

The Center for Hospitality Research

Hospitality Leadership Through Learning

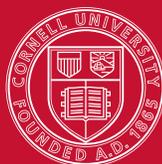
2010 Cornell Hospitality Research Summit



Social Media and the Hospitality Industry:
Holding the Tiger by the Tail

Cornell Hospitality Research Summit Proceedings

Vol. 3, No. 3, March 2011



Cornell University
School of Hotel Administration

Advisory Board

Niklas Andréen, *Group Vice President Global Hospitality & Partner Marketing*, Travelport GDS

Ra'anan Ben-Zur, *Chief Executive Officer*, French Quarter Holdings, Inc.

Scott Berman, *Principal, Industry Leader, Hospitality & Leisure Practice*, PricewaterhouseCoopers

Raymond Bickson, *Managing Director and Chief Executive Officer*, Taj Group of Hotels, Resorts, and Palaces

Stephen C. Brandman, *Co-Owner*, Thompson Hotels, Inc.

Raj Chandnani, *Vice President, Director of Strategy*, WATG

Benjamin J. "Patrick" Denihan, *Chief Executive Officer*, Denihan Hospitality Group

Brian Ferguson, *Vice President, Supply Strategy and Analysis*, Expedia North America

Chuck Floyd, *Chief Operating Officer–North America*, Hyatt

Gregg Gilman, *Partner, Co-Chair, Employment Practices*, Davis & Gilbert LLP

Susan Helstab, *EVP Corporate Marketing*, Four Seasons Hotels and Resorts

Jeffrey A. Horwitz, *Chair, Lodging + Gaming, and Co-Head, Mergers + Acquisitions*, Proskauer

Kevin J. Jacobs, *Senior Vice President, Corporate Strategy & Treasurer*, Hilton Worldwide

Kenneth Kahn, *President/Owner*, LRP Publications

Kirk Kinsell, *President of Europe, Middle East, and Africa*, InterContinental Hotels Group

Radhika Kulkarni, Ph.D., *VP of Advanced Analytics R&D*, SAS Institute

Gerald Lawless, *Executive Chairman*, Jumeirah Group

Mark V. Lomanno, *President*, Smith Travel Research

Betsy MacDonald, *Managing Director*, HVS Global Hospitality Services

David Meltzer, *Vice President of Global Business Development*, Sabre Hospitality Solutions

William F. Minnock III, *Senior Vice President, Global Operations Deployment and Program Management*, Marriott International, Inc.

Mike Montanari, *VP, Strategic Accounts, Sales - Sales Management*, Schneider Electric North America

Shane O'Flaherty, *President and CEO*, Forbes Travel Guide

Thomas Parham, *Senior Vice President and General Manager*, Philips Hospitality Americas

Chris Proulx, *CEO*, eCornell & Executive Education

Carolyn D. Richmond, *Partner, Hospitality Practice*, Fox Rothschild LLP

Steve Russell, *Chief People Officer, Senior VP, Human Resources*, McDonald's USA

Michele Sarkisian, *Senior Vice President*, Maritz

Janice L. Schnabel, *Managing Director and Gaming Practice Leader*, Marsh's Hospitality and Gaming Practice

Trip Schneck, *President and Co-Founder*, TIG Global LLC

Adam Weissenberg, *Vice Chairman, and U.S. Tourism, Hospitality & Leisure Leader*, Deloitte & Touche USA LLP



The Robert A. and Jan M. Beck Center at Cornell University

Cornell Hospitality Research Summit
Proceedings,
Vol. 3 No. 3 (March 2011)

© 2011 Cornell University

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

Rohit Verma, *Executive Director*
Jennifer Macera, *Associate Director*
Glenn Withiam, *Director of Publications*

Center for Hospitality Research
Cornell University
School of Hotel Administration
489 Statler Hall
Ithaca, NY 14853

Phone: 607-255-9780

Fax: 607-254-2292

www.chr.cornell.edu

The Center for Hospitality Research

Hospitality Leadership Through Learning

Thank you to our generous Corporate Members

Senior Partners

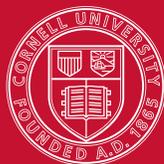
Hilton Worldwide
McDonald's USA
Philips Hospitality
SAS
STR
Taj Hotels Resorts and Palaces
TIG Global

Partners

Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
French Quarter Holdings, Inc.
HVS
Hyatt
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Marriott International, Inc.
Marsh's Hospitality Practice
Maritz
PricewaterhouseCoopers
Proskauer
Sabre Hospitality Solutions
Schneider Electric
Southern Wine and Spirits of America
Thayer Lodging Group
Thompson Hotels
Travelport
WATG

Friends

American Tesco, LLC • Argyle Executive Forum • Berkshire Healthcare • Center for Advanced Retail Technology
• Cody Kramer Imports • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel •
4Hoteliers.com • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and
Technological Professionals • hospitalityinside.com • hospitalitynet.org • Hospitality Technology Magazine •
Hotel Asia Pacific • Hotel China • HotelExecutive.com • Hotel Interactive • Hotel Resource • HotelWorld Network
• International CHRIE • International Hotel Conference • International Society of Hospitality Consultants •
iPerceptions • JDA Software Group, Inc. • J.D. Power and Associates • The Lodging Conference • Lodging
Hospitality • Lodging Magazine • LRA Worldwide, Inc. • Milestone Internet Marketing • MindFolio • Mindshare
Technologies • PhoCusWright Inc. • PKF Hospitality Research • RealShare Hotel Investment & Finance Summit •
Resort and Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate •
The TravelCom Network • UniFocus • USA Today • WageWatch, Inc. • The Wall Street Journal • WIWIH.COM



Cornell University
School of Hotel Administration

Social Media and the Hospitality Industry:

Holding the Tiger by the Tail

by Glenn Withiam

ABOUT THE AUTHOR

Glenn Withiam is director of publications for the Cornell University Center for Hospitality Research. This article could not have been prepared without the assistance of the following students at the Cornell School of Hotel Administration: Emily Abramson, Manish Asani, Timothy Chen, Katy Crump, Andy Grossman, Alison Gruber, Alex Gruhin, Mari Kam, Sam Leonard, Christian Lewis, Lucy Liu, Ryen Lung, Morgan May, Saroj Pathak, Michael Sertich, Rob Stitt, and Kystyna Taheri.



CHRS SPONSORS

The Cornell Hospitality Research summit was made possible by the following sponsors:



EXECUTIVE SUMMARY

Social media present a golden opportunity for the hospitality industry to make greater contact with its customers, with an ultimate goal of developing a partnership for brand growth and development. Underlying that opportunity are the twin dangers that hospitality operators will mishandle their social media connections or that customers (and the media themselves) will move on, leaving the industry behind. So, just as hotels and some restaurants have built their websites, they now have to make sure that their site is optimized for search engines, have mobile apps, and, more to the point, keep customers involved in a conversation about the operation. Although many hotel chains have embraced mobile apps, Facebook, and other channels, others are hardly represented at all in the social media firmament. One great potential advantage of social media is that guests are willing to share information about their likes and dislikes. By using appropriate analytic methods, hoteliers can get a sense of what guests want generally and how they react to the hotel specifically. Most important right now is the development of mobile apps, since travelers expect to use their mobile devices to book rooms or other travel services on the spot. A comprehensive strategy of customer engagement will employ all social media, whether it's Facebook or Flickr, YouTube or Twitter—or all of them, and will also help you keep an eye out for new applications and customer desires.

Social Media and the Hospitality Industry:

Holding the Tiger by the Tail

by Glenn Withiam

Hospitality industry executives and managers have been scrambling to work through the ever-shifting maze of social media, with a goal of staying in greater touch with customers, strengthening brands, and improving sales. Presentations and panel discussions at the 2010 Cornell Hospitality Research Summit, held at the Cornell University School of Hotel Administration, made clear both the remarkable potential of a well-drawn social media strategy and the hazards of ill-considered tactics. Without doubt, a customer relationship management strategy calls for hospitality firms to be active in social media, but the question remains regarding exactly what activity is appropriate, and what will offend consumers. In particular, hospitality operators must integrate their marketing efforts with social media—a process which will require new approaches to marketing.



Lorraine Sileo, vice president of research, PhoCusWright, documented the astonishing growth of consumers' use of social media for travel.

Social Media Popularity

Given the astonishing popularity of social media, Lorraine Sileo, vice president of research, PhoCusWright, said her firm is tracking trends and major happenings in the industry. The numbers are staggering and growing: 600 million people (10 percent of the world's population) is on Facebook, for instance, which is easily the dominant social medium at the moment. Ninety percent of respondents to a PhoCusWright survey aged 18 to 24 said they are on Facebook. More to the point, 66 percent of travelers are on Facebook. Sileo said that Facebook referrals are far more likely to convert into bookings than are referrals from travel review sites. These are reasons that hotels should make themselves as visible as possible on social media sites. So far, the social media statistics apply mostly to leisure travelers or business travelers who are arranging their own itineraries.

Because of the popularity of such negotiation sites as Priceline.com and hotels.com, as well as the influence of the online travel agents, customers are often seeking deals. However, with the strength of Facebook, OTAs are losing some advertising and bookings to Facebook. Moreover, if a hotel can gain a referral through Facebook, the hotel reaps the full room rate rather than paying a commission, at least at the moment. Even considering Facebook's strength, Twitter and LinkedIn are growing within their own niches.

PhoCusWright's Traveler Technology Survey found the following:

- 1 in 5 have asked for an opinion online,
- 1 in 5 are a fan of a company,

- 1 in 5 are Twitter followers of a company,
- 1 in 3 are posting pictures and reviews, and
- 1 in 3 are somewhat influenced by social networks when making travel decisions.

However, as is the case with conventional word of mouth, friends and family remain the most significant factor in making travel decisions.

Hotel Chains' Use of Social Media

A study by Peter O'Connor, professor, information systems management, Essec Business School, highlighted both the danger and opportunity inherent in social media. Pointing to the need to set social media benchmarks and determine best practices for international hotel companies, O'Connor pointed out that people are always talking about the hotel industry (along with many other topics). To say that people have embraced social media is an understatement, and he estimates that well over two-thirds of internet content will be created by consumers and users within the next three years.

His summer 2010 analysis of the hotel industry's presence on top social media outlets shows that the hotel industry has the opportunity to do much more, particularly if one uses Starbucks as a standard of comparison. Looking at Facebook, Flickr, Twitter, and YouTube, O'Connor found that many of the top 50 hotel brands used three of those four channels, although seven brands could not be found at all. Marriott is the most visible online brand, especially given its large presence on Twitter, he discovered. Hyatt Regency



Essec Professor Peter O'Connor examined the hotel's industry use of social media channels and outlined opportunities additional social media expansion.



Anil Aggarwal, CEO, Milestone, outlines the many existing and potential uses of social media.



Michael Wooden, senior vice president, business process solutions, ACS, sees a social media strategy as an extension of customer service.

recorded the most activity, while Holiday Inn had the most “likes” on Facebook, and Best Western has the strongest social media presence overall, as judged by its consistency across the channels, followed by Hilton and Marriott.

Perhaps most telling, O’Connor found that many chains’ presence seems to waver. A chain jumps into a channel, he found, but then doesn’t maintain its presence. Given the rapid changes in social media, these statistics could already be changing. However, one point is certain and will not change, namely, the consumer is reacting badly to traditional advertising approaches on the internet. O’Connor concluded by suggesting that it is critical for the hotel industry to change how it sells to consumers.

Social Media for Customer Service

Michael Wooden, senior vice president, business process solutions, ACS (a Xerox company), focused on the twin advantages that social media offer in customer relationship management: better service and lower cost. ACS became interested in social media as an extension of its customer service efforts. Wooden explained that 78 percent of companies recorded improved customer satisfaction when they started monitoring social media for customer relationships. The downside, of course, is that social media make it easy for consumers to complain when a product or service is not right. He emphasized the need to intercept these customer complaints as early as possible, with a goal of improving service and minimizing damage from the complaints. A firm can’t remove bad reviews, but a good approach is to make sure that the bad reviews come to your firm. If they are posted where a hotel manager cannot find them, on the other hand, that manager is powerless to correct the problem. Wooden pointed out that the more complaints a hotel can take care of when they are made, the better. Thus, Wooden emphasized the need for service firms of all kinds to establish a process for social media, including the tool to be used and the way it should be used. With a methodical approach, a company can turn noise into knowledge—and knowledge into strategy.

Making Effective Use of Social Media

Despite the popularity of social media generally and Facebook in particular, Anil Aggarwal, CEO, Milestone, took a step back to outline five ways that people book rooms via the internet:

- brand sites (including Starwood, IHG apps);
- search engines (notably, Google, Bing, Yahoo)
- email in response to promotions for deals and gateways,
- travel sites (such as TripAdvisor), and
- social media (most particularly Facebook).

Although customers do use social media to find hotels for booking rooms, social media sites are also useful for

monitoring a brand and driving traffic to a hotel's website. Most intriguingly, Aggarwal suggested that by participating in several social media channels, a hotel can saturate the search results page, thereby putting the property near the top of listings. This is known as the "Golden Triangle," where searchers actually look, given that few people scroll down a page and almost no one clicks to a the second page of results. So, on a hotel's Google results page, the hotel would have the brand site itself, the corporate brand, and then hits for Facebook, Twitter, and Youtube.

Hotels can use social media to monitor the brand, drive traffic to the website, build search results, and tap into buzz media. To participate in social media, Aggarwal suggested that a hotel contribute useful content. Merely offering promotions is insufficient. So, Milestone advises its clients to participate by offering tips of the day, restaurant suggestions, local weather, insider tips, and deals that emphasize value.

Aggarwal offered specific suggestions for each social media site. For Facebook, for instance, he urged hotels to integrate their booking window into the Facebook page, as well as to create features that will engage visitors to the page. Ramada, for one, built a quiz that allowed users to determine which brand fits their personality. That increased Ramada's web traffic by 300 percent.

Polls are another way to get people engaged, he suggested, and visitors like lists and tips, especially when the hotel is offering local information. For example, a hotel in Hawaii earned a great response by posting the "Top ten things that only locals know."

Looking at YouTube, Aggarwal noted that this site can be a strong draw, and embedding the video on the hotel's own website will help to drive the video to the top of search results. However, it's important to keep in mind that the reason to post on YouTube is that the video should be interesting. So, a hotel should find out what people are searching for and build content around that. The video should include tags containing heavily searched terms to optimize the site or video for search engines.

By the same token, a hotel can post a photo album on Flickr. For this site, the key point is to be informational and avoid advertising, since no one will sit still for ads. Aggarwal gave the example of an album for "SurferBeach-Hotels," which received 28,000 views. In this case, the hotel just posted its pictures online and used a good descriptor. Twitter also offers opportunities to offer information and to develop cross promotions with other social channels.

Aggarwal suggested that one way to manage social media sites is to use HootSuite, which will help with scheduling tweets, integrate all of the media on your site, and show the consumer everything that is going on at once. Finally, he suggested that hotel companies should pull a leaf from the casino operations manual: you need to keep people from



Stuart Greif, vice president and general manager, global travel and hospitality practice, J.D. Power and Associates, provided a detailed evaluation of the customer analytics that are enabled by social media and other web postings.

leaving your site. Throughout all this, hotels can use the social media to monitor the results of their efforts in terms of Facebook likes, Twitter followers, social media mentions, and, most important, booking conversions.

In conclusion, Aggarwal is certain that the time spent on social media will be well worth it. A small allocation of time and money can provide a large return, particularly if a hotelier builds a community, remains proactive, and develops the perception of the intangible feeling embodied by the hotel. Even if the hotel is still learning how to use these tools, it's better to be represented than to wait until everything is perfect.

Customer and Product Analytics

Stuart Greif, vice president and general manager, global travel and hospitality practice, J.D. Power and Associates, outlined another aspect of the evolution in social media, in the form of ever expanding information about customers. Greif explained some of the features of social media travel conversation analysis, which is based on J.D. Power and Associates' Web Intelligence capabilities. Conceptually, Greif suggested the hospitality marketers think of social media and internet commentaries as a focus group of millions, but this group is superior to a conventional focus group because these consumers offer unaided and unprompted information. The only catch is that the available information is un-



Cornell Professor Bruce Tracey examined the best practices in human resources made possible by social media.

structured, and it's often a challenge to establish the context of internet comments.

As a starting point, an analyst can simply note the number of conversations about a particular topic. Context is one of the biggest challenges in social media. One needs to understand that beyond the buzz on the internet, you can obtain considerable additional information via monitoring software tools. The trick is to get through the buzz into a deeper level of analysis. So, for instance, Greif outlined four types of analysis: consumer analysis, brand and product analysis, market and trend analysis, and innovation analysis.

Consumer analysis. As an example of consumer analysis, Greif introduced the CHRS participants to the “domestic duo,” a contemporary couple who find value in looking for exactly what they want. Among the domestic duo personalities are the go greens, carpe diems, optimists, and thought leaders. They are frequent posters, which allows a detailed analysis of their wants and needs. They love unique features, an authentic local feeling, experience, style, proximity, and a good bed, and they are more eco-conscious than average travelers. Some 92 percent of their (online) conversations are about activities and interests, including hobbies, family, and food.

An analyst can break down these conversations into sub-layers to better understand consumers' behavior, and thus determine what they discuss, where they like to stay, and what percentage falls into which age category or generation. About two-thirds of the domestic duos are Generation Y. Greif explained the critical aspects for the hotel industry, including the domestic duos' desire to savor an experience, find features that are not typical of hotels (in addition to having a full complement of essential hotel features), and stay in hotels that are true to their locations. Again, these travelers are more aware of a hotel's ecological stance than are typical travelers.

Brand and product analysis. Brand and product analysis analyzes customers' comments about specific brands. The good news is also the bad news, as comments can range across any kind of topic. Taking the so-called hotel lifestyle brands as an example, Greif said that the number of mentions about these brands has been growing rapidly. Since the “dynamic duos” are logical target customers for these brands, and since they frequently post comments about hotels, it's possible to analyze these brands' status. Customers have different views of these lifestyle hotels, and it appears that many of the brands have not clearly explained their value proposition or have tried to hard to be boutique properties. He suggested that hotels target customers and focus on their views.

Market and trend analysis. As an example of market and trend analysis, Greif looked at internet availability in hotels as one example of the many emerging service trends. Online comments regarding internet availability show some

friction among guests of luxury and upscale hotels. Complaints about having to pay for wi-fi have engendered much more negative feedback than other amenities. Those who want free internet conclude that lower scale brands offer this and other basic amenities at no charge, unlike luxury brands. So, the question becomes one of revenue versus revolt, particularly for customers who use the internet heavily. An analysis of this type gives hoteliers the information needed to understand guests' feelings. Monitoring social media allows hoteliers to keep abreast of their customers' concerns.

Innovation analysis. Mobile technology is a perfect candidate for innovation analysis, as Greif explained it, although innovations can also include such things as a GPS in canes to help guide users or keeping a record of pet-specific food products for travelers' pets. Looking at mobile apps, Greif noted what he called the mobile effect. People now have the ability to just go and travel, booking accommodations on the fly, as opposed to planning and then going. With Priceline and specific brand apps, travelers can book on the spot at the last minute. Travelers are increasingly connected and savvy, which is a convenience for guests but a challenge for hotels. Say that a loyalty program customer is denied a room upgrade. That person can now instantly use a smart phone to determine room availability in real time. If a better room actually is available it makes the hotel look bad. Indeed, apps-driven travelers do not need to interact with the staff (or want to do so, in many cases). So, the hotel that has developed its value proposition in the form of an excellent staff is now challenged to deliver excellent service in a virtual environment.

Greif concluded by pointing out the need to invest in mobile apps, rather than fancy collateral, as well as determine how to expand services offered online. Using the online data, companies need to tap into the consumer conversations to better understand their needs.

Social Media for Human Resources

Social media are a logical extension of existing human resources practices, but as occurs with all technologies, there are possible pitfalls in the midst of the great potential. Cornell's Bruce Tracey, associate professor of management, outlined human resources best practices and possible problems based on social media, while Gregg Gilman, co-chair, labor and employment practice group, Davis & Gilbert, pointed out legal pitfalls, notably in relation to hiring and firing employees.

Perhaps the greatest danger for a hiring manager, Gilman explained, is that Facebook and other social media allow potential employers to prescreen applicants. That is, an employer can see what that person looks like or gain indications of other aspects about the person (e.g., race, handicap, gender, age, sexual orientation). If the employer acts on any



Greg Gilman, co-chair, labor and employment practice group, Davis & Gilbert, outlined the potential legal pitfalls that come with the misuse of social media in human resources activities, notably, in hiring.

personal attributes that are protected under federal law, that employer could be exposed to a discrimination lawsuit if the candidate is not considered for the job or is not hired. Without social media, an employer would ordinarily not be able to see these things before meeting the candidate. Consequently, Gilman suggests that employers need uniform social media procedures for conducting searches, and a company's HR staff should be involved to make sure policies are applied uniformly.

With regard to hiring, as in all cases, whether social media are involved or not, Gilman advises employers to limit searches to information relevant to a position. This means deciding in advance what information will disqualify someone. Again, the hardest part is maintaining consistency. For instance, should one use disparaging comments about former employer as a disqualifier? It would be lawful to do so, but would it be wise?

No federal law actually protects privacy, contrary to what people might think. As a result, companies find it increasingly difficult to determine what constitutes an appropriate investigation of electronic communications. However, courts uniformly say that if an employer has a policy stating that it can view all information on its network (including employees' private email) then it's the employer's unfettered right to view that information.

Recognizing the importance of social media to a hospitality company's brand, Gilman points to the need to regulate all ways that a brand can be communicated by



Kevin Jacobs, senior vice president, corporate strategy, and treasurer of Hilton Worldwide, detailed his firm's full-court press in mobile apps and social media—all of which has been well received by guests.

employees, both on- and off-duty. Thus, a company needs an ironclad but broad policy so that employees know how they may use social media. Gilman suggested the following best practices:

- Remind employees about the public nature of social media,
- Regulate social networking on company time and property,
- Define acceptable use of company email and equipment,
- Notify employees that the right to monitor extends to personal activity on company equipment,
- Detail who will monitor and how monitoring of social networking will occur,
- Create a document that outlines the company's social media policy, in conjunction with IT, HR, and marketing, recognizing that this will always be a working document, and
- Protect trade secrets, conference information, and customer and guest lists.

Beyond that, a company should have policies for off-duty conduct that include preventative and corrective measures. At the moment, this is still an open area, but Gilman expects that it will eventually become regulated. As a

final note, Gilman recommends that hospitality firms assess the role of social media in their company, review existing IT policy and revise or create a social media policy, and enforce policy violations.

For his part, Tracey pointed out that social media can be instrumental in improving many human resources management practices. For recruiting, social media is only one piece of a broader recruiting strategy. Simply putting an ad on Craigslist is hardly a sufficient search effort. By the same token, companies have only limited information to gain about candidates to predict job performance. A firm might look at an employee's Facebook page to determine the consistency of what the candidate posts there. This can lead to disqualifying potential employees. Beyond using Facebook, LinkedIn, and other sites to recruit possible employees, companies can employ YouTube to show employees how to do their jobs. As an example, Zappos uses YouTube to depict employee culture as it trains new staff. Social media can also be used to gather information to measure an employee's performance.

Social media can also augment employees' job performance. For instance, Wynn Las Vegas maintains a Facebook page and uses a video section to portray what they do, whether it's opening a new beach club or depicting a day in the life of an employee. The Wynn also requires employees to tweet on the job to promote great weather, celebrity sightings, and drink specials.

The catch in all this is that the virtual world created by a company must reflect the reality. Painting a positive social media image works only if a company can actually deliver on that picture. So, for example, a company's messaging needs to portray a positive image, but at the same time that message should contain a realistic image of the work-life balance. An overly favorable view may create dissonance between employee expectations and corporate reality.

Mobile Apps and Monitoring

Hilton is one hotel company that has gone all in with a social media strategy, as explained by Kevin Jacobs, senior vice president, corporate strategy & treasurer, Hilton Worldwide. Since over 80 percent of Hilton's guests travel with a mobile device and 40 percent use it to search travel, mobile apps make sense. He said that Mobile Hilton leads the industry, and every Hilton brand has a Facebook application. Its mobile apps have seen more than 340,000 downloads, and guests used them to book well over 100,000 room-nights in 2010, with revenue up 200 percent. To become an industry leader in social media use, Jacobs said that Hilton has developed a comprehensive set of tools, standards, and templates. In addition to creating a best-practices website for all stakeholders, Hilton applies a comprehensive monitoring tool to monitor and respond to guest comments. This tool connects with 14 social sites in one application. Combin-

Steve Levigne, vice president, U.S. strategy and insights, McDonald's, accepts the Hospitality Research in Practice award from Steve Carvell, associate dean for academic affairs at the School of Hotel Administration. The award acknowledged the methodical and successful application of research on the McCafé concept, which included collecting information via social media.



ing technology with sustainability, Hilton handed out 1,200 iPads to its hotel owners at a member conference. Not only does that acquaint owners with the mobile apps, but it saves them from printing out documents, conserving the equivalent of fifty-five trees.

Social Media for Customer Participation

McDonald's is another firm that is making heavy use of social media. According to Steve Levigne, vice president, U.S. strategy and insights, McDonald's started its social media strategy almost two years ago, partly in recognition that McDonald's has lots of buzz. Every seven seconds someone is talking about the firm, and this includes people of all ages. The McDonald's Facebook page has 3.1 million fans, and the Twitter account has over 50,000 followers. This allows McDonald's to engage its customers and integrate customer insights into its brand.

Levigne suggested that a well designed social-media strategy is essential to building a brand. This includes the following four main areas: insights, marketing, communications, and customer satisfaction. The strategy involves three main facets: listening, participating, and leading.

In terms of leading, Levigne explained that McDonald's engages with influential bloggers and other opinion leaders, notably bloggers who are mothers. In addition to virtual interaction, McDonald's invites opinion leaders to their offices to raise awareness on the things that McDonald's is doing and to listen to what is important for them.

The "participating" tactic is intended to acquire customer feedback and satisfaction gauges in all channels, including email, the website, and social media, as well as telephone conversations. The relationships developed on social media address two important issues. First, the company can resolve issues as soon as they arise, rather than wait for

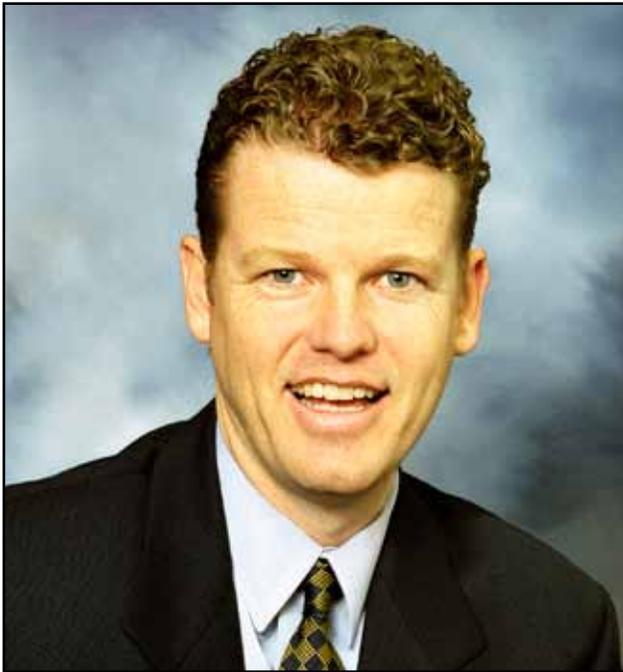
a later customer complaint. Second, relationships address the cautionary issues of gaining information from the web, notably, anonymous responses, representativeness of those who offer comments, and the accuracy of sentiment.

The McDonald's listening strategy involves its "insight portal," which captures any mention of McDonald's in all types of media, and sends the information to relevant stakeholders, including customer service, public relations, and competitive insights. Levigne sees the listening goals as understand the content and topics of consumer comments, determining the volume or frequency of messages, checking on consumer sentiment, and identifying immediate customer-satisfaction issues.

McDonald's has been able to roll out several new concepts based on the comments about those products recorded on social media sites. Each of the following gained a large volume of comments with high positive sentiment and above average praise. The company introduced its sweet chili sauce during the most recent Olympics, and received overwhelming response. Conceiving the chili sauce as a limited-time product, McDonald's received many comments that it was too bad it was available only for a short time. Consequently, the chili sauce was made available in markets where people were enthusiastic. Developed in upstate New York for St. Patrick's Day, shamrock shakes likewise gained considerable interest online, and the firm is releasing it for the 2011 St. Patrick's Day. Another regional product, sweet tea, also has received overwhelmingly positive buzz across many sites, and has spread nationwide. As a result, McDonald's is considering it as a national core product in 2011.

Hospitality Research in Practice Award Winner

McDonald's was a co-winner of the inaugural Hospitality Research in Practice award at the Cornell Hospitality Sum-



Shane O'Flaherty, president and CEO, *Forbes Travel Guide*, explained the next step in social media, which is to merge user comments, expert analysis, and hospitality firms' presentations on a single platform, for a full picture of a property and destination.

mit for its methodical research approach to the rollout of its frappes and smoothies, as part of its larger McCafé beverage program. In this instance, social media helped confirm the findings of market and operations tests. Levigne noted that consumers called to praise the product during the introduction phase, which is unusual.

Perhaps most important, Levigne echoed the comments of other speakers, to the effect that social media allow McDonald's to have a conversation with its customers, to explore ways to improve, and to identify issues that need immediate response. While social media do not replace traditional marketing tools, he anticipates that social media will become a larger part of the marketing mix.

The Next Step in Social Media

The concept of the *Forbes Travel Guide* 3.0 Travel Platform is to combine the comments of travelers with the insights of professional inspectors and other travel writers. As explained by Shane O'Flaherty, president and CEO, *Forbes Travel Guide*, the concept is to combine travel content with social media. The *Forbes Travel Guide* covers some 2,800 hotels and 2,700 restaurants. The company judges properties against 525 service standards, usually during a two-night stay.

O'Flaherty pointed to travelers' heavy use of search engines and mobile devices. Travelers use search engine queries for 73 percent of trip planning, and 25 percent of business travelers use their mobile device for online travel information. But what Forbes has noticed is that consumers are typing in longer search queries, asking questions, and hoping for answers to those questions. Although they can presume that property reviews are posted by people who actually stayed at the property, there's no guarantee. Additionally, even if the poster is making the effort to post a genuine review, there's no way to tell if that poster is looking for similar features as the searcher. So, a poster could pan a perfectly good hotel simply because it did not offer, say, a complimentary breakfast. Many would-be travelers consult multiple sites to triangulate their travel information.

Advertisers also are limited in their promotional opportunities, with banners, buttons, and pay-per-click approaches. Beyond advertising, hotels and restaurants would like to be more proactive online space so that they can engage customers in an ongoing conversation. Putting those issues together, Forbes is rolling out its 3.0 platform which will organize questions and answers, while it combines user generated postings with material generated by experts and marketers. The business model includes a provision for businesses to pay for participation. Beyond travel information, the Forbes 3.0 platform will also include lifestyle information. The site will allow customers to having ongoing personal conversations with hotel employees. Moreover,

Forbes already knows the most frequently asked questions and can cover those FAQs on its site, thus facilitating further conversations between customers and hotel and restaurant operators. The basis for the site will continue to be the expert and unbiased opinions of *Forbes Travel Guide* inspectors, who use a methodical and carefully determined framework for their judgments.

Integrating Social Media for Customer Engagement

Speaking in a keynote address, Adam Goldstein, CEO and president, Royal Caribbean International, outlined RCI's comprehensive approach to building relationships with its customers, especially given the company's rapid expansion in the past decade. The umbrella term for his approach is engagement, which he views as essential in the evolution of the RCI customer experience and the brand itself. Social media interactions figure heavily in the engagement process, particularly with loyal guests. Goldstein's goal is to move from the standard of generic excellence, which sets standards based on overall customer satisfaction, to specific excellence, which aims to create operations that satisfy each individual customer.

Customers are encouraged to communicate regarding their cruises, and the company responds with both words and actions. For cruises departing from southern Florida, for instance, RCI is set up to address concerns between cruises. If an arriving guest notes an issue, that matter can be resolved before the ship returns to sea. Goldstein also maintains his own blog, although some customers are incredulous that the CEO would take the time to do such a thing. In addition, RCI has posted YouTube videos, called webisodes, of its new flagship, *Oasis of the Seas*. The 86 webisodes have recorded over 700,000 hits. Thus, RCI seeks collaboration as part of its engagement with customers, so that the cruises will provide exactly what the customers are seeking. This allows loyal customers to go beyond advocating for the brand so that they participate in developing the brand. ■



In a keynote speech, Adam Goldstein, CEO president of Royal Caribbean International, explained the importance of using social media for engagement with guests, in a continuing relationship to build the brand.

CHR Publications Index

www.chr.cornell.edu

Cornell Hospitality Quarterly

<http://cqx.sagepub.com/>

2011 Reports

Vol. 11, No. 5 *The Impact of Terrorism and Economic Shocks on U.S. Hotels*, by Cathy A. Enz, Renáta Kosová, and Mark Lomanno

Vol. 11 No. 4 *Implementing Human Resource Innovations: Three Success Stories from the Service Industry*, by Justin Sun and Kate Walsh, Ph.D.

Vol. 11 No. 3 *Compendium 2011*

Vol. 11 No. 2 *Positioning a Place: Developing a Compelling Destination Brand*, by Robert J. Kwortnik, Ph.D., and Ethan Hawkes, M.B.A.

Vol. 11 No. 1 *The Impact of Health Insurance on Employee Job Anxiety, Withdrawal Behaviors, and Task Performance*, by Sean Way, Ph.D., Bill Carroll, Ph.D., Alex Susskind, Ph.D., and Joe C.Y. Leng

2010 Reports

Vol. 10 No. 18 *How Travelers Use Online and Social Media Channels to Make Hotel-choice Decisions*, by Laura McCarthy, Debra Stock, and Rohit Verma, Ph.D.

Vol. 10 No. 17 *Public or Private? The Hospitality Investment Decision*, by Qingzhong Ma, Ph.D. and Athena Wei Zhang, Ph.D.

Vol. 10 No. 16 *Best Practices in Search Engine Marketing and Optimization: The Case of the St. James Hotel*, by Greg Bodenlos, Victor Bogert, Dan Gordon, Carter Hearne, and Chris K. Anderson, Ph.D.

Vol. 10 No. 15 *The Impact of *Prix Fixe* Menu Price Formats on Guests' Deal Perception*, by Shuo Wang and Michael Lynn, Ph.D.

Vol. 10 No. 14 *The Future of Hotel Revenue Management*, by Sheryl Kimes, Ph.D.

Vol. 10 No. 13 *Making the Most of Priceline's Name-Your-Own-Price Channel*, by Chris Anderson, Ph.D., and Shijie Radium Yan

Vol. 10, No. 12 *Cases in Innovative Practices in Hospitality and Related Services, Set 4*, by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D. Sheryl E. Kimes, Ph.D., and Judy A. Siguaw, D.B.A.

Vol. 10, No. 11 *Who's Next? An Analysis of Lodging Industry Acquisitions*, by Qingzhong Ma, Ph.D., and Peng Liu, Ph.D.

Vol. 10, No. 10 *Cases in Innovative Practices in Hospitality and Related Services, Set 3: Cayuga Sustainable Hospitality, Chic & Basic, JetBlue Airlines Jumeirah Essex House, The Ritz-Carlton Hotel Company, Runtriz, The Seaport Hotel, Thayer Lodging, TripTelevision, and Xsense Experiential Design Consulting*, by Cathy A. Enz, Ph.D., Rohit Verma, Ph.D., Kate Walsh, Ph.D. Sheryl E. Kimes, Ph.D., and Judy A. Siguaw, D.B.A.

Vol. 10, No. 9 *Building Customer Loyalty: Ten Principles for Designing an Effective Customer Reward Program*, by Michael McCall, Ph.D., Clay Voorhees, Ph.D., and Roger Calantone, Ph.D.

Vol. 10, No. 8 *Developing Measures for Environmental Sustainability in Hotels: An Exploratory Study*, by Jie J. Zhang, Nitin Joglekar, Ph.D., and Rohit Verma, Ph.D.

Vol. 10, No. 7 *Successful Tactics for Surviving an Economic Downturn: Results of an International Study*, by Sheryl E. Kimes, Ph.D.

Vol. 10, No. 6 *Integrating Self-service Kiosks in a Customer-service System*, by Tsz-Wai (Iris) Lui, Ph.D., and Gabriele Piccoli, Ph.D.

Vol. 10, No. 5 *Strategic Pricing in European Hotels, 2006–2009*, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Mark Lomanno

Vol. 10, No. 4 *Cases in Innovative Practices in Hospitality and Related Services, Set 2: Brewerkz, ComfortDelgro Taxi, DinnerBroker.com, Iggy's, Jumbo Seafood, OpenTable.com, PriceYourMeal.com, Sakae Sushi, Shangri-La Singapore, and Stevens Pass*, by Sheryl E. Kimes, Ph.D., Cathy A. Enz, Ph.D., Judy A. Siguaw, D.B.A., Rohit Verma, Ph.D., and Kate Walsh, Ph.D.

Vol. 10, No. 3 *Customer Preferences for Restaurant Brands, Cuisine, and Food Court Configurations in Shopping Centers*, by Wayne J. Taylor and Rohit Verma, Ph.D.



Cornell University
School of Hotel Administration

Advancing Business and Personal Success

*Explore, develop and apply ideas with
global hospitality leaders and
expert Cornell professors.*

Professionals from around the world are invited to attend 3-day, 10-day or online courses at the world's leading institute for hospitality management education in:

- Strategic Leadership
- Finance
- Foodservice
- Human Resources
- Marketing
- Operations
- Real Estate

Visit our website to apply.

The Executive Path

 Hospitality Leadership Through Learning

Complete program information and applications available online
www.hotelschool.cornell.edu/execed

Phone + 1 607 255 4919 Email exec_ed_hotel@cornell.edu





www.chr.cornell.edu