

The Impact of Social Media on the Profitability of Hotels in the Post-Epidemic Era

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Abstract: The paper explains the great shock brought to the hotel industry due to the Covid-19 pandemic and elaborates on their downhill trends in cost escalation and huge revenue drop. To fight back the down period, it introduced the possible measure to revive the business for a luxury hotel. Among all the steps to be taken, we focus on the social media's impact on the profitability of a luxurious hotel, impounding how do brand connect with its followers on social media during this particular pandemic period, the role of social media contributing to hotel's revenue and many other pathways for the brand to influence on their targeted customers on social media. We have concluded that in today's highly digitalized world, corporate marketing must entail consistent social media efforts to ease the search for a prospective customer via social media.

1. Introduction

COVID-19 slowed down the world economy. Data show that the global economic cost of the epidemic will result in a total loss of \$9 trillion in output within two years of the outbreak of COVID-19. Affected by COVID-19 in 2020, industries suffered a lot of impacts and brought a cold wave to the global economy, trade, and offline consumption. Catering, transportation, tourism, real estate, other five industries, and offline retail faced hitherto unknown impacts. It enables people to reduce shopping, traveling domestically and abroad, consumption of commodities, and investment in new business. Due to the reduction of a large number of economic activities, social demand is restrained [1,2].

Therefore, in the post pandemic era, we would like to cast our eyes on the hotel industry, what inert changes happened to this industry brought by the pandemic? As the social media has been exploding online for over a dozen of years, it changes everything about how we communicate, learn and share, especially during the pandemic period, people have to heavily rely on social media to convey their thoughts and express their feelings as face-to-face communication has been banned due to the policies such as social distancing and lockdown of the city. Out of this reason, we want to evaluate the impact of social media on the profitability of hotel in the post pandemic era.

For many hotel business, online visibility is seen as a crucial source of capitalizing on the types of competitive advantage that drive business performance [3,4].

Social media has played an increasingly important role in promoting the luxury hotel sector in recent years. Given its significance, many researchers have sought to better understand its role. An assessment of the extant literature showed the various ways in which social media has been used as an important communication tool for hospitality businesses. In particular, electronic word of mouth through social media posts has become a key revenue and sales source, with research showing the role that hotel reviews and ratings play in this regard. To assess the importance of these reviews, Blal and Sturman [5] evaluated various market segments using a review system that was parsed into the volume (the number of reviews about a hotel) and the valence (the ratings in those reviews). From their research, they found that not only do these reviews drive revenue, they also showed that the valence of those reviews has a greater effect on luxury hotel revenue, while the volume of reviews has a greater effect on lower-tier hotels.

2. The Role of Social Media Played on the Profitability of Hotel

2.1 The Impact of Social Media on the Profitability of Hotels

Pan tourism industry has always been the "hardest hit area" of various emergencies. The COVID-19 epidemic has had a serious impact on hotels, aviation, tourism, scenic spots, catering and other formats, as well as the real estate industry that supports them [6].

Due to the policy of travelling restriction launched by many countries, hotel industry was impacted devastatingly as it relies on the travelling personals as its customer source. The most obvious adverse impact is the direct sharp decline in operating income: A total of 1.23 billion yuan was lost by China's existing hotels, according to data from the China Hotel Association, which shows that the current epidemic has reduced their operating revenue by an average of 68.81 percent. As shown in Figure 1, in comparison to the Spring Festival of 2019, with over 120 hotels reporting a decrease in their operating revenue of more than 90 percent for the Spring Festival in 2019. Hotels with a three-star operational revenue are the worst hit, with an average 85% drop in economic and operating revenue. Increasing the average property price and other sources of revenue can more than make up for the 60 percent fall in five-star hotel rates [7]. And Figure 2 demonstrates how hoteliers all over the world are in dire financial difficulties.

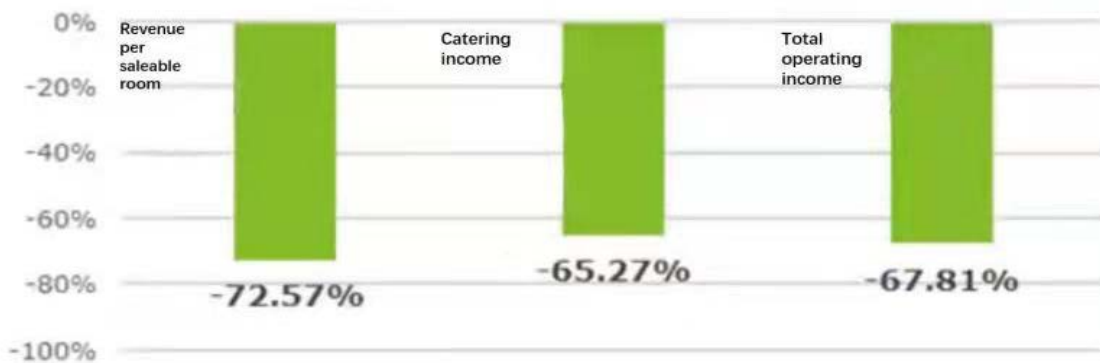


Figure 1. Chinese mainland hotel revenue 2020 compared to the same period during the Spring Festival

Data source: China Hotel Association (2020, <https://baijiahao.baidu.com/s?id=1650984629630413851&wfr=spider&for=pc>)

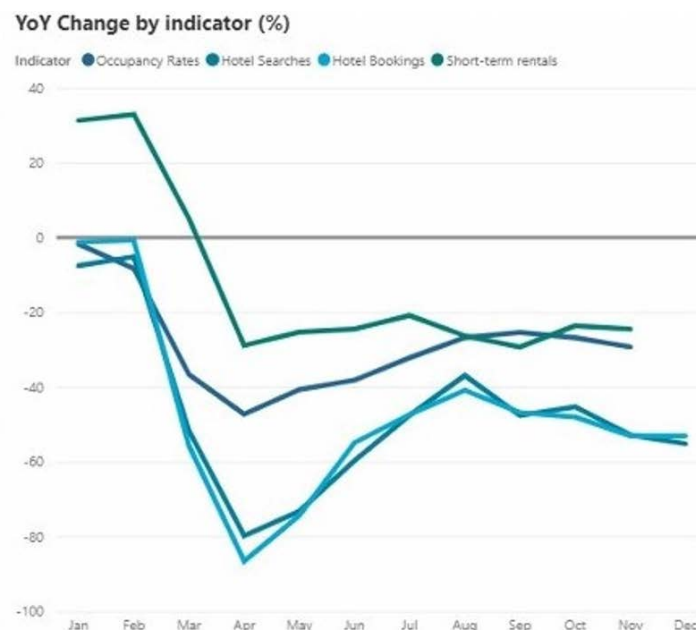


Figure 2. Latest data of hotel industry in 2020

Source: World Tourism Organization, 2020(<https://max.book118.com/html/2018/0429/163772434.shtm>)

Taking luxury hotel Mandarin Oriental Hotel Group as an example, it can be found that one insider shared some distressing operating data to illustrate the heavy blow to Mandarin Oriental Hotel Group caused by the epidemic: "At the end of April 2020, three-quarters of the hotels of the group were going to be closed for a time. Of the 33 hotels we operate worldwide, the total number of guests is less than 200. In other words, as a hotel group employing 12000 employees worldwide, our cash inflow is almost zero." [8].

Under the heavy blow of the epidemic, for a lot of hotel, the status they are facing is the closure loses rent and financing costs. However, if the business is continued, the revenue can not even exceed various expenses such as water, electricity and labor costs, which will cause more losses than the closure. Therefore, hotel bosses are faced with the problem of whether to close down and stop loss.

2.1.1 Measures Taken for Business Revival

In the midst of the pandemic, and as governments have worked tirelessly to contain it, the hotel sector has also been thinking about how to get through the period of reopening and production and regaining its development momentum?

There is a need for the stakeholders to cooperate closely among hotel workers, hotel owners, investors, and administration agencies. The hotel needs sincere cooperation by all its stakeholders and endeavors to maintain its presence.

Therefore the effective strategy to revive the luxury hotel business has been a bone hard to bite in front of the management of hoteliers. As countries worldwide have launched significant measures to fight against the crisis, the hotel sector is lacking overseas tourists, and hoteliers have to try and even change their policies to explore the local market. In order to provide guests with lodging and numerous leisure activities, such as catering, spas, and other health care and entertainment activities, the business has introduced several "staycation" and "vacation" packages. Even if one cannot go to a foreign country, it may still have a relaxing vacation with these vacation packages. As another revival approach, the super strong discount of high-end hotels has increased the occupancy rate of tourists and made a good start for the recovery of the hotel. In order to go through the difficult period, some hotels change the concept of operation and sales, provide catering services, create a new marketing model of "making the hotel a community life center", deliver catering and takeout services to surrounding communities, they think online takeout services can be provided to improve catering sales.

Among all these well-rounded approaches, many hotelier turn to social media and online marketing for help to boost their sales during the post pandemic era. For many traditional hotels, online marketing is the short board of many hotels. However, in order to seize the opportunity of the recovery of the tourism market, hotels are bold to change their ideas, cooperate with online, and open a new model of "pre-sale" of hotel products. They utilize the social media to do a face uplifting for their brands, build up marketing channels on the social media platforms, expand their marketing circles by the explosive exponential effect of brand followers, to eventually result in the increase of the cash flow and form a sustainable benign circle for its own development.

Next let us discuss in details in the following chapter how the social media and its marketing force can trigger the fission growth for hotel industry.

2.1.2 The Importance of Social Media to Revive the Hotel Business

Social media is all around us. The digital age is growing faster and quicker than many have expected. It has begun to reach an ever-more important stage in both our private and professional lives. In that, it has become a must for service industries, including hospitality, to join this movement. Customer awareness and customer loyalty, being two of the most important sales-criteria in the hospitality business, can successfully be achieved and transformed into leads, as only 14% of internet users still trust traditional advertisement and more than 90% trust online peer recommendations. Nurturing your online community therefore was never more essential [9]. Hence, brand accounts showcase their brand image through daily updates and promotional campaigns. This update on tweets,

facebook, or microblog also increases brand's customer cohesion and brand intimacy to their end users. It's crucial your social media is appealing to the wider audience which comes naturally with social media.

As the paper has mentioned earlier, the international travelling restrictions are imposed all over the world, which severely hits the hotel industry. Hotels now have to focus on domestic market and try their best to boost the local tourism to eventually increase their sales revenue during this most difficult period.

To support these types of the local tourism campaign, the professional executive managers realize the importance of social media and launch huge campaigns by taking the strategy called "precise marketing" on social media to expand and attract their customer sources.

In recent years, social media has increasingly become the focus of attention, from blogs to microblogs to WeChat. Because the intellectual cost and cost to acquire customers on social media are decreasing, while the influence and value are increasing. Therefore social media has become the focus of many enterprises and consumers. Researchers said enterprises could easily find coincidence points with their targeted customers on social media [10]. Thus these lead to many influential international brands creating social media account and disseminating their brand and brand information on social media [11]. These official social media accounts create information that others access, which results in a huge number of followers on social media. This phenomenon is called social media marketing (SMM). It is referred to as the process of making a desirability and increase the revenue for the luxury hotel brand by making use of the social media platforms. It can appear in numerous ways, can be either posting or sharing photos and so forth. This marketing activity also includes paid advertising through social media channels [12].

In the year 2009, the hospitality business was bitten by the social media bug and began implementing a social media advertising strategy. Social media marketing was used more frequently to promote hotels that received complaints from guests who had suffered a sprained ankle.

Hyatt, one of the most well-known hotels in the world, can be an example of how companies can fare on social media.

It was one of just a handful of hotel chains to start a global hotel concierge service on Twitter under the handle @HyattConcierge, in addition to having a social media presence across a variety of other platforms like Facebook, YouTube, Google+ LinkedIn, Instagram and Pinterest. To be successful as a marketer, the goal was to build a huge following. This is the era of "likes."

As one of the most successful Hyatt Regency campaigns in the past, "It's Good Not to Be Home" aims to make guests laugh and make the most of their time away from home. This campaign resulted in a large number of appointments on social media sites such as Twitter, Facebook, and Instagram as a consequence of the short films of customers enjoying their stay at Hyatt. It is time to take a closer look at the brand's social media performance.

We know how social media has facilitated a brand's successful promotion among its fans in recent years. It can be seen from the example how brands utilize social media during the pandemic and post-pandemic era to promote their business.

Hotel business has gradually shifted their marketing channel from conventional paper media, billboards to new media channel. The reading volume of mobile social platform has increased explosively. Compared with traditional marketing, new media marketing has more accuracy, rapidity, interactivity and diversity. The "thumb economy" has developed rapidly. Mobile social platform, webcast and short video will become an important form of new media marketing.

Prior to the pandemic, as the paper has briefed in the early chapter, the hotel industry has spotted this momentum marketing trend as Hyatt case has shown. Stimulated by the pandemic, hotels campaigns all go online to adapt people's highly isolated but hugely digital reliant life under the circumstance of pandemic. Many hotel industry players have seized the "bonus" window period of new media channels, such as launching their campaigns by combining the tiktok and short videos of the new media core platform, utilize WeChat moment push ads, micro-blog, and other channels with the favorable products of the hotel line, to create a comprehensive "online brand + product marketing" closed loop, and increase the input of word of mouth marketing. All this leads to the increase in online

sales. Hotel managements also promote all their staff to market their own employee in their friends circle via their personal social media apps, give full play to the value of new media in the post epidemic era, and maximize profits.

Because of the anti-pandemic public health policies enforcing "soft quarantines," social media platforms like Facebook, Twitter, Instagram, and others have taken on a new role in our daily lives, serving as a vital escape from the current situation, a platform for connecting with family and friends, and a repository for data that is constantly being updated [13].

And social media has become the No.1 media source, especially for young people who carry out self-quarantine during the lockdown period. The very first thing for many youngsters to do is to open their social media app and check the latest pandemic updates on top of it. Some bloggers even recorded their quarantine life in video format and depicted how they interact with social media to kill the dull time brought by city lockdown.

There are a growing number of large corporations who recognize they must utilize their social media presence to connect with their customers as they become more isolated from the rest of the globe because of the epidemic. This initiative bridges the distance between the business and the audience.

Let's take a perfect example of a successful case of a luxury hotel approaching their audience on social media and closing the psychological gap with their target audience to create more intimacy than ever. Their strategy and wording on social media marketing are sensitive, smart, full of empathy.

Instead of ignoring the Coronavirus issue, the Royal Crescent Hotel & Spa has reevaluated its messaging on LinkedIn, delivering a sympathetic and reassuring tone to its audience during this difficult period. Its compassionate claim shows care and empathy of the hotel staff, leaving a very nice impression to the brand, which will convert to revenue as the audience likes the hotel and wants to stay at the hotel than others. Smart managers have all realized that utilizing social media platforms is a very sensible channel for promotion in the post-pandemic era. Moreover, they need to make sure that every social media action they make is consistent with their brand values.

As have shown earlier in the figures, the luxury hotel business is drastically ruined by the pandemic and various traveling restriction policies to alleviate the pandemic situation. This all leads to the decline in lodging ratio and utilization of hotel facilities, which may, in the end, make a lot of hotel staff idle in the end. However, shrew marketing managers see this as an opportunity to promote the hotel by utilizing social media. For example, if your hotel has a team of fitness instructors who have more time on their hands owing to a decrease in gym activity, why not produce exercise videos or Facebook live sessions so your audience can follow along with from the comfort of their homes? Those who are forced to stay at home during a pandemic would surely benefit from this good action, and hotel brands will benefit as well. In the event of a pandemic, a five-star chef may be forced to spend more time alone in the kitchen teaching guests how to cook. Social media may help build trust between your followers and your brand, which in turn can lead to more people choosing to stay at your hotel in the future.

In the post-pandemic era, whether it is stimulated by panic, inquisitiveness, or the sheer monotony of having higher expenditures during the time at home, there is more spent by the audience on social media than at any other time. It is important for you to present yourself to the audience thus giving them the solace and calmness in a personable manner. There is also more need for one to see an initial benefit from unswerving posting other than vanity metrics such as likes and comments. In the same case if one carries out the messaging correctly and at the same time remain remain visible to the audience in the time of need, there is some assurance that the payoffs will be better [14,15].

Considerate marketing manager pays heavy attention to the followers or community management on social media. It is always critical to put or categorize your audience as the most important factor in the media platforms' campaigns. The audience help in the elevation of the brand awareness and as well create and media space. This is the reason why the hotel management should be active and regularly check the social media comments. There will be more traffic of the social media users in the hotel sites searching for different information, which may be on safety precautions, complaints, and so forth. If any issue is left unattended, then that means that the original commenter may never engage in any

business activity with the firm and those reviewing the comments. In the post-pandemic era, hoteliers utilize social media to involve guests; they design interactive social media content that can make the customer experience life with their hotel. Their social media content is interaction-based; by asking questions and doing activities, luxury hotels can improve the participation of the content, win their attention, and grasp the accurate customer base at the same time [16,17].

We all know that micro movies have become more and more popular in recent years. A lot of luxury hotels launch their self-produced micro movies on social platforms such as Weibo, WeChat moment, etc. Luxury hotels look splendid in appearance for sure. As a result, they need to show off its amenities, location, and luxurious rooms. In a short film, you may show off the opulence of the space, as well as the comfort that guests can expect [18,19]. How to highlight the characteristics of their luxury hotels, how to make micro movies touch guests, and choose their hotels are the points marketing managers need to pay attention to when they deliver video social media or when they manufacture and maintain content.

Another promotion approach is music, which is rarely involved, but several hotel groups have done very well. Starwood has several brands with their exclusive music and music system. They often put this music on their microblog, lobby and spread it, and let this music infect customers. Statistics have shown that the customers of luxury hotels are generally more sensitive than ordinary customers, sensitive to details and all brand information. Music and video can easily catch these sensitive customers. It is also seen that in the Hyatt group, Grand Hyatt and Hyatt on the Bund in Shanghai have their music CDs, which can be sold to guests or spread on the microblog, which are good ways in marketing the luxury hotels [20].

However, social media has a very important feature, that is, its choice is two-way; that is, we can choose what we pay attention to or not be paid attention to. If our content is not enough to attract the target audience, we may not get their attention. The focus is mainly on enriching the content and making the content the focus of the target customer group.

3. Conclusion

Therefore we can conclude that in today's digitalised world, a corporate E-Commerce strategy must include consistent social media efforts, in order to ease the search for a prospect on social media. The impact of social media on profitability and gaining and maintaining the customer source is crucial and very influential. Hotel marketing department should develop various precise marketing strategies on social media to build up customer loyalty and achieve the customer retaining and build a long-last rapport via the intimate social networking platform provided online.

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