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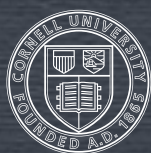


## Social Media Use in the Restaurant Industry: A Work in Progress

by Abigail M. Needles  
and Gary M. Thompson, Ph.D.

Cornell Hospitality Report  
Vol. 13, No.7 May 2013

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Cornell Hospitality Report  
Vol. 13, No. 7 (May 2013)

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Cornell Hospitality Report is produced for the benefit of the hospitality industry by The Center for Hospitality Research at Cornell University.

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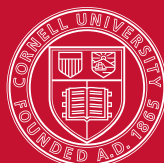
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## EXECUTIVE SUMMARY

A survey of 166 restaurant managers reveals a mixed picture in their use of social media and its impact on operations. Although many restaurants are using social media, the study found that many restaurateurs lack well-defined social media goals, both in terms of the purpose of the restaurants' social media activities and the target of their social media messages. Although the restaurant operators in this convenience sample were generally supportive of the use of social media, well over half were not certain that social media met one or more of three specific goals, namely, increasing customer loyalty, bringing in new customers, and boosting revenues. The respondents generally rely more heavily on non-financial metrics than on actual financial numbers to measure the return on their social media investment, due to the large degree of uncertainty surrounding how to measure the financial returns of social media on operations. On balance, independent restaurants made more use of social media than did chains. The study's findings suggest that restaurateurs should reevaluate their social media approaches to ensure that they are strategically designed and executed.

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## ABOUT THE AUTHORS



**Abigail M. Needles**, an incoming Ph.D. student at the Mays Business School at Texas A&M University, earned a Master of Science in Accountancy degree from DePaul University, where she has been a graduate teaching assistant at the Charles H. Kellstadt Graduate School of Business. A graduate of the Cornell School of Hotel Administration, she was a lead teaching assistant at Cornell and assisted in the production of the *Business Communication* text, eighth edition, with Cornell Professor Amy Newman (amn53@cornell.edu).

**Gary M. Thompson**, Ph.D., is a professor of operations management in the School of Hotel Administration at Cornell University, where he teaches graduate and undergraduate courses in service operations management (gmt6@cornell.edu). Prior to joining Cornell in 1995, he spent eight years on the faculty of the David Eccles School of Business at the University of Utah. His current research focuses on restaurant revenue management, food and beverage forecasting in lodging operations, workforce staffing and scheduling decisions, wine cellars, scheduling conferences, and course scheduling in post-secondary and corporate training environments. His research has appeared in the *Cornell Hospitality Quarterly*, *Decision Sciences*, *Journal of Operations Management*, *Journal of Service Research*, *Management Science*, *Naval Research Logistics*, and *Operations Research*. He has consulted for several prominent hospitality companies and is the founder and president of Thoughtimus® Inc., a small software development firm focussing on scheduling products. From July 2003 through June 2006 he served as executive director of the school's Center for Hospitality Research.



# Social Media Use in the Restaurant Industry:

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by Abigail M. Needles and Gary M. Thompson

**S**ocial media is changing many aspects of restaurant operations, including marketing promotions, customer relations, and methods of hiring new employees. The result of social media-driven changes is that restaurant operators now have a new set of opportunities and also a new set of challenges to go along with their core purposes of providing guests with a meal and an experience that the guest perceives as valuable based on the price paid. Restaurants' tight cost structure may mean that social media—a low-cost marketing tool—would be a natural fit for restaurant marketing. This report explores the use of social media in the restaurant industry.

Social media marketing requires a different approach than traditional marketing, because social media involve interacting directly with a business's customers. In this regard, listening is just as important as responding or posting. Many restaurants already use social media for a variety of purposes. As just one example, food trucks often rely on social media to broadcast their location and menu.<sup>1</sup>

As we said, the comparatively low cost of participating in social media blends well with the restaurant industry's structure. The internet has a wealth of information available to managers, allowing them to learn what people are saying about their restaurant and to take advantage of opportunities to redeem service failures and improve performance. Well-managed social media sites can create a virtual relationship with existing customers or convince a first-time guest to visit.<sup>2</sup> In addition, a restaurant can manage its online reputation by actively participating in social media. Social media have the potential to influence all levels of Lavidge and Steiner's traditional Hierarchy of Effects model, from awareness through purchase.<sup>3</sup>

Despite the anecdotal evidence supporting social media use, owners and investors might still question social media's return on investment (ROI). Persuasively presenting the case for social media is difficult when the returns have been difficult to demonstrate.<sup>4</sup> Marketers are looking for solid metrics to defend social networking activity, but those are elusive to

establish.<sup>5</sup> So far, decisions to invest in social media are more frequently made on the generally accepted belief that social media is an important tool (which continues to grow in importance), instead of on the basis of a calculated ROI, perhaps in part because of the dearth of academic research in this area.<sup>6</sup>

Part of the challenge in calculating ROI is determining revenue resulting from social media activities. The cost is relatively easy to measure: an account on a social network is generally free, and although a company may choose to purchase social media software, labor is the main contributor to cost. Potential revenue is significantly more challenging to quantify. By engaging with a potential customer online, a company might be able to bring that individual to a sale, increasing revenues. This return can be quantified, but it's hard to calculate the effects of electronic word of mouth from customers sharing their restaurant experiences with their network or writing a review. These characteristics create a significant challenge in concretely measuring return. Therefore, some might argue that a business's return is the strength of its network. Because the networking process takes an investment of time, time is of the essence for companies desiring to have strong networks.<sup>7</sup> While this paper does not delve into specific financial returns, it frames the discussion by determining the areas where restaurateurs see a value in social media.

## Methodology

Our study investigates the purposes for which restaurants use social networking services to connect with current

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<sup>1</sup> Zachary Sniderman, "How Social Media Is Fueling the Food Truck Phenomenon," *mashable.com* (2011) (as viewed on October, 2011).

<sup>2</sup> I. S. Pantelidis, "Electronic Meal Experience: A Content Analysis of Online Restaurant Comments," *Cornell Hospitality Quarterly* 51.4 (2010): 483-491.

<sup>3</sup> Robert J. Lavidge and Gary A. Steiner, "A Model for Predictive Measurements of Advertising Effectiveness," *Journal of Advertising*, Vol. 25 (October 1961), pp. 59-62.

<sup>4</sup> Sarah Shearman, "Proving social media's ROI," *Marketing* (00253650) (2011): 15. Business Source Complete. EBSCO; viewed 27 Sept. 2011.

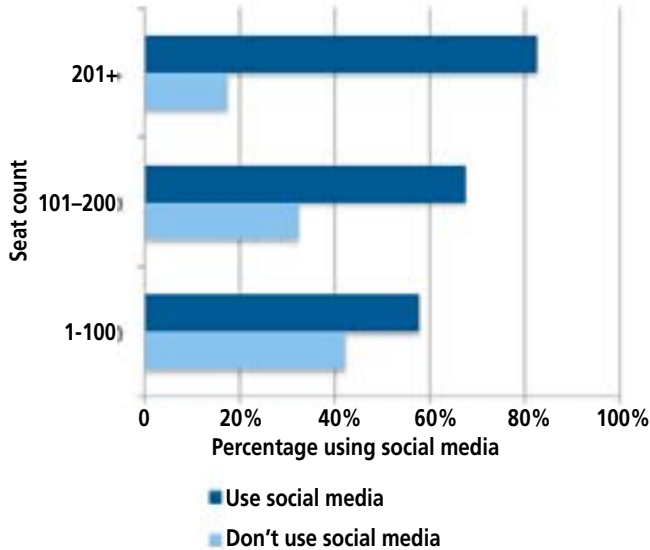
<sup>5</sup> Beth Negus Viveiros, "Following the Tracks," *Chief Marketer* 2.2 (2010), pp. 36-37. Business Source Complete. EBSCO; viewed 27 Sept. 2011.

<sup>6</sup> Robert Duboff and Scott Wilkerson, "Social Media ROI," *Marketing Management* 19.4 (2010), pp. 32-37. Business Source Complete. EBSCO; viewed 27 Sept. 2011.

<sup>7</sup> Shearman, *op.cit.*

EXHIBIT 1

Restaurants' use of social media (by seat count)



and potential customers and the specific mix of social networking services employed. The majority of questions in our survey of restaurateurs were designed to provide greater insights into the strategic use of social media by each restaurant, first by gathering information about what types of social media are used and second by exploring how each of those types of social media are used. The four social networking services highlighted in this survey were Facebook, Twitter, Foursquare, and blogs.

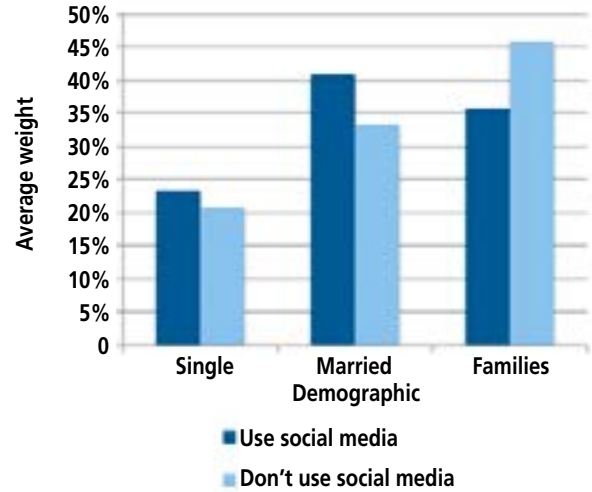
We e-mailed this survey to 2,527 individuals who had downloaded restaurant-related material from the website of the Center for Hospitality Research at Cornell University. We received 288 responses with 214 completed surveys. Our final sample was 166, after we eliminated respondents who did not work in the restaurant industry. Because of the relatively small final sample size, our results should be viewed as informative rather than as definitive.

The survey asked for respondents' demographic characteristics, their current use of social media tools, and the perceived benefits of those tools. The sample comprised individuals in three categories: current users of social media tools, individuals who plan to use social media in the future, and respondents who do not plan to employ social media as a component of their marketing strategy. Each group was asked the appropriate "why" question, as follows:

- Why do you currently use social media?;
- Why are you waiting to implement a social media strategy?; and

EXHIBIT 2

Demographics of target markets by whether restaurant uses social media



- Why is the use of social media not in your future marketing plans?  
The final section of the survey identified the actual or perceived benefits of the use of social media and how the return on the investment in social media was measured.

Results

**Who uses social media.** Independents were more likely to use social media than chains. About 59 percent of the chain restaurants used social media, while 75 percent of independents were doing so. Partitioning responses indicated that most restaurant chains ran their social media strategy from headquarters, as three-quarters of the chain respondents who used social media were headquarters staff. In contrast, about two-thirds of employees at the individual restaurants were involved with their chain's social media. While not statistically different, this interesting distinction suggests that chain headquarters, because of greater size and potential access to resources, may be more likely to use social media.

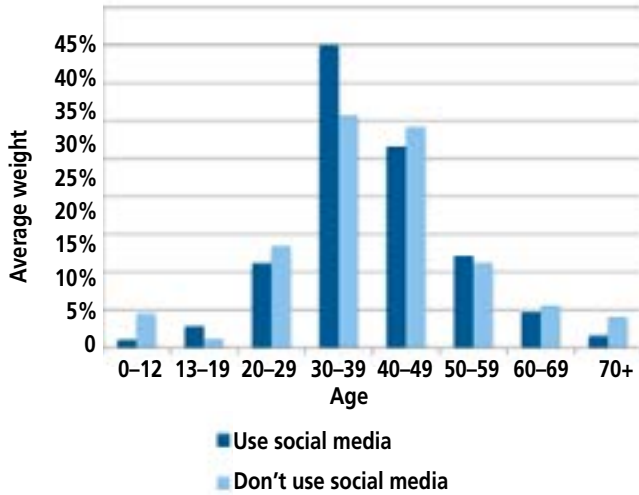
As seen in Exhibit 1, large restaurants—based on number of seats—are more likely to use social media. A restaurant with a large seating capacity (200+) is at a significant competitive disadvantage if it does not use social media marketing. As restaurants decrease in size, the competitive disadvantage narrows.

**Influence of target market on social media use.** We found a variation in a restaurant's social media use based on its target market. As shown in Exhibit 2, restaurants that use



**EXHIBIT 3**

**Age of target markets by whether restaurant uses social media**



social media primarily target married individuals, followed by families and single individuals. By contrast, restaurants that do not use social media target families heavily, followed by married and single individuals.

The analysis of target market age groups (Exhibit 3) revealed that the 30–39 age range is important to restaurants using social media, and certainly that age group includes heavy social media users. But this is a popular demographic for all restaurants, as the 30–39 age range had a weight of 39.9 percent for companies using social media compared to 30.7 percent for those that do not. Following the 30–39 segment in importance is the 40–49 segment, with a weight of 26.6 percent. These results are consistent with the average age of Facebook and Twitter users. A study done in the United States by Pingdom found that the average user age of Facebook is 40.5, while Twitter’s average is 37.3 years.<sup>8</sup> Those restaurants not using social media give comparatively more weight to the young (0–12) and older (60+) age ranges, perhaps related to the usage of social media in those age groups.

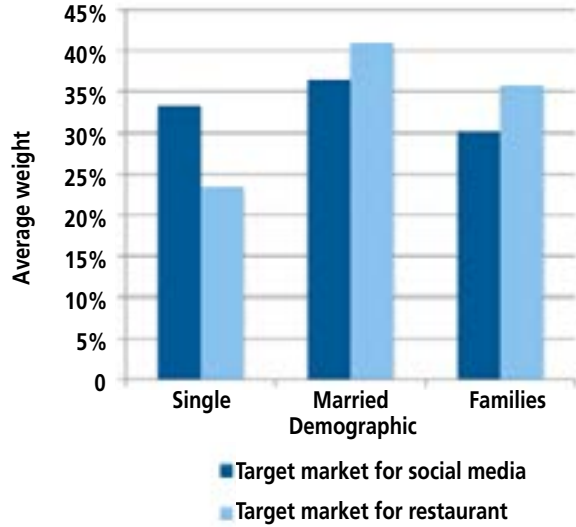
Social media efforts are more strongly directed towards single individuals and less so to married couples and families, as compared to the target market for the restaurant as a whole (Exhibit 4). Even so, these three segments are targeted relatively evenly (ranging from 30 to 36 percent).

The age of the target market for social media activities, as expected, is 20–49, an age range that is generally lower than the target market for the restaurant as a whole (Exhibit

<sup>8</sup> Pingdom, “Report: Social Network Demographics in 2012,” pingdom.com (2012) (as viewed in November 2012).

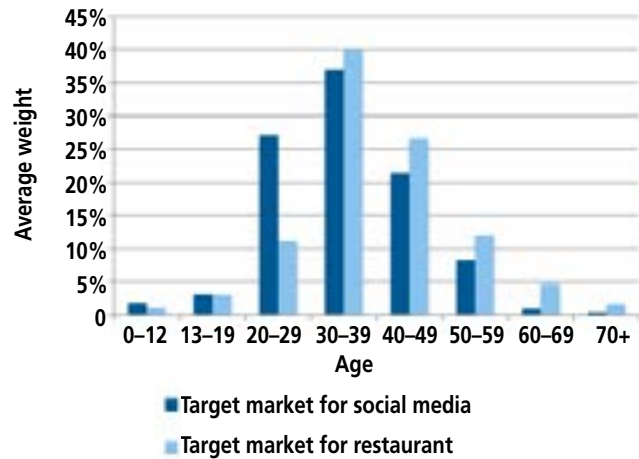
**EXHIBIT 4**

**Demographics of target markets for social media users versus restaurant’s overall target market**



**EXHIBIT 5**

**Age of target markets for social media users versus the restaurant’s overall target market**



5). This finding is consistent with the common perception that social media are more heavily used by younger individuals. Restaurateurs may wish to compare these demographic statistics to their own social media strategy to help assess whether they are hitting their target demographic.

**Why some restaurants do not use social media.** A dozen restaurateurs indicated they have no plans to use social media in the foreseeable future and another seventeen said they just had not gotten to it yet (the reasons given by both

**EXHIBIT 6****Reasons restaurateurs have no plans to use social media or have yet to initiate social media use**

Response	No Plans	Yet-to-Initiate
Social media is a bad fit with our restaurant	5	3
Skeptical	2	5
Waiting for the brand or headquarters to initiate social media	3	
Lacking knowledge	-	3
Currently working on starting a social media effort	-	2
Other	2	4

**EXHIBIT 7****Number of respondents using selected social media**

Social Media Tool	Number of Users	Percentage of Users
Facebook	57	93%
Twitter	35	57%
Blogs	25	41%
Foursquare	14	23%

groups are shown in Exhibit 6). The most often mentioned reason was “a bad fit.” One respondent describes social media as “very cold and unreal for communicating... we like to [interact] directly [with] our guests.” Other restaurants described themselves as “well-known” or “old fashioned,” another reason they thought social media would be a bad fit.

The restaurants that don’t currently use social media but would initiate a social media program in the future also worried about fit, as well as skepticism and lack of knowledge. These restaurateurs were “not sure of its effectiveness,” were “short on resources” and “cost [constrained],” or simply “[lacked] knowledge” to get started and “[needed] to understand it better.” For restaurants who seek more knowledge, these findings are an invitation for the industry or academe to provide more social media information.

### The Use of Social Media

Given that an analysis of the dozens of social media networks would be impossible, we focused on the four social media networks which are arguably the most popular: Twitter, Facebook, Foursquare, and blogs. The use of these social media tools by respondents is summarized in Exhibit 7.

At this time, Facebook is the most popular social media network, with over 800 million active users. As shown in

Exhibit 7, 93 percent of respondents whose restaurants use social media include Facebook as a component of their marketing strategy, consistent with its overall popularity.

The specific ways the restaurants use Facebook, Twitter, and blogs are summarized in Exhibit 8 (next page). The top three uses are (1) promotions, (2) link to or share news, and (3) personal contact with guest.

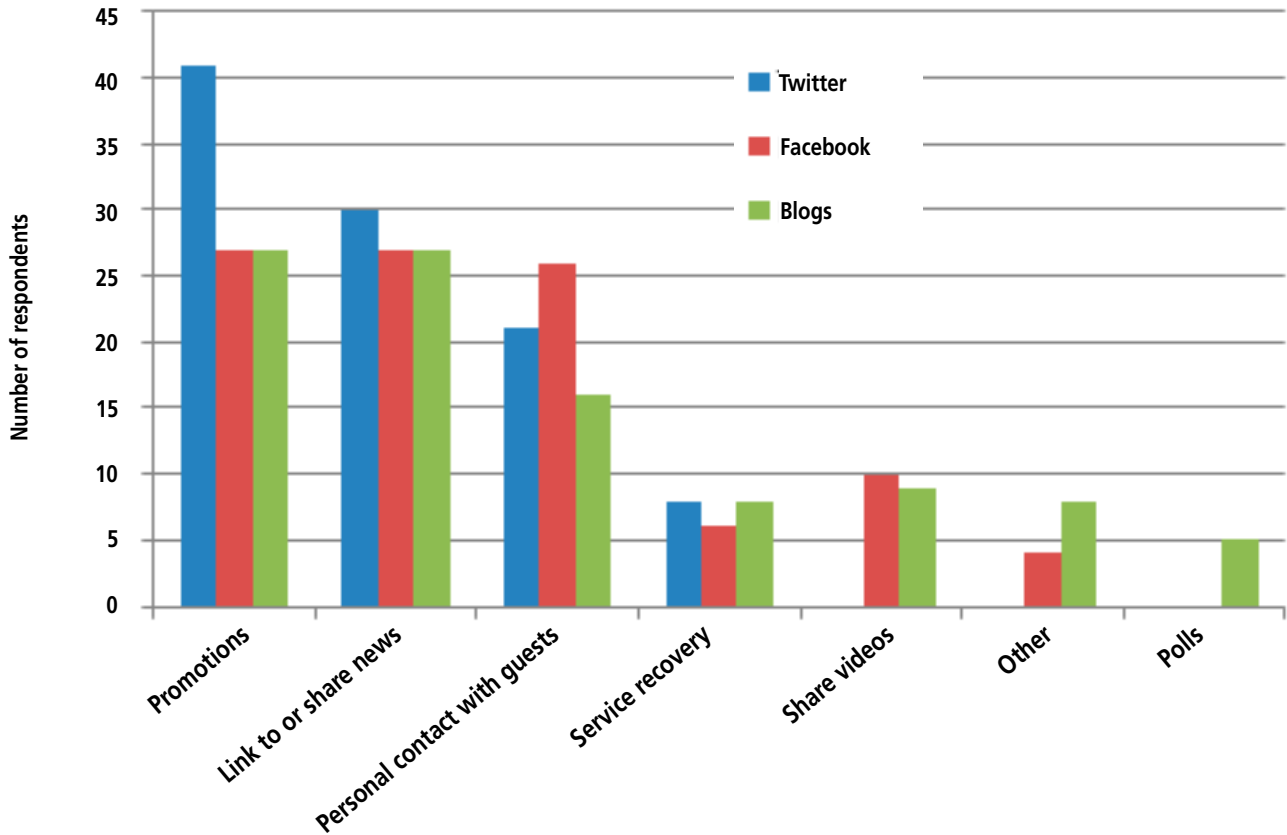
Although all three tools are used for these purposes, the restaurateurs are using Twitter heavily for promotions (41 percent of respondents). In addition to providing links to promotions and news, the restaurateurs are responding to guest comments. Facebook is used about equally for the top three purposes, while blogs have a stronger emphasis on linking and sharing news. Of these three tools, blogs demonstrate the greatest adaptability. The restaurants share videos, take polls, and offer service recovery messages, food reviews, and month-in-review summaries (the “other” item in Exhibit 8).

Foursquare is a different type of service than the other three, and it is particularly useful for restaurateurs because its users “check-in” and broadcast their location to their network, which means that a “local search” strategy can be applied. About one-fourth of respondents use Foursquare, and 16.4 percent of respondents provide specials to “checked-in” guests, in a classic “local” strategy. Some respondents give a free food item after a particular number of “check-ins,” and others offer a discount. By providing these specials to customers who “check-in,” restaurateurs encourage their customers to advertise the restaurant to the customer’s network. Some respondents use Foursquare to monitor the demographics of who “checks-in” or just to have a presence.

Based on its flexibility and reach, we see Facebook as the place to start with a social media strategy. It is the most popular tool with restaurateurs, it’s the most widely used social network, and it provides substantial flexibility. Primary uses of Facebook and the other three sites include promotions, news updates, and guest interaction.

**EXHIBIT 8**

**Respondents' use of Twitter, Facebook, and blogs**



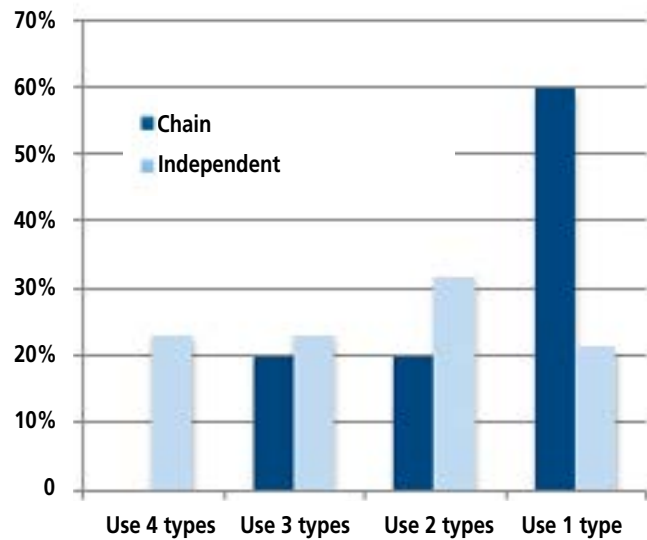
**Social media use segmented by restaurant characteristics.** The social media differences between independent and chain restaurants extend to the channel they commonly use. While both groups embrace the use of Facebook, independent restaurants have a higher propensity to use Twitter and Foursquare than do chain properties. In addition to greater use by independents of all the social media tools surveyed, the results also indicate that independents are also more likely to use a combination of several social media tools. Based on the four channels we studied, Exhibit 9 summarizes the number of social media tools used by chain and independent restaurants.

As shown in Exhibit 9, the majority of chain restaurants in this study only use one social medium, and generally that means Facebook. Since that is the most popular social media network, it's the obvious choice for a single-channel strategy.

Taking the sample as a whole, we saw no noticeable differences between the casual or family segment and fine-dining restaurants in their frequency of use of Twitter, Facebook, blogs, or Foursquare. We expected to find a difference

**EXHIBIT 9**

**Number of social media tools used by chain and independent restaurants**



### Rationale for social media metrics

Reason for Measuring	Number of respondents	Percentage of respondents
Something Tangible	15	38.4%
Chatter	5	12.8%
Revenues	5	12.8%
Multiple Metrics	5	12.8%
Not Measured	4	10.2%
Unsure	3	7.7%
Promotions	2	5.1%

in these two restaurant types, given their different market segments, but that was not the case.

**Monitoring social media activity.** More than two-thirds of the respondents who use social media check competitors' activity on social media networks. In addition, more than half use an alert system so that they know when their restaurant is mentioned on any website. Google Alerts is the most commonly used alert tool, followed by searching the restaurant's name or another related term on a search engine such as Google. The explanations provided by respondents generally included action verbs such as "monitor," "track," "check," "stay on top," or "see what people [are saying]." The two primary goals or purposes of monitoring online activity were to be informed of activity regarding the restaurant and to know when a customer needed a response. In sum, these findings show the importance of maintaining an active social media strategy.

### Social Media as an Element of Marketing Strategy

We anticipated that our respondents would be able to enunciate the goals and intended audiences of their social media strategy, and we were surprised to find that these strategies do not appear to be as focused as we expected.

**Goals.** Respondents had numerous goals for their social media efforts, with almost 60 percent identifying four or more purposes. To account for multiple answers, we calculated weighted averages (for example, if a respondent selected three options, each was given a weight of 0.333).<sup>9</sup> The resulting goals and their corresponding weighted average, are as follows:

- Increase brand awareness (23%);
- Increase loyalty (21%);

<sup>9</sup> A limitation of this research is that when provided with the option to select multiple responses, respondents were not asked to provide the importance (or weight) of each selection. The analysis assumes, therefore, that each selection carries equal importance (or weight).

- Bring in new customers (21%);
- Increase customer connection to brand (19%); and
- Increase revenues (16%).

We read these results as revealing that most restaurateurs do not have a specific identified overarching goal regarding social media, but instead are simply jumping into social media hoping for any positive outcome. It does appear that each of these goals could support a restaurant's use of social media, but an inherent challenge exists in calculating a return on social media investment when the social media goal is vague, hard to measure, or part of a cluster of goals. If the restaurateur focuses on a single goal, such as "bringing in new customers," then return can be measured by counting the new customers to the restaurant who learned about the restaurant through social media.

**Reach.** The restaurants seemed more focused in terms of whom they intended to reach with their social media efforts, as new customers were mentioned by about half of the respondents, followed by non-loyal current customers, and current loyal customers:

- New customers (47%);
- Current, but not loyal customers (31%); and
- Loyal customers (22%).

Logically, loyal customers are ranked third in importance here, because loyal customers are less dependent on social media marketing to return to the restaurant.

Although these results indicate that restaurateurs target some segments more intentionally than others, we still see some strategic diffusion, since slightly over half of the respondents selected all three customer types, suggesting that their social media target customer may not be well-defined. Further evidence of this ambiguity is that one-third of respondents selected all three options as intended targets of social media activity and also selected four or five of the social media goals in the prior question. Contrary to what we find here, we suggest that a restaurateur's approach to social media should exhibit the same intentionality and laser focus that the operator applies to other components of the overall marketing strategy, by focusing on one (strong) social medium and targeting one (likely) customer type.

### Measuring Social Media Impact on Operations

Since acquiring more customers is the top goal for our respondents, it makes sense that counting customers is the most common way of tracking the impact of social media. Respondents also used several other methods:

- Number of customers (31%);
- Followers (21%);
- "Likes" (19%);
- Amount of "chatter" (13%);
- Track coupons (10%); and
- Other (6%).

## Impact of social media on operations

	Loyalty of Current Customers	New Customers	Revenues
Definitely Increased	28.6%	28.1%	31.6%
Possibly Increased	51.8%	56.1%	49.1%
No Change	10.7%	8.8%	7.0%
Possibly Decreased	0.0%	0.0%	0.0%
Definitely Decreased	0.0%	0.0%	0.0%
Can't Tell	8.9%	7.0%	12.3%

In addition to an increase in the number of customers the restaurateurs were looking for more followers (on Twitter) and likes (on Facebook), since they could then share updates and news about the restaurant. “Chatter” includes conversations about the restaurant over social media networks and comments directed at the restaurant, as well as anonymous reviews such as on Yelp. “Chatter” indicates that the customer has taken the initiative to begin a conversation about the brand to others—an indication that the restaurant is benefitting from word of mouth. Respondents that offered group or social media coupons tracked the results of those coupons.

As shown in Exhibit 10, the most common rationale for choosing a particular metric is the need to have some kind of tangible measurement of social media activity. The number of followers or likes on Twitter and Facebook are easy to measure and record, and they are clear and notable. Measurement of “chatter” is a method to monitor increased word of mouth. However, these easy-to-measure gauges may not be as important as those relating to revenue. Most critically, an increase in the number of customers helps with calculations of return on investment, since those added customers should mean increased revenues. Stressing the importance of the bottom line, one respondent stated, “Social media is only successful if it brings in customers.” About one-eighth of the respondents indicated the need for a well-rounded approach that considered multiple metrics. As one restaurateur said, “No single metric gives enough information to accurately capture [the] data,” and “both qualitative and quantitative measures of the social media program” are required.

**Perceived social media impact on operations.** In fact, the difficulty of measuring the impact of social media is one of the key issues identified in this study. As shown in Exhibit 11, well over half of the respondents are not really sure that social media helped with achieving any of the three goals

(that is, increasing customer loyalty, bringing in new customers, or boosting revenues). On balance, however, these restaurateurs remained favorable to the use of social media.

None of the respondents concluded that using social media had a negative impact on those goals, and the overwhelming perception for the use of social media is favorable. About 40 percent of respondents indicated that at least one of the three categories definitely increased. Approximately 30 percent of respondents in each category felt that the metric definitely increased. A strong majority (49.1–56.1%) of respondents in each category felt that social media possibly increased the metric. Only a small portion of respondents simply couldn't tell whether social media made an impact.

**Perceived social media impact on revenues.** Although many respondents indicated that better relationships are the main goal of a social media strategy, rather than increased revenues, impact on revenues remain a key issue. Just under 40 percent of the respondents thought social media did bring in additional revenues: Yes (38.6%), Not Sure (56.1%), and No (5.3%).

Again, we see the uncertainty in measuring social media. Although many are confident that social media brings in additional revenues, the strong majority are uncertain. These results highlight the need for a methodology for measuring the impact of social media on revenues. Several approaches to measuring social media's return on investment in lodging are demonstrated by Chris Anderson in a 2012 CHR report.<sup>10</sup>

Respondents who did link additional revenues to the use of social media did so by monitoring the following:

- New customers on a customer relationship management system;

<sup>10</sup> C.A. Anderson, “The Impact of Social Media on Lodging Performance,” *Cornell Hospitality Report*, Vol. 12, No. 15 (2012), p. 11; Cornell Center for Hospitality Research.

- Promotions and coupons from social networking sites; and
- The frequency of visits by existing customers.

## Discussion and Conclusions

This study found substantial use of social media for marketing by restaurateurs, and considerable interest among those who don't yet use social media. This finding supports the claim that the social media component of a marketing plan is growing in importance.<sup>11</sup> However, we found that both the restaurateurs' goals and measurement for social media are fuzzy at best. Social media's usefulness as a strategic marketing tool is questionable in light of our findings. Three key results suggest that many restaurateurs have not thoughtfully considered their social media strategy in the context of a well-defined marketing strategy:

- Six out of ten survey respondents selected at least four of the five possible social media goals provided;
- Half of the respondents selected all three intended target audience options—new customers, current but not loyal customers, and loyal customers—when queried about the respondent's target market for social media activity; and
- One-third of the respondents did both; they chose four of the five possible social media goals provided and all possible audience targets for social media activity.

Considered together, these statistics suggest that many restaurateurs should reevaluate their social media use to ensure that it is strategically designed and executed. Our sample is a relatively small, self-selected convenience sample, and we hesitate to generalize to the industry, but it appears that a substantial group of restaurateurs active in social media marketing have not crafted a well-defined social media strategy, and approximately one-half may benefit from refining their social media goals or reassessing their target audience. The respondents were fairly certain that their social media use did not harm the restaurant, but we suggest that a poorly defined social media strategy probably won't help matters, and any return on the investment would be difficult to calculate.

Ensuring positive impact of social media marketing on operations begins with a well-defined strategy that includes realistic, prioritized, and workable communications objectives and goals. Without a clear strategy or goal, the social media manager makes decisions—perhaps arbitrarily—and hopes for a positive effect. Thus, a social media manager should have specific goals and intended audiences for the so-

cial media strategy.<sup>12</sup> The activity and research online should be in the context of the restaurant's social media goals.<sup>13</sup>

In contrast to the scattered approach that we found here, management should consider strategic social media marketing activities that are tailored to their market according to their strategic goals. For example, a tailored social media strategy for an intended audience of loyal customers with a goal of increasing customer connection to the brand would look significantly different from one intended to bring new customers to the restaurant or one intended to deal with potential complaints.

**Non-participants.** We found a substantial group of restaurateurs who were not using social media and did not intend to do so. There are valid reasons not to participate. A key component of company strategy is the target market. Li emphasizes the importance of ensuring that the social media activity fits within the larger picture of company strategy; therefore, it is logical that social media strategy would be influenced by target market.<sup>14</sup> Our survey results indicate that key differences exist between the target market of restaurants that use social media and restaurants that do not.

Some examples of consideration of target market in the decision process for whether to implement social media marketing are as follows:

- Social media marketing is crucial for larger restaurants, but perhaps less so for smaller restaurants. Restaurants with larger seating capacity usually have more significant advertising needs linked to filling each seat. Social media provide a low-cost medium by which to increase advertising;
- Restaurants that target families with children, such as theme restaurants, may glean from these results that similar restaurants are not using social media;
- Restaurants targeting single individuals may find social media a more effective means of advertising; and
- A target market in the 30–49 age range should be a compelling reason to implement a social media strategy in order to remain competitive with other restaurants targeting those same individuals, whereas a restaurant targeting an older customer base may find social media less effective.

These scenarios provide examples of the rationale a restaurant manager may take when deciding whether social media is a worthwhile investment.

Regardless of whether management engages in social media, every restaurateur should be cognizant of social me-

<sup>11</sup> C. S. Dev, J. D. Buschman, and J. T. Bowen, "Hospitality Marketing: A Retrospective Analysis (1960-2010) and Predictions (2010-2020)," *Cornell Hospitality Quarterly* 51.4 (2010): 459-469.

<sup>12</sup> Shan Li, "Online Community Managers Riding High—and Getting Paid," *Chicago Tribune* 4, Oct. 2011: 3.

<sup>13</sup> Kelly McGuire, "Casinos Social Media—SAS," Lecture at School of Hotel Administration, Ithaca, NY; 21 Oct. 2011.

<sup>14</sup> Li, *op.cit.*

dia activity concerning their restaurant.<sup>15</sup> Even for restaurateurs that do not participate, an alert system would provide a foundation to increase awareness of activity concerning their restaurant. Somewhat surprising, it is more likely for restaurateurs to actively check competitors' activity than to be alerted to activity pertaining to their own restaurant. About half of respondents use an alert system to monitor internet activity, and approximately two-thirds of respondents are actively checking competitors' activity on social media networks. As social media grow in importance, these activities will likewise become more critical. By registering for a free alert system (such as Google Alerts), restaurant management can receive email updates with online activity regarding their restaurant (as well as competitors).

In addition to an alert system, restaurateurs embarking on social media activity will probably want to create a Facebook page, since Facebook is by far the most popular and most generally accepted social media tool by restaurateurs. Facebook's increasing number of capabilities and large number of users makes this network the natural leader. Facebook fans are more likely to redeem promotions distributed over Facebook than from a traditional mailing, for instance, thereby making promotions through this channel more effective than traditional promotions.<sup>16</sup> Social media activity by restaurateurs focuses on interacting with the current and potential guests, but as the social media usage expands, a restaurant may also wish to offer promotions and link to or share news.

## Beyond Facebook

Looking at sites other than Facebook, restaurateurs can find value using Twitter, blogs, and Foursquare, as shown in the following examples:

**Twitter.** Twitter is a popular tool especially for advertising promotions and is successfully used in the restaurant industry. Its use as reported by survey respondents is consistent with chefs using Twitter to communicate to their guests in real time and food trucks using Twitter to announce their location. These customer interactions increase customer connection to the restaurant.<sup>17</sup>

**Blogs.** This study finds that blogs have the widest variety of uses in the restaurant industry, including sharing

videos and taking polls. This flexibility allows more diversity in reaching targeted restaurant customers.

**Foursquare.** Foursquare is perceived to be a useful tool for the restaurant industry because of its location-based characteristic. Dunkin' Donuts, Chili's Grill and Bar, and McCormick & Schmick's have successfully used Foursquare by providing rewards for multiple "check-ins."<sup>18</sup> Shearman reports the value of a strong network, by suggesting that Foursquare adds value because it uses its customers' networks to market the restaurant brand.<sup>19</sup>

Many more social media channels exist, and every restaurateur should consider the combination of tools and uses that work best to achieve their social media goals.

Managers of independent restaurants should take note of our finding that independent restaurants are more likely to use social media than chain restaurants. As we said, these results were surprising, since we expected that chains would be more active in social media. However, what we found is that independent restaurants believe that building stronger relationships with their customers and their community is an essential strategy to increase visibility. In this regard, we found that independent restaurants are more likely to use a combination of several social media tools to build relationships with their customers and community.

The consensus, based on the academic literature, the popular press, and survey respondents, is that restaurants benefit from the use of social media. Measuring that benefit, however, is a challenging task. A 2011 paper by Maggie Fox suggested that return can be measured via sales, awareness, or chatter,<sup>20</sup> and survey respondents agreed with Fox's assessment that return on social media can be measured using non-financial metrics.

The appropriate metric must correspond with your social media goals, as demonstrated, for example, by KFC's approach. KFC doesn't emphasize financial returns for its social media program, because its goal is "to connect and engage with KFC followers, cultivate relationships, and respond to any inquiries."<sup>21</sup> A financial metric would not be the best way to measure KFC's social media success because its goal is non-financial. The logical, but non-financial metrics of social media success in this instance include number of likes, followers, and amount of chatter. These metrics are reasonable methods for measuring return when they align with the social media goal.

<sup>15</sup> Robert Duboff and Scott Wilkerson, "Social Media ROI," *Marketing Management* 19.4 (2010): 32-37. Business Source Complete. EBSCO; viewed 27 Sept. 2011.

<sup>16</sup> Nora Caley, "Can social media build your franchise business?" *Nation's Restaurant News* 44.14 (2010): 20-21. Business Source Complete. EBSCO; viewed 31 Oct. 2011.

<sup>17</sup> Alina Dizik, "@Foodies: Peek Into My Kitchen," online.wsj.com (2011) (viewed 31 Oct. 2011); and Zachary Sniderman, "How Social Media Is Fueling the Food Truck Phenomenon," mashable.com (2011) (as viewed in October 2011).

<sup>18</sup> Mark Brandau, "Cashing the check-in," *Nation's Restaurant News* 44.25 (2010): 3-65. Business Source Complete. EBSCO; viewed 31 Oct. 2011.

<sup>19</sup> Shearman, *op cit*.

<sup>20</sup> Maggie Fox, "A little time and effort can result in a big payoff," *B to B* 95.4 (2010): S8. Business Source Complete. EBSCO. Web. 27. Sept. 2011.

<sup>21</sup> John Eckhouse, "Social Media ROI: Ads Provide a Big Return for KFC," *The Realtime Report*. 7 Sept. 2011; viewed online 06 Oct. 2011.

For many firms, however, financial return on investment is a key measurement. About one-eighth of our survey respondents were focused on financial ROI, and marketing specialists believe ROI must also be captured using a financial metric, emphasizing the importance of the “bottom line.”<sup>22</sup> Apparent from both the literature and the results of our survey, however, is the degree of uncertainty surrounding how to measure the impact of social media on operations. Over half of our respondents were not sure whether social media brought in additional revenues. Only 39 percent of survey respondents indicate they are confident that social media use brings in additional revenues.

To measure financial returns on social media investment, our respondents suggested tracking the following:

- Incremental gains through use of a customer relationship management system;

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<sup>22</sup> Duboff and Wilkerson, *op. cit.*

- Promotions and coupons offered only on social media networks; or
- Increased frequency of customer visits.

Although these are viable methods for calculating ROI, significant ambiguity about social media ROI remains. Discovering a method of quantifying return remains a challenge for academics, researchers, and marketers.

One point demonstrated by this study is that the issues related to social media are numerous, and we have touched on only a few. Restaurateurs could consider, for example, the link between social media and search activity as they affect goals and performance results; reputation management; real time service recovery; and the key role of device use such as smart phones or tablets. Finally, we must note that the best practices and methods for measuring social media return on investment—and, indeed, best practices for using social media—are still in the development stage. For restaurants that engage in social media, managers will find that their social media goals and techniques are continually evolving. ■



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