The Effect Of Social Media On The Development Of Hospitality Business, In Case Ethiopia

Name of the author: SEYAR YASSIN
Lecturer
Department of Hotel Management College of Business & Economics
University of Gondar
Gondar, Ethiopia

Abstract

Social Medias are easily accessible, straightforward, and appealing to enables the participants to become engaged in unique ways. It comes as no surprise that many hotels, restaurants and travel business have entered the social network space. Hospitality businesses are proactively interacting with their customers by coming up with innovative customized solutions and much responsive and prompt customer service (Kasavana, Nusair, & Teodosic, 2010). Consumer reviews play a big part in the choice of hotel and travel consumers make today. With a rise in the number of websites (like Yelp, Trip Advisor and social networking sites such as Facebook, MySpace, and different websites.) that give potential consumers an opportunity to look up reviews by other real consumers, the way information is perceived today has changed considerably (Green, 2009). The purpose of this study is to examine Effects of Social Media on the Hospitality Industry, in case Ethiopia. This study adopts the applied suitable analysis approach; utilizing comparison and recording of findings based on a set of best practice criteria. The results the function and importance of social media for hospitality industry is determined.

Key words: - Social Media, Hospitality Business, Hotel

Introduction

Social Media has changed the way people around the globe communicate with one another. However social networking has existed right from the onset of humanity. The concept of social networking has evolved, much like other innovations, and is becoming increasingly sophisticated with advancements in technology (Edosomwan, Prakasan, Kouame, Watson, & Seymour, 2011). We cannot study social media without understanding social networking. Putting it simply, social media is forms of electronic communication through which users create share information online through texts, pictures, audio and video. What started with transmitting and receiving messages over long distances in the 1700s using a device called the telegraph has developed into a phenomena where social networking and messaging tools such as Google Buzz enable users to share links, photos, videos, status messages and comments organized in “conversations” and visible in the user’s inbox (Ritholz, 2010). Hence social media can be regarded as a 21st century version of networking that uses internet as a medium to reach out. Since social media reaches huge numbers of people far and wide (Hartshorn, 2010) it has emerged as a very effective business tool to engage with consumers and thereby build a brand name by continuous and prompt correspondence. Social media is a catch phrase that describes technology that facilitates interactive information, user-created content and collaboration (Elefant, 2011, p. 4). Examples of social networks include Wikipedia (for reference), Facebook (for social activity), YouTube (for video sharing), and Trip Advisor (for travel networks) Peer-to-Peer (P-2-P) A network where the participants share a part of their own resources and content offered by the network which are accessible by other peers directly, without passing intermediary entities (Schollmeier, 2001).

Statement Of The Problem

Hospitality businesses have embraced social media, or are in process of doing so, the whole idea of reaching the consumers via online social networks is relatively new to the hospitality business,
and in fact to the marketing world as a whole (Kasa vana et al., 2010). Hotels—big and small, luxury and economy, independent and chain—are coming to hold with the new age consumer. They are finding ways to reach out via newer ways and channels and they are—as all companies should be—listening to reviews, conversations, and mentions of their brand. It is almost impossible to make each one of your guests feel like a VIP. But it is easy to watch, listen, and pay close attention to what customers are saying (McKay, 2010). Social media has become a preferred inexpensive marketing tool that encourages two way communications between businesses and consumers, thus giving the latter a freedom like never before. With customers reacting and expressing their views on public domain, social interaction and gives companies an opportunity to address the problems and concerns of their customers, which if done effectively, contributes in building the brand (Carraher, Buchanan, & Puia, 2010). In the present economic times where many businesses are cutting their marketing budgets, most successful hotels are also shifting from traditional marketing to social media as a means to communicate with consumers, build their brand and generate higher ROI for every marketing dollar they spend. Unlike traditional channels of marketing social media gives updated real time facts about a business such as the number of Facebook fans and likes, Twitter followers and Youtube views. Hotels can track the number of conversations taking place over a new product or service offered by them and can immediately respond to reviews, comments and feedback. Most successful hotels are finding innovative ways to integrate social media with traditional marketing methods stay ahead in the race (Lanz, Fischhof, & Lee, 2010). The purpose of this paper is to study the effects of social media on hospitality marketing strategies from the perspective of a consumer. The intent of this study is not to quantify how many hospitality businesses actively use social media, rather it is to explore the areas and functions these businesses use social media for, and understand how consumers perceive these new vehicles of communication. The study will bring out a consumer’s perspective of the advantages of social media over traditional marketing methods. Technology has given businesses luxuries to do things that were never possible in the past. While the intent of these advancements is to give businesses and users a positive experience there are several risks associated with going online. Statistics keep indicating at the advantages of social media however the exact quantifiable costs and benefits yet remain uncertain. The service industry today is relying heavily on social media to reach out to consumers. It is prudent for the hospitality industry to realize this fact and adapt quickly to these changes for their marketing and communication. With generation-Z becoming part of the work force and a growing consumer base, it is only reasonable to conclude that businesses that use social media to their advantage are the ones that will flourish in the near future.

**Research Questions**

- What is relationship between social media and hospitality industry?
- What are the functions of social media for hospitality industry?
- What are the importances of social media for the hospitality industry?

**Objectives**

- To identify the relationship between social media and hospitality industry
- To determine the function of social media for hospitality industry
- To promote the importance of social media for the hospitality industry

**Review Of Literature**

Social media is the combination of various internet tools that enable users to generate, exchange and modify content continuously (Noone, Mcguire, & Rohlfs, 2011). As of December 2011 the online social networking application Facebook had a total of 845 million active users, out of which 425 million used Facebook mobile products (Facebook, 2011). To put this number to perspective if all the Facebook users from around the world were to unite and form a country, it would be the third most populous country in the world, next to only China and India! At the same time 60 hours of video were uploaded every minute on the video-sharing website YouTube (Youtube, 2011). The average number...
of Tweets people sent per day on social networking and micro blogging website Twitter during February 2011 was 140 million (Twitter counter, 2011). Twitter also reported a whopping 182% increase in number of mobile users over the previous year. If these figures are anything to go by it clearly means that social media is here to stay. Social media today is being embraced not only by teenagers but also members of generation X who will soon become the biggest chunk of the spending population, as well as by members of Generation Y who are on the brink of joining the workforce (Kaplan & Haenlein, 2010). Improving economic conditions in developing countries has led to a significant rise in the number of people with access to the internet, which results in an increased participation in social media sites (Violino, 2011). A huge contributing factor is the growth of cell phone owners with instant and easy access to social media. It is thus only logical to believe that businesses today, irrespective of the industry, cannot ignore the huge potential of social media. Before the advent of social media consumers relied on companies for information, and marketing & PR managers of these companies would selectively put forth only what they needed to publicize. Today with websites like Yelp, Urban spoon and Trip advisor more people follow what the customers say about a business. According to Pew Research more people are relying on sources they trust such as social media reviews made by their friends, family and colleagues rather than trusting commercially driven institutions such as news broadcasting agencies and advertisers. Hence, being truthful and genuine on platforms such as Facebook, Twitter, LinkedIn and Twitter can help a business build a huge base of loyal customers (Lanz et al., 2010). The one point that differentiates social media from traditional media is user participation. Like traditional media social media serves as a vehicle to reach out to and inform consumers; however it is only social media that allows consumers to participate and propagate their views. According to the Forrester Research on social media approximately half of adults who go online take part in social networking. This number has a significant implication on businesses who want access to data rich information. Marketing companies use customized data mining software that enable them to keep a track of consumer behavior, spending pattern and satisfaction ratings. These findings are used to measure the effectiveness of marketing campaigns in terms of ROI and other performance indicators (Kasavana, 2008).

According to Dichter (1996), word-of-mouth is one of the most powerful tools used by advertisers to market their brand. And social media, due to its inherent functionality, provides a great platform for consumer testimonials. The success of a message depends on the genuineness of the comment as perceived by the reader. If readers are convinced that the testimonial is by a real consumer- someone who has not been endorsed by the company for promotion, then they build a higher confidence in the brand and are more likely to form a stronger bond. The rise in the use of Internet as a medium for marketing has given birth to applications such as viral marketing whereby marketers reach out to buyers using peer-to-peer communication. P-2-P is similar to word-of-mouth however since it uses internet, information is propagated exponentially that reaches large numbers of buyers in a very short span of time, and hence is a preferred cost saving strategy used by marketers (Dobele, Toleman, and Beverland, 2005). Since content sharing provides benefits to both the message senders and receivers, buyers encourage their friends to engage in the sharing process as well, thereby multiplying the total number of participants. According to Wilker (2007) 83% of travelers used the internet to research or book their travel in the past one year, out of which about 77% had referred to consumer reviews to arrive at their final decision. Thus social media serves as a powerful tool to spread word-of-mouth as a viral communication.

**Social Media & Hospitality Industry**

The parameters of social networking websites possess several unique implications for the hospitality industry including guests, staff, and management. These sites provide a platform for a rating system that can be used to generate, monitor, and evaluate reputation and image of the business. Online consumer-generated content is perceived as highly credible and in fact, more so than information attributed to the hospitality entity (Starkov & Mechoso, 2008). Hospitality company participation in online social networking has been shown to be a cost-effective means for interaction and engagement with potential clients. Participation in these websites provides businesses with direct
access to active users without the need to adding any additional hardware, or software. If a guest decides to participate in an online network, shares a testimonial or recounts an experience or downloads content, others in the network are likely to be affected by the opinion of the postings. More so than the content contained at a company specific or industry related web site (Green, 2009). Another networking and communication tool that has become popular is blogging. The Travel and Tourism Industry today is faced with consequences that blogs have not only positive impacts but also negative ones, if not managed properly (Thevenot, 2007). Any individual can upload content in the form of images, audio or video for others to respond and comment, which forms the basis of Web 2.0. Web 2.0 has given popularity to user generated content (UGC) where information is gathered from different online sources all of which collaborate to form the final source (Cox, Burgess, Sellitto, & Buultjens 2009). An effective means to benefit from this trend is to carefully follow the comments that are posted relating to your business. Research has proven that hotels that engage their customers via social media get their customers to spend more, have higher repeat clientele, and get more referrals from their guests. However good, bad, or ugly, it is vital that no comment goes unnoticed because for every benefit a hotel rakes in with positive feedback, suggestions and tracking consumers it can be on the receiving end of unfair criticism and negative publicity if it leaves important issues unaddressed (Kasavana, 2008).

Social Media & Marketing

In today’s time any aspect of a business that deals with communicating with the consumers has social media as an integral part. Be it marketing, branding, PR, customer service or any other function of a business that requires you to reach out, social media plays a vital role. (Berkowitch, 2010). However before taking a plunge one of the key questions most businesses ask is how to measure the ROI of social media. According to Stelzner (2010), close 90% of marketers are using social media to market their businesses out of which 65% have just started or only a couple of months into it. Out of the ones who are currently using social media, almost more than half are on social media for more than 6 hours per week while 12.5% spend more than twenty hours per week. Going by the trends companies that have just started using social media spend little time compared to ones who have been on it for a while. In terms of the benefits most businesses cite brand awareness and publicity as the highest return followed by an increase in foot traffic which was followed by finding new business partners, rise in search engine rankings and generating leads.

Methodology

Research Design

The purpose of this study is to examine and analyzing the Effects of Social Media on the Hospitality Industry in Ethiopia. According to the nature of study explanatory most suitable research design is allowed descriptive by its nature, because of its high degree of representativeness and the ease in which a researcher is to obtain the participants’ opinion (Polit& Beck 2004).

These studies created and adopt the checklist for evaluating the Effects of Social Media on the Hospitality Industry. The checklist, used to analyze the effect on, service quality improvement, customer satisfaction, Marketing and promotion measures.

Population, and Sampling

The researcher has selected the samples through probability sampling method, specifically through convenience sampling technique. Sample has been determined from the total population, based on last 2 years the approximate number of hotels in Ethiopia it reaches 200 with different level of size and service level, as per Ethiopian Culture Tourism & Park Development office, 2015.

\[ n = \frac{N}{1+N(e^2)} \]

where:
- \( n \) = is sample size,
- \( N \) = population size &
- \( e \) = acceptable sampling error (5%) (Israel, Glenn D. 1992)
According to the applied technique, from total of 200 of total population 133 sample size is determined. Thus, out of 133 hotels in Ethiopia, 26 of them (19.5%) properly they use social media for promotion and for reservation purpose, while 44, (33.1%) they use social media only for either for promotion or reservation purpose, 63 (47.4%) they do not use social medias any purpose. Since the hotels are using social media in different ways, for assuring the efficient output of the research and through considering data saturation technique all star rated hotels with social Medias are involved in the research. Beside this sample size according to the sample size of the hotels 266 hotel guests (2 guests from each selected hotels) and 133 hotel managers or representatives are selected for the investigation.

**Analysis And Results**

First, results of personal interviews with hotel managers are presented. Frequency of gathering information: All hotels in a sample that gathering information those used social media for promotion and reservation purpose; social Medias (Facebook, Twitter, Viber and different hotel linked websites) are allowed by the hotels. From the entire number of hotels which are used social Medias for promotion and reservation; 13 (50%) of hotels are control and update there social media contact on daily base, 7 (27%) of hotels are control and update their social media contact on weekly base, 6 (26%) of hotels are control and update their social media contact on unstructured period of time.

**Summary of correlation among social media and hospitality industry in Ethiopia**

<table>
<thead>
<tr>
<th>Hotels used social media for Promotion/Reservation</th>
<th>Hotels used social Media Rate of Function</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
</tr>
<tr>
<td>Reservation</td>
<td>28</td>
</tr>
<tr>
<td>Promotion</td>
<td>16</td>
</tr>
<tr>
<td>For both</td>
<td>26</td>
</tr>
</tbody>
</table>

According to the above summery 40% of hotels are used social media as a means of hotel reservation, 23% of hotels are used social media as a means of hotel products and service Promotion and 37% of hotels are used social media as a means of hotel reservation and Promotion.

**Analysis of social media function for the Hotels**

<table>
<thead>
<tr>
<th>Hotels used social media for Promotion/Reservation</th>
<th>Potential</th>
<th>Actual (two guests from each hotels)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>Percentag</td>
</tr>
<tr>
<td>Reservation</td>
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<tr>
<td>For both</td>
<td>26</td>
<td>37%</td>
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</table>

According to the above summery 40% of hotels are used social media as a means of hotel reservation from those selected each selected hotels two gusts are asked and from total of 56 gusts 42 (75%) of them are made final check in registration in the hotels, 23% of hotels are used social media as a means of hotel products and service Promotion; from total of 32 gusts 30 (94%) of them are came in to the hotel for consuming the hotel goods and for using services in the hotels, and 37% of hotels are used social media as a means of hotel reservation and Promotion plus from total of 52 gusts 44 (85%) of them are made final check in registration and they used the service from the hotels.

**Significance of social media for the hospitality industry**

Under this summery the investigation relate the development of social media and hospitality industry business flow from 2011-2016
<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of Social medias in Ethiopia</strong></td>
<td>≈2</td>
<td>≈95,000</td>
<td>≈4</td>
</tr>
<tr>
<td><strong>No. of Social medias users in Ethiopia</strong></td>
<td>≈75,000/yea</td>
<td>≈2400/yea</td>
<td>≈220,000/y</td>
</tr>
<tr>
<td><strong>Frequency of promotion</strong></td>
<td>≈110/year</td>
<td>≈75,000/yea</td>
<td>≈2400/yea</td>
</tr>
<tr>
<td><strong>Actual no. of Guests</strong></td>
<td></td>
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<tr>
<td><strong>Frequenc y of promotion</strong></td>
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<tr>
<td><strong>Actual no. of Guests</strong></td>
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According to the above summery from 2011-2012 social media in Ethiopia is an infancy level and contribution for hospitality industry it was very insignificant, thus through bypass of four years in 2016 social media was in good developing rate in Ethiopia, beside this development process the hospitality industry gained significant change in Ethiopia.

**Conclusion**

After a careful data analysis and literature review on the outcome of Social Media on the development of Hospitality Industry, the final closing was made on direct linked development among social media and hospitality business, thus this approach shows radical change on both areas, such as, the frequency of hospitality industry promotion in 2011 it was 110/year, which exceed the development into 5300 in 2016, From this incident the hotel guests are increased from (75,000 in 2011), which exceeded and this share reached approximately 550,000 in 2016. With the increase in the number of internet users the use of social media has grown over the past decade. And the usage has progressively grown from individuals to businesses. Many hospitality organizations today proactively use social media as a vehicle to reach out to millions of customers. Businesses in the service industry, such as hospitality, that engage in constant communication with guests are drastically changing their marketing strategies by choosing this new age interactive media over traditional practices of marketing and public relations. This paper will take into account the changes from a consumer’s perspective with respect to the various channels of social media that have impacted their decisions and brand loyalty in hospitality industry.

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