

SOCIAL MEDIA IN THE HOSPITALITY INDUSTRY: 2012 TREND REPORT

A Look at How Hospitality Businesses Leverage
Social Media to Gain a Competitive Advantage



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Sponsored by:
First Merchant Services, L.L.C.
Coyle Hospitality Group

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Executive Summary

It's fairly well established that social media websites such as Facebook, LinkedIn, YouTube, and Twitter are where hospitality businesses need to "live" in the digital environment in order to attract and retain customers. Business owners and operators of hotels, resorts, restaurants, and other hospitality venues are left with the challenge of planning and implementing brand aligned initiatives that drive quantifiable results.

In July 2012, First Merchant Services, L.L.C. and Coyle Hospitality Group teamed up to explore how hospitality experts and industry leaders are integrating social media into their businesses.

On the following pages you will discover:

- Social media is an accepted part of the hospitality marketing toolkit. More than 90 percent of respondents use social media on behalf of their organizations, with half saying they plan to increase the amount of time, people and resources dedicated to social media within the next 12 months. No one had plans to decrease their use.
- Hospitality businesses use social media to gain a competitive advantage – both by better serving their customers and by monitoring industry trends.
- Most popular social media platform? Facebook . Not so popular? Deal sharing sites, such as Groupon and LivingSocial. This may reflect an industry-wide perception that these daily-deal sites aren't such a great deal for the businesses themselves.
- Social media is a full-time job with 44.3 percent of respondents saying their businesses have a dedicated person on staff to handle the responsibility.
- Positive social buzz boosts the bottom line. Increased brand awareness is an expected benefit of social media use, but nearly half of respondents say they've felt a positive impact in terms of increased sales and repeat business.
- We're listening. Now what? Almost all respondents say that their businesses monitor online conversations, but nearly one-third report that their organizations do not have documented protocols/guidelines for responding to positive or negative user comments.
- Quantifying the return-on-investment is the biggest social media challenge facing hospitality businesses. Second biggest challenge? Keeping up with customers – be it by responding to negative comments or keeping pace with real-time conversations.

Continue reading to learn more about the risks and rewards presented by social media use and gain insights into why it is viewed as a smart investment for most hospitality businesses.

Methodology

First Merchant Services, L.L.C. and Coyle Hospitality Group collected data from hospitality business owners and operators via online survey form, exploring the impact of social media on their business performance and profitability. There were 80 respondents in total.

The majority of survey participants were restaurant operators, representing 67.5 percent of our respondent group, followed by hotel/motel operators, representing 16.3 percent of our respondent group.

In addition, most survey participants operate a medium sized business with annual revenue between \$1,000,000 and \$99,999,999 (78.8 percent).

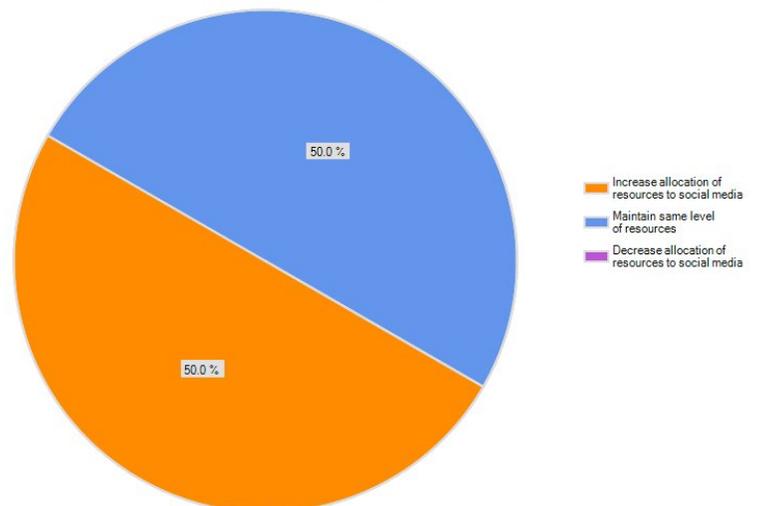
Adoption & Expansion of Social Media

To start, we wanted to find out how prevalent social media marketing has become within the hospitality industry. What we found was that the majority of respondents (93.8 percent) indicated that their business currently uses social media to connect with customers and/or employees.

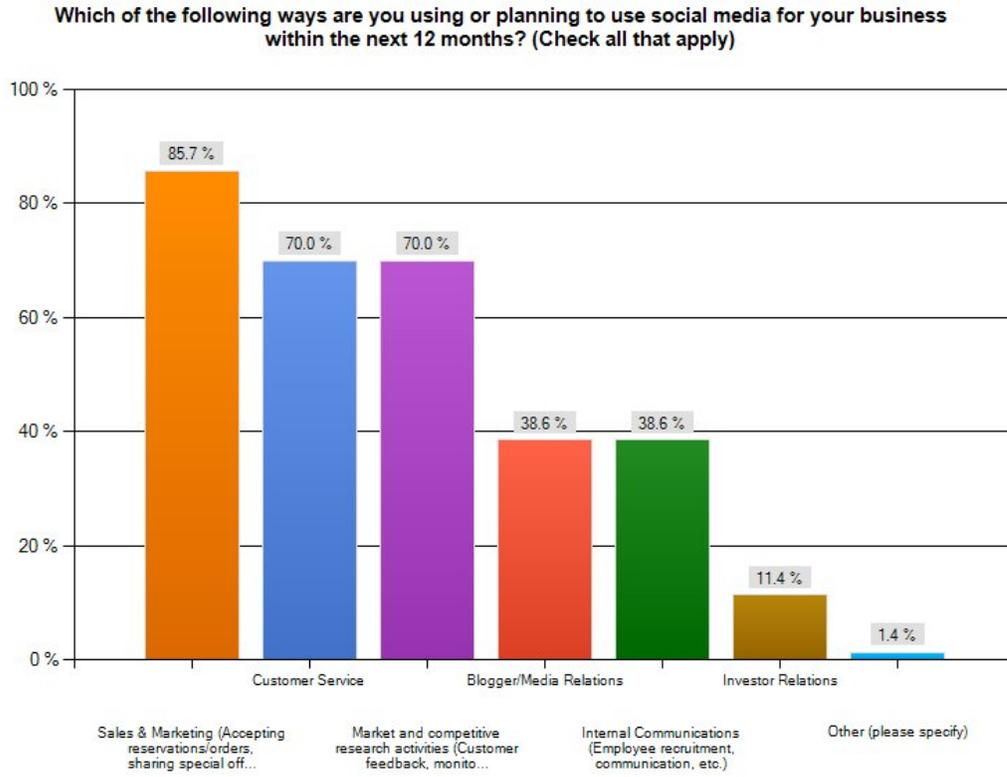


Interestingly, our data also suggests that social media usage is going to continue to grow within this industry. According to the results, 50 percent of respondents who currently use social media plan on increasing allocation of resources (time, budget, and/or staff) dedicated to it within the next 12 months, and the other 50 percent plan on maintaining the same level of resources. We did not have a single respondent indicate that their organization plans to decrease the resources allocated to social media.

Does your business plan to change the amount of resources (time, money, people) that are dedicated to social media within the next 12 months? (Pick the one that best applies)



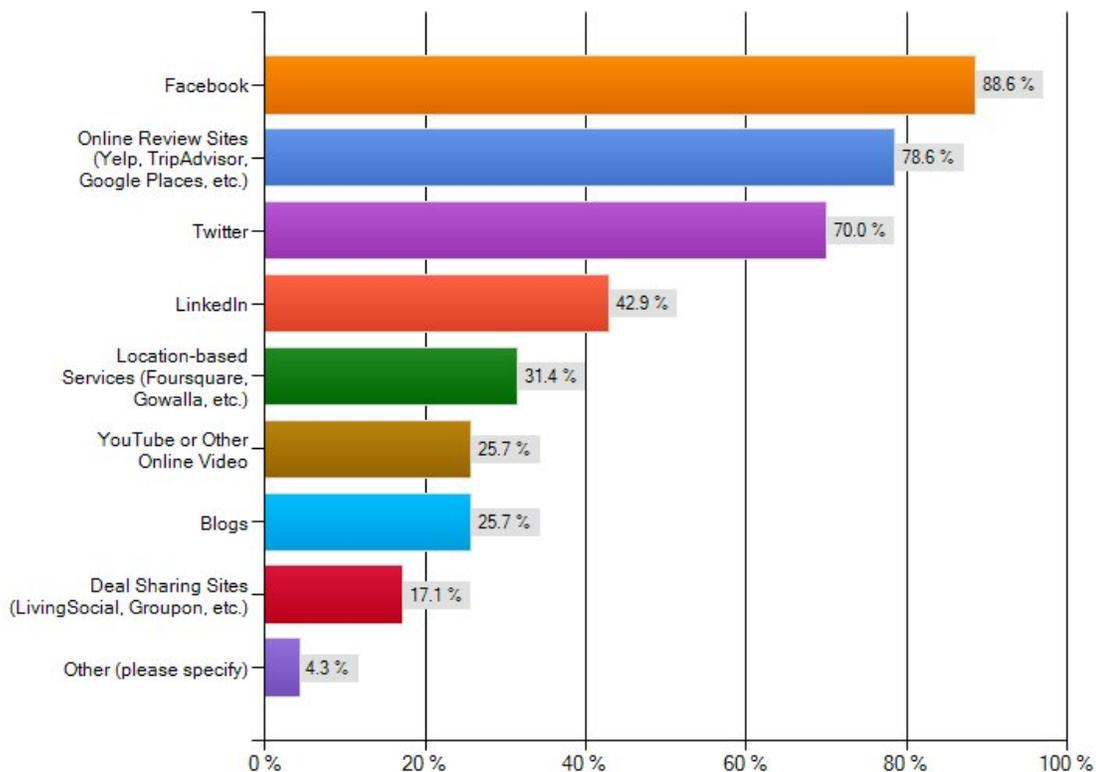
Furthermore, we found that the most common uses of social media are for Sales & Marketing (85.7 percent), Customer Service (70 percent), and Market & Competitive Research Activities (70 percent).



Most (and Least) Popular Social Platforms

The most commonly used social media platforms are Facebook, online review sites (Yelp, TripAdvisor, Google Places, etc.), and Twitter. All of the other social media platforms were much less popular than these top three. Only 25.7 percent of respondents indicated that their business uses or plans to use YouTube or online video, and – more interestingly – only 17.1 percent indicated that their business uses or plans to use deal sharing sites such as LivingSocial or Groupon. This may be a result of the backlash these daily-deal sites receive for getting high volumes of people in the door, but often leaving businesses at a loss due to the deep discounts and limited repeat sales (see, [Travel Weekly](#) and [New York Times](#)).

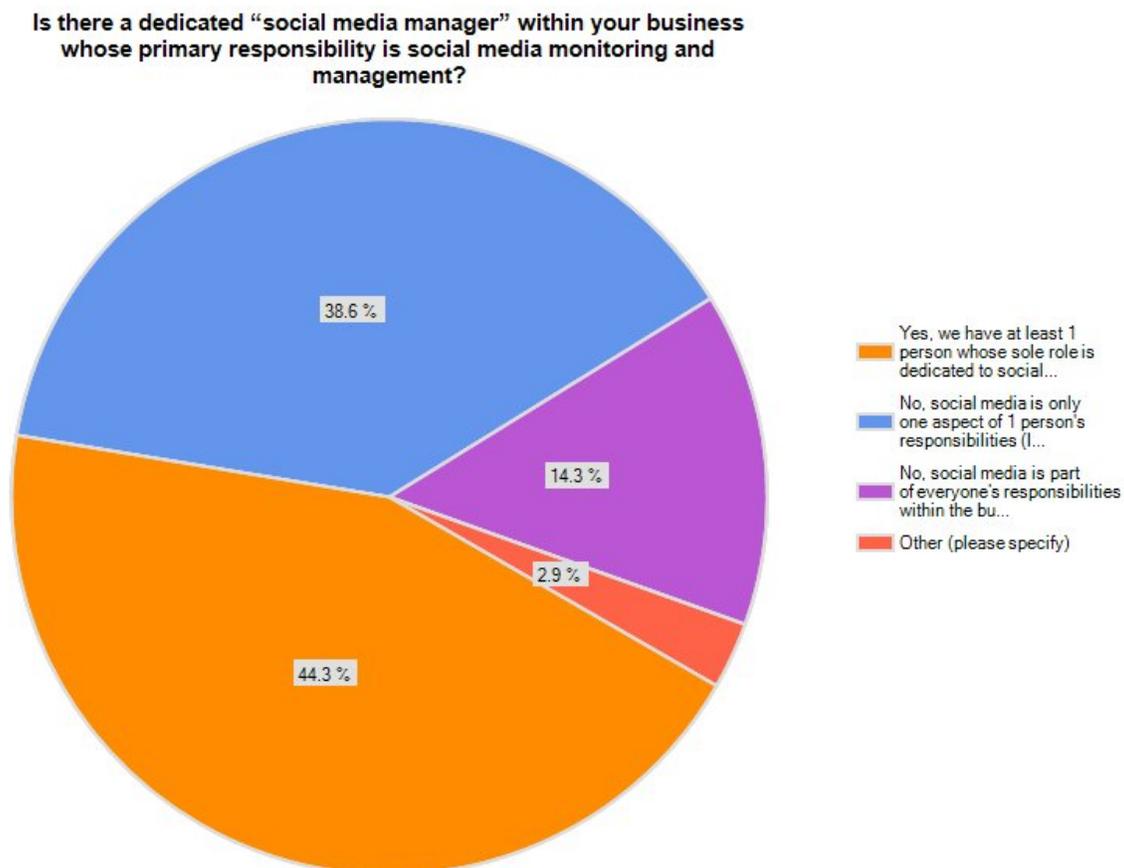
Which of the following social media platforms does your business currently use or plan to use within the next 12 months? (Check all that apply)



Despite the fact that the most commonly used platforms tend to be the most important to adopt, there is value in identifying which of these tools are not being used as frequently by the competition. Understanding the unique benefits of these lesser-utilized platforms (YouTube, Foursquare, Blogs, etc.) and integrating them into your marketing efforts can present your business with an opportunity to further distinguish itself in a crowded marketplace.

Staffing for Social Media

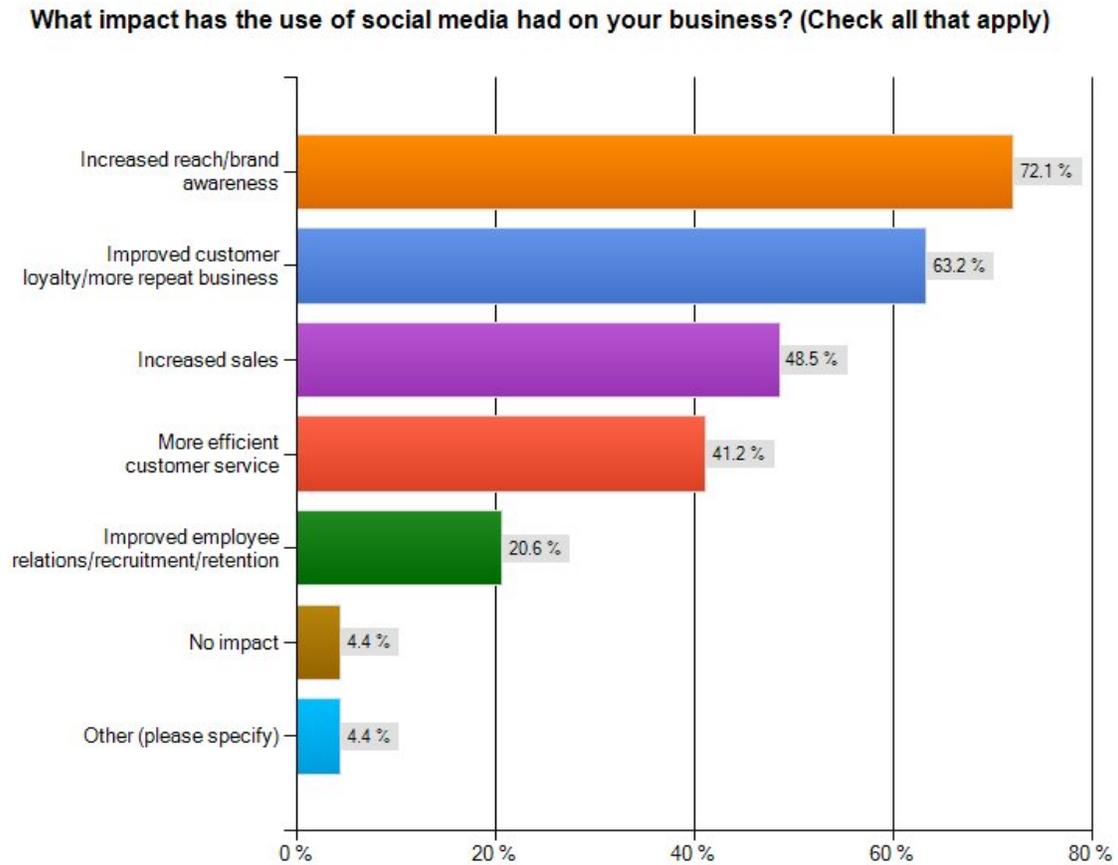
Managing social media can be a full-time job. According to our data, 44.3% of respondents specified that their business has at least 1 person whose role is entirely dedicated to social media. Following this group, 38.6% of respondents specified that social media is only one aspect of 1 person's responsibilities, and lastly, 14.3% of respondents specified that social media is part of everyone's responsibilities.



Social media platforms are constantly evolving, new tools emerge daily, and the conversation never stops. To stay on top of your online presence, it is important to have at least one representative who focuses on your business's social media efforts on a daily basis so you can ride the digital wave rather than getting knocked over by it.

Social Media & the Bottom Line

Not surprisingly, the number one benefit of social media use is increased reach and brand awareness. A 72.1 percent of respondents indicated that their social media efforts have generated awareness for their businesses.

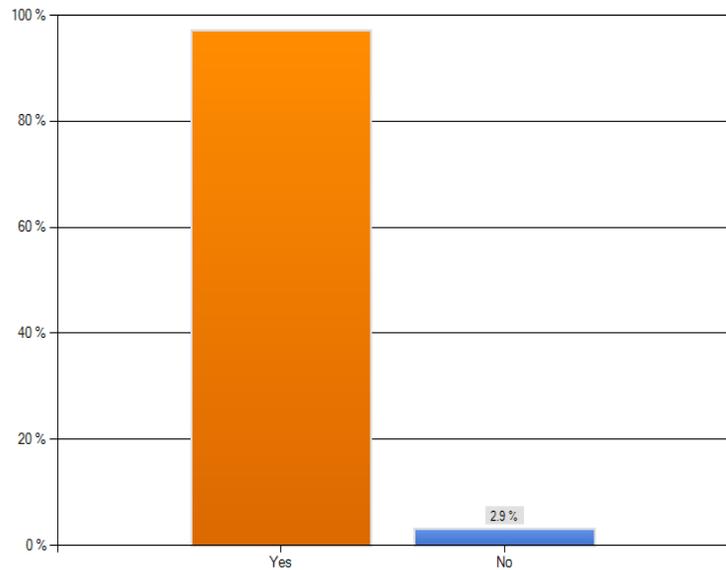


Improved customer loyalty and repeat business was identified as the second major benefit, while nearly half of respondents report increased sales.

Listening & Joining the Conversation

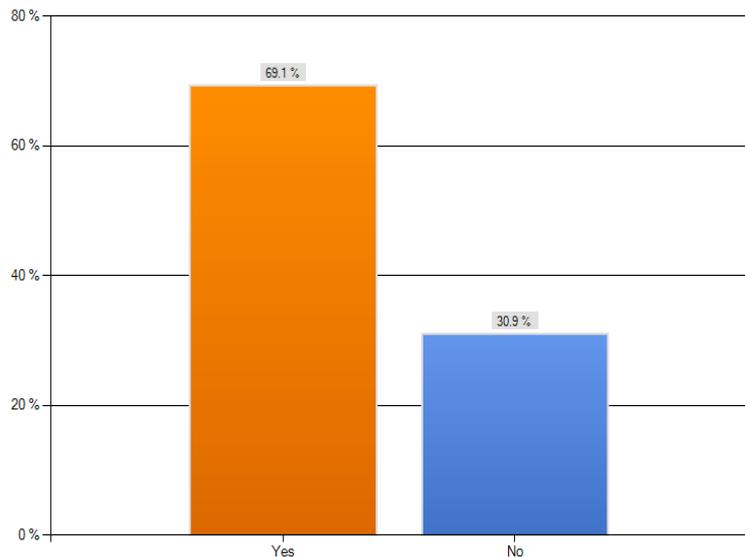
Monitoring social media is essential for protecting your brand, identifying patterns in consumer behavior, and engaging with customers in the online communities they inhabit. Listening to the conversation gives hospitality businesses the opportunity to adjust marketing strategies, as well as handle customer care problems that may have gone unnoticed. Our respondents seem to agree – with a staggering 97.1 percent specifying that their businesses actively monitor what’s being said about their brands in social media.

Does your business actively monitor what’s being said about it in social media, including online review and deal-sharing sites?



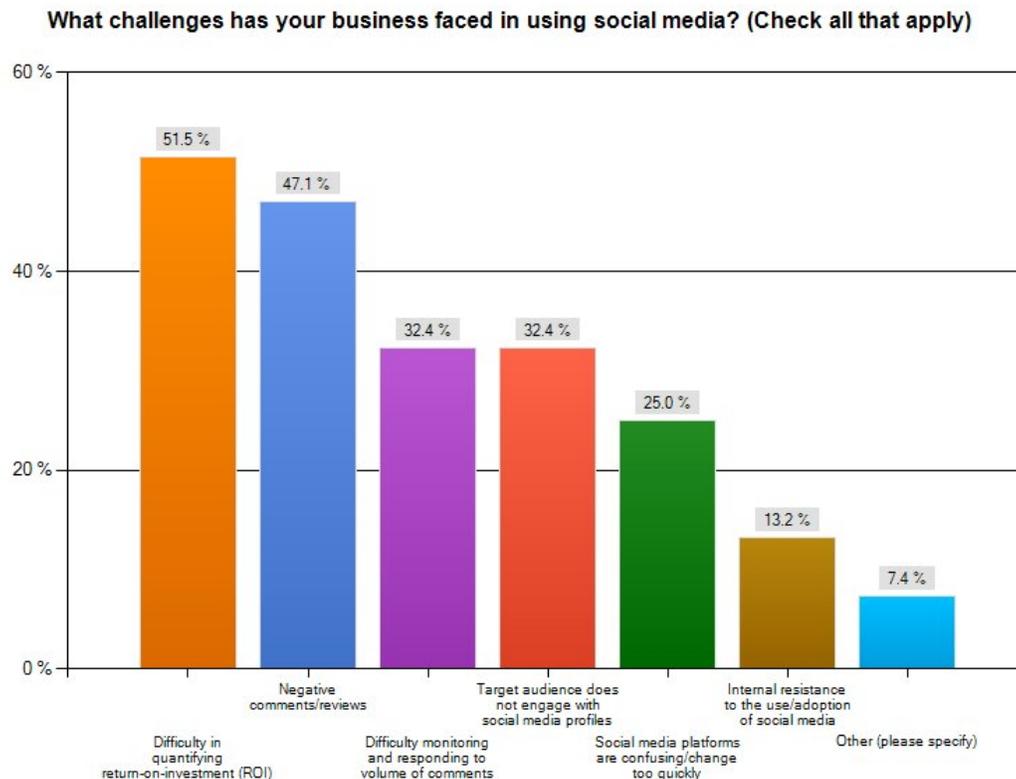
With that being said, 30.9 percent of respondents said that their organizations do not have documented protocols/guidelines for responding to positive or negative user comments. This leaves organizations exposed to potential problems arising out of employees communicating in ways that inadvertently hurt, rather than help, their brands. Having specific protocols in place would empower employees to communicate with confidence and encourage them to elevate conversations to the proper authorities within their organizations if the need arises.

Does your business have documented protocols/guidelines in place for responding to positive or negative user comments?



Social Media Challenges

The biggest challenge facing hospitality businesses is in quantifying the return-on-investment (51.5 percent). Despite issues with closing the loop between activity in the social space and the resulting sales, businesses believe in the value of social media enough to continue to maintain and, in many cases, expand that investment.



Keeping up with consumer conversations is the next greatest challenge, with 47.1 percent of respondents indicating that negative comments and reviews are an issue and 32.4 percent indicating that they have difficulty monitoring and responding to the volume of comments. This again underscores the need for defined monitoring and response protocols in order to streamline social media management and facilitate a timely, successful response.

An additional theme to emerge is that, while they see social media as something their businesses need to be involved with, many hospitality professionals are stymied by how to make the best use of it. Nearly one-third of respondents said that their business' target audience does not engage with social media profiles and one-quarter said that social media platforms are too confusing and change too quickly. Internal resistance to social media adoption or use was lower on the scale, with just 13.2 percent of respondents indicating that this was an issue.

About the Sponsors

First Merchant Services, L.L.C.

As a strategic sales partner of Harbortouch, First Merchant Services offers state-of-the-art point of sale (POS) systems at no cost to businesses in the hospitality and retail industries, thus helping to reduce the expense of obtaining new electronic payment processing equipment.

When a business opens a merchant account with no upfront costs through First Merchant Services, they automatically receive a sophisticated touchscreen POS system or electronic cash register (ECR) with fully integrated credit card processing completely free of charge. If the equipment breaks or malfunctions, a replacement will be provided at no cost, so long as the business maintains a merchant account with First Merchant Services. Combined with a low rate guarantee, it is the least expensive way for a small business to begin accepting credit and debit cards.

For more information, call 888-334-5210 or visit <http://www.FirstMerchantServices.com/>.

Coyle Hospitality Group

Founded in 1996, Coyle Hospitality Group is a market leader providing mystery shopping services, industry benchmarking data, and market research to the hospitality industry, including hotels, resorts, restaurants, cruises, spas, timeshares, sports stadiums, and venues.

Coyle utilizes a professional network of over 6,000 evaluators, serving markets both large and small, worldwide. Coyle's hospitality experts provide unparalleled service and tailor-made programs to accommodate the nuances of each client's brand. With Coyle's objective and actionable reports, proprietary market research, and industry benchmarks, Coyle conveys the complete story behind each customer experience using colorful insight and meaningful analysis, recognizing that every detail counts.

For more information, call 212-629-2083 or visit <http://www.CoyleHospitality.com/>.