Chapter 14

eWOM Marketing in Hospitality Industry

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ABSTRACT

Due to its intangible nature, hospitality business finds it difficult to market its services. Past customer experiences are one of the best strategies that allow some quantification of the quality of the product. Word of mouth has been a key part of every effective marketing strategy for hospitality businesses. It is widely recognized that word of mouth, both positive and negative, has the potential to influence customer purchase decisions. With the technological advancement, the internet has been widely applied in various areas in the hospitality industry. Social media and the growth of web 2.0 have enabled word of mouth to be shared amongst millions of potential customers, one therefore can argue that electronic word of mouth (eWOM) has been the successor of the traditional word of mouth. Therefore, traditional Word-of-Mouth, which spread from person to person vocally has been replaced gradually by electronic Word-of-Mouth (eWOM). A growing trust on eWOM for making choices about hospitality products prompted the author to work on the present chapter.

INTRODUCTION

While planning to visit an unfamiliar place and need to avail hospitality services there, a tourist will definitely think about how to make a decision of an accommodation unit. He may seek help from his friends, check out a travel agency, or perhaps do an exploration on internet. All these strategies have in common is that people often seek the advice of others as part of their decision-making. Through recommendations or warnings obtained from friends or family members, Word-of-Mouth provides the opportunity for potential customers to learn about the positive and negative aspects of services offered by certain organizations before an actual purchase takes place.

Word of Mouth (WOM) has been described as person-to-person oral communication between a receiver and a communicator, whom the receiver perceives as non-commercial, regarding a brand, organization, product or service (Arndt, 1967). It represents the power of personal referral on consumer

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decision-making. The advance into the internet age has brought some changes to this description. For instance, the presence of virtual WOM in bulletin boards is not face-to-face, oral and ephemeral. This form of WOM is usually referred as (Internet) iWOM or (electronic) eWOM in numerous studies.

The internet has transformed the way information flows across social circles and customers can use it to gather, distribute and publish information (Cakim, 2010). Virtual communities are becoming very influential in the hospitality business. The consumers trust their peers rather than marketing messages and therefore people exchange ideas/experiences through media channels. A virtual travel community makes it easier to obtain information and make decisions. By creating an understanding of these communities and their users, hospitality businesses can facilitate consumer centric marketing or relationships (Buhalis & Laws, 2008). Some types of e-Word of Mouth connect one consumer with another consumer, such as emails. Other marketing channels connect one consumer to wide range of consumers, such as web pages. E-mail and instant messaging is an asynchronous, one-to-one medium. The advantage of eWOM marketing is that it gives possibilities to create mailing lists and does not correlate with e-mailing costs. Once a list is obtained, it becomes a highly efficient means of communication between a hospitality provider and its past and potential guests.

However, recent increase of m-commerce and development of cheap and easy smart phone technology appears the next stage of electronic word of mouth (eWOM) to share hospitality experiences. With the rise of internet, visitors are using internet to talk about their brand experience on practically every available website. People do blog, write reviews on brands’ or even independent websites; flushing their experiences they had with a certain product or service, a type of discussion also called as electronic word of mouth (eWOM). One form of Electronic Word-of-Mouth (eWOM) is online reviews generated by internet users regarding travel destinations, hotels, and tourism services, which has become an important source of information for decision making for other travelers (Pan, Mac Laurin, & Crotts, 2007).

Tourism industry is spending an increasing effort to monitor the eWOM in digital business environments, in order to respond to messages collected from customers shared on internet. These data are used to improve products and services, monitor brand image and competitors and adapting marketing strategies (Litvin et al., 2008). Some companies even have positions not only to monitor the shared content but also to manipulate eWOM to generate revenues, by creating and spreading positive WOM, and reinforcing existing desirable opinions.

Internet is both an opportunity and a challenge for hotel marketers. On one hand, it allows marketers to reach customers directly. On the other hand, it challenges them when trying to get their attention long enough to tell their stories (Mills & Law, 2004). To harness the power of Word of Mouth, organizations need to be prepared for the future where customers depend on online information sources (Cakim, 2010). Based on this, the study intends to study the influence and possibilities/challenges to create an understanding of electronic Word of Mouth, as a marketing channel for the hospitality industry.

The present research aims to look closer upon how hotels work with e-Word of Mouth marketing, with focus on online guest reviews. It aims to study how influential online reviews are for marketing in the hospitality industry and to suggest potential strategies for using online guest reviews when marketing. This will also investigate how online customer reviews, a particular form of electronic word of mouth (eWOM), affect consumer decision-making (willingness to purchase) during a first time purchase of services or products.