

## **Social media: An emerging dimension of marketing communication**

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### **ABSTRACT**

The advent of new technology such as the social media has penetrated many households and altered the way customers seek information as the basis for their purchase decisions. As the number of social media users escalates companies are advised to take advantage of the emerging marketing channel and effectively communicate with customers. Its interactivity, ubiquity and accessibility qualify it as one of the most cost effective marketing tools today. Meanwhile, the hotel industry is growing rapidly and hoteliers, in general have been actively pursuing contemporary marketing strategy as to remain competitive. However, with vast number of players and increased bargaining power of customers hoteliers need to rethink their strategy to manage among others, the marketing communication channel which includes the social media. This research is an exploratory study and seeks to examine the relationships between the use of social media, trust and customer retention. The primary data for this research were collected through survey questionnaire. Results indicated there are positive correlations between the research variables. The limitations of the study and future directions of research are discussed.

Keywords: social media, trust, purchase behavior, hotel industry.

## **INTRODUCTION**

The advent of social media as a marketing channel has immensely changed the way firms communicate with customers. With massive number of users worldwide the social media can be a strategic marketing communication tool to service providers, including the hotel industry. Companies can take advantage of the ubiquitous platform to cost effectively place their advertisements and invite reviews from previous guests on their recent hotel stay. These reviews serve as viral marketing which can work for and against the hoteliers.

Recent years have witnessed the rise of social media channels such as Facebook, YouTube, Google, and Twitter, which allow customers to take a more active role as market players and reach (and be reached by) almost everyone anywhere and anytime (Hennig-Thurau et al., 2010). By definition, social media is an online platform which enables customers to create and share content, communicate with one another, and build relationships with other customers (Gordon, 2010; Hennig-Thurau, 2010; Libai et al., 2010).

In a recent survey of 1,700 Internet users, Nielsen Online reported that 73% users engaged in social media at least once a week (Woodcock & Green, 2010). The number will soon be on the rise as the Generation Y customers who spend more time on the social media than the older generation of customers will join the job market and create a new dimension of the market. One of the dimensions is how do customers evaluate the service providers? In an environment where the word of mouth travels at a lightning speed companies are facing greater challenges to attract customers and retain them. As retention is an outcome of customer trust in the brand it is imperative that companies understand the relationships between customers' perceived importance of social media and trust. Hence, a study to understand these relationships merits further investigation. Mantymaki and Salo (2010) conducted a survey on users of a social media on their perception of the importance of social media in relation to trust and loyalty. In addition, Ab Hamid and Cheng (2012) surveyed hotel web sites' visitors on factors affecting repatronage intention including social media.

Drawn from studies by Mantymaki and Salo (2010), and Ab Hamid and Cheng (2012) this research seeks to examine customer perception on the importance of social media in making their purchase decision and how social media impacts customers trust in the service provider and retention.

## **SOCIAL MEDIA IMPERATIVES AS A MARKETING COMMUNICATION CHANNEL**

Marketing communication channel has evolved from the print media, electronic channel to the social media in the cyberspace. Customers in the new millennium have not only shifted their interests to online shopping but also actively seek information from the social media before making a purchase decision. Apparently, customers tend to trust their circle of friends or colleagues much more than they trust the companies' advertisements (Woodcock & Green, 2010). Interactions on the social media are engaging where information can be presented in the various forms such as experiences, jokes, photos, videos and comments from peers. These forums of sharing opinions or experiences can shape customers perception of a merchant's product or service. The messages sent across can be amplified very quickly and brand performance will be impacted (Woodcock & Green, 2010). A greater concern for hoteliers is the extent to which information obtained from the social media affects potential guests' trust in the information provided by the hotel.

Trust permeates all walks of life. In the marketing literature, trust has been found to be a key foundation of long-term business relationships, both offline (Morgan & Hunt, 1994) and online (Eastlick et al., 2006). According to Mantymaki and Salo (2010) the role of trust has also been discussed with regard to online social networking (Sledgianowski & Kulviwat, 2009), online communities (Hsu et al., 2007; Porter & Donthu, 2008) and the user acceptance of virtual worlds (Goel & Prokopec, 2009). However, discussions on the relationship between social media, trust and retention from a hotel industry perspective are lacking.

The hotel industry is one of largest sectors contributing to the local economic growth in Malaysia. According to the Department of Statistics of Malaysia, it was reported that domestic tourism had increased 54.6 per cent from 74.7 million visitors in year 2009 to 115.5 million visitors in year 2010 (2011). The total expenditure by the domestic tourists also shown an increase from MYR 25.9 (USD8.5) billion in year 2009 to MYR 34.7 (USD11.6) billion in year 2010 (Tourism Malaysia, 2011) . International tourists arrival was reported at 24.6 million who have visited Malaysia which contributed MYR 56.5 billions of national income in year 2010 as compared to 23.6 million of tourists arrivals which contributed MYR 53.4 billions of receipt in year 2009 (Department of Statistics, 2011).

Primarily, the changing customer demographics and behavior compels hoteliers to rethink their marketing communication strategies and reduce the risk of losing customers due to inactively taking advantage of and managing the social media.

## **RESEARCH METHODS**

To meet the objectives, this exploratory research examined the following hypotheses:

H1: There is a relationship between social media and trust

H2: There is a relationship between social media and retention

H3: There is a relationship between trust and retention

Table 1 (see Appendix) shows the operationalization items used by the research.

### **Survey Instrument**

The questionnaire used in this study consisted of two parts namely Section A and B. The first part, Section A, consisted of customers opinion about the features they perceive as important on hotels web sites which will induce repeated visits (retention). Section B contained demographic information such as respondent age group and income level. These questions included respondent access location, number of years using the Internet, types of Internet activities and time spent in a week on the Internet. A five-point labelled Likert type scale was used with anchor from 1= "Most important" to 5= "Not important at all".

### **Sampling and data collection**

The sample for this study came from college students undertaking bachelor and postgraduate degree programmes. The sample was chosen as all universities provide Internet access to students and some premises have wireless connectivity. Using a random sampling, each respondent was invited to participate in the survey - the participation by the respondents

was voluntary. Upon obtaining respondent's consent, he/she was asked to complete the self-administered questionnaire.

The questionnaires were distributed to 200 respondents in April 2011 in Kuala Lumpur, the capital of Malaysia. The secondary data for this study were sourced mainly from newspapers, journals, publications, magazines, and books accessed via the Internet.

## **Data Analysis**

Descriptive analysis was used to report the profile of research respondent while inferential analysis using Pearson correlation was applied to examine the hypotheses for this study. A statistical package, SPSS version 20 was used for data entry and to run the data for the statistical analysis.

## **RESULTS**

### **Respondent Profile**

Out of the 167 participants responded to the questionnaire, only 134 questionnaires (80%) were found usable for analysis. The respondent of this study were almost evenly split by gender (57 per cent male and 43 per cent female). Most of the respondents were 21 to 30 years of age (77 per cent), followed by the age groups of below 20 years and 31 to 40 at 10 per cent and 7 per cent, respectively. These three groups contributed approximately 87 per cent of the overall total in terms of age. 70 per cent of the respondent had spent at least 15 years in education and held a bachelor's degree. Most of the respondents were working adults (86 per cent) and earned between MYR 24 000 (USD8000) - 48 000 (USD16000) per annum (69 per cent). The descriptive statistics are summarized in Table 2.

### **Relationship between Social Media, Trust and Customer Retention**

The Cronbach's Alpha coefficients of the scales used for variables under study were above the acceptable value ( $>0.7$ ) which indicated that they have met reasonable standards of internal consistency and reliability (Pallant, 2007). Table 3 (see Appendix) shows the variables and the alpha value of each variable.

As this study is exploratory in nature, Pearson correlation statistics was applied to test the study hypotheses. Table 4 displays the tests results. The Pearson correlation matrix obtained for the five interval-scaled variables indicated that the linear relationships reported were in the expected direction, that is, they were significantly correlated.

## **DISCUSSION**

The exploratory study revealed that the three research variables namely, use of social media, trust and customer retention are directly correlated. The findings are parallel to the study by Mantymaki and Salo (2010) and Ab Hamid and Cheng (2012). Indeed, among the factors that hoteliers should emphasize is the use of social media as the marketing communication channel. Social media tools such as blogs, facebook and twitter are gaining popularity and the trends are

showing that more literate and younger customers have begun to respond well to these tools. The power of viral marketing afforded by the social media must be managed well as to leverage on the cost effective means to reach out to the like-minded group of potential customers, which otherwise might be lost to other competitors.

This study is subjected to several limitations. Firstly, due to time constraint, the data collected focused mainly in a metropolitan setting in Malaysia. Further studies should be carried out to gauge tourists' behavior from various parts of Malaysia i.e. from urban and rural areas as well as in a larger sample size. Secondly, our study assessed customers' opinion merely based on the respondent's re-collection of experience surfing the hotels web sites. Further research should be carried out to evaluate customer experience of pre, actual and post hotel visits in order to ascertain the relationships of variables under study. Moreover, other inferential statistic such as regression analysis as well multivariate analysis may be applied to further provide in-depth understanding in the subject matter.

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## APPENDIX

Table 1: List of Variables and operationalization items

Variables	Items
Use of social media	I can share/exchange information with other hotel guests in the social media platform such as blogs, facebook, twitter, etc.
	I can obtain useful information about the hotel from the online members from the social media
	The hotel makes good use of social media (eg. blogs , facebook, twitter)
	Comments from the social media are useful to me
	Comments from users, guests or visitors will guide me to decide whether to buy or not to buy from the web sites
	I like to share my travel experience on the social media (e.g. blogs, facebook, twitter etc.)
	I like to read the travel and tourism info available in the social media (e.g. logs, facebook, twitter etc.)
Trust	I feel safe doing business with the web site
	I can rely on the services
	I trust the web site
	I trust the hotel brand name
Retention	I recommend the web site to my friends
	I recommend the web site to my family members

Table 2: Summary of respondent profile (sample size = 134)

Respondents Characteristics	Sub-Profile	Percentage
<i>Gender</i>	Male	56.7
	Female	43.3
<i>Age</i>	Below 20	10.4
	21-30	76.9
	31-40	6.7
	41-50	5.2
	Above 50	0.7
<i>Education level</i>	O Level/Diploma	23
	Bachelor's degree	70

	Master's degree	6
	Doctorate	1
<i>Position / Current Status</i>	Student	12
	Non Executive	2
	Executive	84
	Pensioner	2
<i>Monthly income</i>	less than MYR 2 000	14.3
	MYR 2001 - 4000	69.2
	MYR 4001 - 6000	7.5
	MYR 6001 and above	9.0
<i>Nationality</i>	Malaysian	48.5
	Non-Malaysian	51.5

Table 3: Cronbach's Alpha values for variables under study

Variables	Items	Cronbach's Alpha Value
Use of social media	I can share/exchange information with other hotel guests in the social media platform such as blogs, facebook, twitter, etc.	0.87
	I can obtain useful information about the hotel from the online members from the social media	
	The hotel makes good use of social media (eg. blogs , facebook, twitter)	
	Comments from the social media are useful to me	
	Comments from users, guests or visitors will guide me to decide whether to buy or not to buy from the web sites	
	I like to share my travel experience on the social media (e.g. blogs, facebook, twitter etc.)	
	I like to read the travel and tourism info available in the social media (e.g. logs, facebook, twitter etc.)	
Trust	I feel safe doing business with the web site	0.71
	I can rely on the services	
	I trust the web site	
	I trust the hotel brand name	
Retention	I recommend the web site to my friends	0.82
	I recommend the web site to my family members	

Table 4: Summary of Pearson correlation statistics

Variables	Estimated Coefficient value, r		
	Use of social media	Trust	Retention
Use of social media	1.00	0.63*	0.35**
Trust	0.67*	1.00	0.78*
Retention	0.35**	0.78*	1.00

\*Significant at  $p = 0.05$ ; \*\* Significant at  $p = 0.10$ ;