

## **IMPORTANCE OF DIGITAL MARKETING AND DIGITAL MARKETING STRATEGIES AND TOOLS IN HOSPITALITY INDUSTRY AND TOURISM**



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**Abstract.** *What new opportunities "Digitalization" and "Digital Marketing" have brought to the sphere of Hospitality and Tourism? As Hospitality Industry and Tourism were flourishing till the COVID-19 Pandemic situation, with and without the implementation of Digital Marketing strategies and highly relying on the employment of Digital Marketing Tools. Initially, Digital Marketing was considered to be one of the auxiliary levers to refer to. Whilst, the current situation of COVID-19 Pandemic Worldwide transmuted Digital Marketing to the main fulcrum, that is the support point of Hospitality and Tourism Industry. Which, originally aimed at maximizing the revenue and profit of Hotels and boosting the economy of the country through the Tourism sector, whereas at the present time it is supposed to help the whole Industry of hospitality and economy of the countries not to plummet and go bankrupt but to stay afloat.*

*The review research is done to determine the importance of Digital Marketing in the Hospitality World and Tourism Industry and analyze which Digital Marketing strategies are best and worth to implement, and to find out what particular Digital Marketing tools are, actually, useful and efficacious to work with. The research is done by gathering the secondary type of data: based on the recent investigations of the researchers, scientific journals, articles, scientific manuscripts, relevant web-pages, up-to-date news, relevant study books, subject books related to Hospitality and Digital Marketing as well. In order to give a full and comprehensive picture of the role Digital Marketing, Digital Marketing strategies and its most effective tools.*

**Key words:** *Digital Marketing, Hospitality Industry, Digital Marketing Strategies, Tourism, Digital Marketing Tools*

### **Introduction**

"How have the tourism industry and hospitality world changed as a result of digitalization? What kind of tools and strategies are being employed and applied to attract and retain customers (in Hospitality Industry customers are referred as "Guests")? What solutions are given or advised by Digital Marketing Specialists? And the most intriguing one is "Which ones (Digital Marketing strategies and Digital tools) are the best to incorporate in the Hospitality Industry and Tourism sphere?"

In this day and age of the modernized era, where people as a customer are getting more experienced and fastidious, in terms of service quality ones are receiving, so do Digital Marketing Specialists in the sphere of Tourism Industry and Hospitality World. In addition, in these days of COVID 19 Pandemic, ecumenically, the role of Digital Marketing as the most efficient tool of promoting the Hospitality and Tourism Industry product has been distinguished and acknowledged.

Since the Digitalization took place, starting from the last two decades, the advent of inevitable changes, new trends, and innovations in the sphere of Tourism industry and Hospitality World were only a matter of time. Which, in its turn, have to be taken into

consideration, in analyzing the new streams of information, promoting the services and collecting the data.

At the first onset, in order to develop a new and efficient marketing plan, marketers probe the market and current situation and conduct research to have most relevant information. For instance, the extent of Brand awareness among the population; What type of Relationship to build between guests (customers) and Hotels; How to promote Hospitality Industry products and services, so that guests will be eager to receive ones; and to find out the best possible resources. (*The Importance of Marketing in the Hospitality Industry | by Geeta College | Medium, 2017*).

(eZee Editorial Team, 2020) states that "Digital marketing strategies for the hotel business should encompass search engine optimization and numerous paid and organic channels to give your hotel visibility throughout the research, consideration and final booking phase."

Digital Marketing strategies and tools assist Hotels to create Brand awareness by building strong and maintaining continuous presence online through popular SMP (Social Media Platforms). For example, TripAdvisor.com, Booking.com, Facebook, Instagram and others.(eZee Editorial Team, 2020).

"Internet marketing is the process of building and managing relationships with consumers through the exchange of ideas, products, and services that satisfy consumers. Digital marketing is the use of digital technology that aims to create integrated, targeted, and measurable communications that help to obtain and retain consumers while building close relationships with them". (Destiana & Kismartini, 2020).

On the impact and importance of Digital Marketing strategies and Digital tools in Hospitality Industry have been conducted by many researchers such as (Destiana & Kismartini, 2020) , (De Pelsmacker et al., 2018) and (Happ & Ivancsóné Horváth, 2020) by employing various methods.

In this manuscript the importance of Digital Marketing and the influence of Digital Marketing strategies, plans and tools in Hospitality and Tourism had been investigated. Researchers made an investigation by scrutinizing all the necessary secondary data obtained from articles, scientific manuscripts, journals, relevant books, social media, news and web sites.

### **Literature review**

According to (P. Kotler, 2014) Digitalization has a great impact on 85%of United State citizens as they every day, spend at least five hours using various means of digital media. Moreover, 60 percent of these citizens utilize ones' smartphones to access the internet rather that PC (Personal Computer). While, overall, about 40 % of the population of the whole world have access to the Internet. Meanwhile, twenty-two percent of them access through the Mobile internet as well, nonetheless these numbers are expected to double in the next five years. Furthermore, it is discovered that youth population of the world are more accustomed to Digital Technology, as an example, NRA (National Restaurant Association) conducted a survey on usage of phone applications in restaurants. The study discovered that the phone applications were mainly utilized by clients aged from 18 years old to 44 years old. Whereas, the rest of respondents, that is about 30 percent were at age of 55 and older. Thus, more businesses, such as Amazon and OTAs already switched to digital

mode, and first of all, and are making attempts educate on how to use digital access for all, both young and old generation by implementation of digital marketing strategies.

In the Hospitality Industry and tourism sphere, designation of Customer Driven-Value strategy in digitized form plays a pivotal role. As, its first functions are to find and reach a target market (consumers are referred to as market) and the next one is to focus on the possible values of them so that Tourism products would attract actual stream clientele. (P. Kotler, 2014).

According to (P. Kotler, 2014), with the advent of the Digital age, Direct Marketing has almost undergone dramatic changes thus new Hospitality companies employ the new marketing strategies in a digital format. For instance, Priceline.com OTAs (Online Travel Agencies) in recent years, already could have implemented exclusively online provision of services by using different means of reaching out to the customers. That means are Digital and Social media marketing, Online marketing such as Web-sites, online advertising, email marketing, online videos, blogs and Mobile marketing. However, Online marketing in Hospitality can be efficiently employed, should be created attractive visuals on the websites of OTAs' or Hotels' websites, all the necessary information should be accessible, and simplicity in use so that there will be no complications and obstacles with the engaging customers with the process of inquiring information ones' need and in building customer-brand loyalty.

Digital marketing strategy is not one action but a combination of many various and unique components which helps to get the attention of customers ("guests" in Tourism sphere), and persuade them to purchase the service or product unobtrusively but at a subconscious level. Which in its turn includes the framework named "Five-Cs", that is: first, strategy of a company; second, customer (guest) experience; third, creating the interesting content (that is tourism product); fourth, creating channel promotion and the fifth, check-back analysis on the actions that have been taken. (Diamond, 2015).

(M. Kotler et al., 2020) 4Rs are summary of marketing framework of the digitalized strategic platforms that is best defined as:

- Recognize - that is the first step, to produce a user profile by collecting data, by tracing cookies, SDK (Software development kits) and preferences;
- Reach, - engaging into the process, that is by offering customers alternatives such as Augmented Reality (AR), Virtual Reality (VR), social media, intelligent recommendations;
- Relationship – is building between customer and a service provider a strong rapport, communication and understanding, so that no intermediaries will be involved;  
and
- Return – the most important R, as all hard work and efforts should return to the service providers to continue its operation.

(M. Kotler et al., 2020) gives examples of Digital Marketing strategies applied in Hospitality World and Tourism Industry, that are:

- Product Service Strategy- that is not possessing but sharing the product. Example, In the United States of America Airbnb, an accommodation-sharing platform, brought significant changes to the Hospitality Industry. Which made Airbnb one of the dominant players in the market of accommodation industry and hotel-type leasing; which means the product is accessible through mobile applications and SEO (Search Engine Optimization) as well.

-Price and Channel Strategies- turning customers into users by employing "free" strategy, in 2012 was given free access to West Lake, but offering expensive complimentary services within the Lake, to make money not from the entrance fee but from the accessories and other products. As a result, the number of visit of tourists increased and so did the amount of revenue in tourism about 6 times;

- service providers into a platform/port of free services or products, as an example, in Yunnan province in China, the government targeted people from seven provinces and subsidized group tours so that they would be able to get a free flight. Which had positive effect contributing in domestic tourism and Hospitality industry within the country, as it brought about 250 million visits of domestic tourists;

- combine dynamic and scene pricing- that is increasing the price of Tourism products and services when they are in high demand to avoid the imbalance between the demand and supply "the

- price is adjusted according to the change in time, space, weather and road conditions. The price is custom made based on different scenarios.";

(P. Kotler, 2014)and turning from single channel to multi-channel distribution, such as IRs (Internet Reservation system) GDS (Global Distribution System) and OTAs;

- Branding Strategy- applying the SMO (Social Media Optimization)(Are Morch, 2020) and story-telling with visuals such as in video format so it is more engaging(eZee Editorial Team, 2020) to clearly clarify the ,missions and visions of the service providers so that guests(customers) will presumably know what to expect in terms of service and whether ones' expectations are about to be met or not.

- Customer Service Strategy: Changing CRM approach to new SCRM to which's goal to "satisfy the personalized needs of customers and meet their business goals" (M. Kotler et al., 2020)

As a Digital Marketing strategy WOM that is Word-of-mouth considers to be changed to E-WOM(Electronic Word-of-Mouth) but remains the same understanding in terms of employment according to (Litvin et al., 2008) who stated (Westbrook, 1987) that any type of message or information transmission among consumers that is informal is considered to be WOM.

However, it should represent particular indicators of products, means of utilization and proprietary rights.

The research on "Study of digital marketing tools usage habits among Hungarian tourists" defines which marketing tools are more reliable for favorable marketing communication. (Happ & Ivancsóné Horváth, 2020) This paper studied about various digital tools like OTAs, Distribution systems, Social media sites, Online price comparison (metasearch) sites, Own websites and more, which can be used for digital marketing as channels and define what tools are more useful. Based on the results of the research, it has been found out that people prefer more mobile devices which are more comfortable compared to other immobile digital devices. Moreover, it has been discovered that people from different segments are actively using digital devices in their daily life for communication, work, and entertainment and traveling as well. (Happ & Ivancsóné Horváth, 2020)

Likewise, most respondents of research clarified that they use digital tools in order to make their trip more convenient. Research shows that respondents are actively using electronic devices and online systems for online payments but when it comes to online activities where online payment is not needed, customers are more actively using them compared to those where payment should be done online. Moreover, the result of research indicates that when there is higher risk of perceiving activity by consumer, the less that activities actualized online. People are not ready to use full-digitized robotic accommodations and it is still needed live personal contact for handling complaints and problem-solving processes. Furthermore, research shows that customers are more inclined to score services rather than write long reviews, however they prefer to read others reviews before making a decision, so online service providers need to be more sensitive to online feedback and reviews. (Happ & Ivancsóné Horváth, 2020).

In addition, it has been discovered that the numerical rating system has a greater impact on the decision-making process of customers than commercials or word of mouth. Additionally, it has been defined that females are more easy influenced by others reviews and opinions. (Happ & Ivancsóné Horváth, 2020).

Research on Digital marketing strategies, online reviews and hotel performance (De Pelsmacker et al., 2018) conducted in 2016 with a total scope of 224 divided into two types of hotels (independent and chain hotels) identified impact of different digital marketing strategies and power of online reviews on hotels performance. (De Pelsmacker et al., 2018)

Research contains a list of various strategies that have an impact on hotels performance directly or indirectly. However, study discovered that one exact strategy could affect differently on independent and chain hotels. (De Pelsmacker et al., 2018) For example strategies like using marketing plan, employing tracking software for sifting reviews, fast response to reviews has greater impact on quantity and valence of online reviews which lead to higher occupancy and RevPAR for chain hotels nether than independent hotels . However, among all of strategies attaching third-parties reviews on website and applying TripAdvisor data and metrics are more vital for high occupancy rate and RevPAR of hotel, the reason is that both of them has influence on quantity and valence of customer reviews. (De Pelsmacker et al., 2018)

### **Methodology**

Procedure and data collection.

In order to define which digital marketing tools and strategies are more reliable and useful for the Tourism and Hospitality field, we observed several researches, books and websites related to Digital marketing and Hospitality. Overall, we focused on two main researches of (De Pelsmacker et al., 2018) and (Happ & Ivancsóné Horváth, 2020).

### **Measures and sample**

Eva Happ and Zsuzsanna Ivancsóné Horváth from Faculty of Business Department of Tourism, Széchenyi István University, in Hungary, conducted research on "Study of digital marketing tools usage habits among Hungarian tourists" and the scope of study was n=539 respondents.

The research was conducted by Patrick De Pelsmacker, Sophie van Tilburgb and Christian Holthofb, (De Pelsmacker et al., 2018) defined what kind of marketing strategies are reliable and efficient for better hotel performance. Therefore, researchers selected following 10 digital marketing strategies as shown in the table № 1:



Table №1. Digital Marketing Strategies

No	Digital marketing strategies:
1	(a) Preparing and using a digital marketing plan
2	(b) Applying TripAdvisor data
3	(c) Applying TripAdvisor metrics
4	(d) Employing tracking software for sifting reviews on OTA websites
5	(e) Applying OTAs operational reports
6	(f) Quick response on customer reviews
7	(g) Individual responses to customer reviews
8	(h) Empower customers to write feedbacks
9	(i) Easy Access to TripAdvisor by link
10	(j) Attaching third-parties reviews on website

(De Pelsmacker et al., 2018)

Scope of research was 3–4-star chain hotels and independent hotels which made up n=224 hotels in total.

### Results & Discussion

Based on gathered data from researches we present most reliable “Digital marketing tools” on which service providers should focus more, and “Digital marketing Strategies” for better performance with an example of Hotels.

Digital marketing tools like OTAs, social media sites, own websites, distribution systems and etc. are playing a crucial impact on performance of tourism and hospitality services. Customers started to use e-tourism easily, and most of the steps for a good trip are made online via digital tools. Research defined that everything starts with looking through reviews on OTAs, social media webpages which are important digital marketing tools for further decision-making process of prospective tourists. Therefore, service providers should pay more attention to reviews on OTAs, own social websites and all tools where reviews could be left by customers, all reviews should be observed and replayed within 24 hours (strategy of quick response to customer reviews) and it has been clarified that online reviews have impact on occupancy and performance of hotels. However, the impact of reviews is greater on chain rather than on independent hotels. Therefore, there are some digital marketing strategies like making marketing plans, applying software for tracking and sifting reviews and responding to customer reviews quickly, all these strategies lead to higher quantity and valence of reviews which lead to higher occupancy and RevPAR of hotel.

### Conclusion

We conducted systematic review research in order to find answers to questions related to the importance of Digital Marketing and impact on the Tourism and Hospitality Industry. Findings from research identifies that role of using digital marketing and tools of digital marketing is becoming higher, especially during and post-COVID19 period world become more digitized and tourism as well, also digital marketing has great influence on decision making process of potential tourists which has direct impact on occupancy and performance of hotels. One important factor which has an impact on tourism is customer reviews and ratings, higher rating or big number of positive reviews on OTAs, webpages or social media (digital marketing tools), leads to more reliable and easier customer decision making process. Likewise, using proper strategies like reacting and replying to online feedbacks, reviews and working on them increases valence and quantity of online reviews and it leads to maximizing occupancy of hotels.

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