sources for 41.25%. According to Patkose et al. (2004) from the total of 98 million users of Internet, 31% were using the Internet to make online bookings. This number was a comparison and a succeeding research to a research made in 1997, which showed that 23% of people use the Internet for online bookings. Patkose et al. (2004) concluded the rising interest for online booking and forecasted an increase in the future. The third question of this research relating to Internet users and their reservation method in the booking process shows a total percentage of 56.25% of clients using Internet tools in order to make a reservation. This is an increase of 25.25% in a time period of 12 years. Previous measurement was on 7 years and it included 8% increase in that time span. This proves that the need of the Internet as a reservation tool has increased in a larger percentage that the usual and that this segment is evolving faster than in the previous periods of the study.
Figure 1. How did you make the reservation?

A study by Buhalis and Law conducted in 2008 revealed that the future interest of the customer is creating a one stop shop for all internet services, in which the client will save time, cut provisions for reservations and gain easier access to competitive offers at one place. In this research 30% of the interviewees when questioned what would be their preference for a new product in the future, answered that they would like an integrated system on which they can make reservations for multiple complementary travel services (figure 2). By this we can still recognize that the client has not yet fulfilled the need for completion of the one stop shop where he can buy all services at one place. Also, this confirms the thesis of Sawhney & Prandelli, (2000) that a company that uses online platform has the opportunity of gaining a free idea for creation of a new product from the requests of the customers.

Figure 2. What would you like as an update or new product in the future?
A publication by PhocusWright on consumer behavior (Offutt, 2013), announced the results that 50% of travelers make their decision based on recommendations from others. The same is confirmed with our results that 43.14% of the interviewees were considering the reviews of others as a highly relevant data to rely on prior to making their own reservation. According to studies by various authors (Dellarocas, 2003, Chevalier and Mayzlin, 2006), the main purpose of digital marketing relating to tourism is for the sake of “promotion and communication development”, suggesting that if properly managed it can also result in spreading of electronic word of mouth and increasing customer loyalty.

On the other hand, according to Gretzel et al., 2007 and Anderson, 2012, social media in tourism are mostly used for gathering information, avoiding bad destinations and hotels. Regarding these researches and results, in this paper we have accumulated a result of a new need which was recently created, and which is the fact that digitalization has gone to a new segment of usage as a reservation tool. Of all reservations 42.5% were made online and 88.75% of customers answered that they are willing to use a digital platform to make a reservation in the future again (figure 3). This is also supported by Patkose et al. (2004) research that the number of Internet usage for reservations is constantly increasing through the years.

**Figure 3. Are you willing to use digital platform for making reservations again in the future?**

![Yes: 11.25%, No: 88.75%]

Source: Authors developed from the research data base

As seen from the literature review and from the research (Hennig-Thurau et al., 2010; Pickton, 2005; Wilson, 2010) digital marketing provide more easily measured Return on Investment compared to traditional marketing. According to Gartner (2014), during the travel decision making process the clients uses all the available methods in order to search the Internet in order to choose the best option. This is also confirmed in this research since on 64% of the interviewees answered that they have made online research prior to making the final decision.

In 2012, Mauri started to analyze how outsourcing is changing due to the implementation of digital marketing in the companies. The author concluded that outsourcing is substantially reduced and replaced by the tools of digital marketing. As from the information’s gathered during the interview with the Hotel managers, we can conclude that the research of Mauri was confirmed in our research, too.
The Managers of the two companies that have already implemented digital marketing, reported to have lower marketing costs, replaced standard travel agencies with online bookings systems, and lower costs for communicating with clients, and maintenance of webpages. Unlike the study of Crosby (1993), who reported that satisfied customers tend to transfer their opinion to online communities, in our research we concluded a different answer whereas 63.75% of our interviewees answered that they did not place a review after the trip. This could be due to the lack of time, or maybe some other factor, and it needs to be explored and researched in the future in order to get a precise answer.

In 1998, Kiani presented a new theory called “competitive intelligence” which stands for improvement of business-to-business activity and communication with the same pace as of the development of digitalization, drawing a parallel of his theory and this research we come to a conclusion we do not have any evidence to support this theory. In the interview with three hotel managers we did not came across a situation where hotels do business with other businesses through their digital platforms. Each hotel does not offer an opportunity for other companies to book conference facilities or seminars online, they do not offer the possibility to pay online through a company credit card or a company invoice. The digital services for business-to-business collaboration is not at all commenced and needs to be implemented in the future.

In the interview with three hotel managers in terms of discussion regarding the customer satisfaction the questions were narrowed to fact-based answers, since all of the three hotel managers, underlined their positive customer satisfaction experience. When asked about database of clients we have come to a point that the foreign hotel keep track and regularly updated their client database, and uses it for further processing, not only they have a data base, but they also analyze the behavior and preferences of their clients and record it in their data base, in order to provide a better experience for their clients on their next visit. The domestic hotel manager which has digital platform implemented, answered that their hotel is gathering data from their online reservations system, where all the data of the reservation is recorded in a separate data base, but they are still working on the options for filtering the data base. The second domestic manager answered that they only have a plain database from the book of guests, in which only the names of the clients are written in the book. On the next discussion in term of responsiveness of each hotel, we have received a statistic from the foreign hotel manager that they reply on each request in maximum of 4 hours. The domestic hotel manager with digital platform introduced has reported that they reply within 12 hours, and the other domestic manager reported that they reply within a day to each request.

Conclusion

Digitalization is rapidly changing in order to satisfy its clients and their constantly updating needs. From the study above, a conclusion can be made that people over 60 years old rarely use digital platforms, internet or travel services,
and this is a wide target that cannot be underestimated. A broader study in the future should determine the exact gap, analyze why this is the case, and offer a possible solution. The main purpose of the study was to examine whether digital marketing has implications on customer satisfaction and profitability when implemented in tourism industry. The research concludes that the tourism industry is not stable and fixed, depending on many variables. One of the main dependable is the management approach towards the cohesion of digitalization with marketing and digitalization and tourism overall.

According to the analyzed customer’s needs, we can conclude that clients are in request for new products, ideas are coming up every day at the digital communities, and a study concerning the future of digitalization should be conducted with the final result of creating new products that would shift digitalization to a new level. Recommendation to the digital industry developers is to implement trackers of user behavior not only on the web page on which the customer is currently online but generally on the net, in order to have the opportunity to create a psychological profile by which the client’s needs, and interests would be recognized prior to his understanding. In this case a shift in the purchasing pattern would be made, and a client would be offered a product before the client is aware that he is in a need. In this case a product would be offered, and a need would be created, instead of the reverse.

People are not basing their decision whether to visit a place or property based on past experiences as much as previously, so a new research should be conducted in order to reveal what the new decision are making determinants for a client when in the pre-travel phase. Additionally, one of the most contrasting data of this research comparing to other researches was the point that digitalization is regarded as a tool for making reservations as contrary to the previous theories that digitalization has not been regarded as such tool.

Regarding the research itself a recommendation to the manager of the company analyzed is to implement a one-stop shop for various complementary services, as requested by the clients. In the customer targeting focus, women need to be targeted more, since the perspective that men have the purchasing power and the statistics that men pay more frequently is rapidly changing and the policy of the company must adjust to these changes. The company also needs to offer incentives for clients to post reviews, such as bonus point or complementary services since many satisfied clients consider posting rating as a waste of time, and they do not convert their positive reviews into money. The management should work on repetitive visits, since from the surveys a conclusion arises that returning customers are only 23%. This is also a base for further research since there is a gap in which the clients show interest but that interest is not always converted into a reservation. Other researches have proven that repetitive customers are frequently members of the online communities of the business, while in this research we have a very small number of customers being members of the online communities of the hotel. A recommendation is that a new approach should be devised for customers to become members of the online communities of the hotel.
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