

Impact of Digital Marketing on Hospitality Business Performance

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Abstract:

The service sector contributes to the overall GDP of the country as this sector holds significant place. The research paper is based on studying the impact of Digital marketing on hospitality business performance. The analyst has considered surveying 200 employees of the hospitality sector in Australia that are questioned by the help of online survey via Likert scale questionnaire. The results have explained a positive impact of digital marketing on hospitality business performance because it has affected the marketing activities of the firm and also results in increasing frequent customer visits. This has also helped in building a favorable image of the business and also boosts sales level.

Keywords

Marketing, Hotels, Media, performance

1. Introduction

The recent information technology surge and its easy accessibility to common people have instigated every business organization or sector to shift towards digital paradigm. According to Leeftang, et al. (2014), the dawn of internet has redefined the marketing conventions across the world. On the contrary, Çizmecı & Ercan (2015) stated that the internet has completely transformed the way consumers used to engage with a brand. The Internet has revolutionized the marketing economics and has made the traditional marketing arrangements superseded. As a result, digital marketing has emerged as the new focus arena for businesses across the globe (Çizmecı & Ercan, 2015).

In the viewpoint of Hajli (2013), digital marketing commenced as a communication medium, but it has now evolved as a mode of creating and sustaining enduring relationships with different parties. The chief facet of the Internet is interactivity, which has allowed a novel aspect of association between different participants in the market (Hajli, 2013). Madasu (2013) stated that nowadays digital consumers not just interact with each other, but also with their favored brands. The current augmentation of the Internet has substantially transformed the operating milieu of the hospitality sector. Digital marketing is regarded as an innovative marketing apparatus for providing an assortment of details to customers.

Marketing plays a unique role in the hospitality sector because it is concerned with promoting both tangible products (such as restaurant food, hotel room) and

intangible products (such as, quality service). Nowadays, digital presence is not exclusive to large hotel chains, rather independent hotels are rapidly moving towards digital marketing to maintain a potent connect with customers and other significant parties (Alex-Onyeocha & Iwuagwu, 2015). The intent to include digital marketing in the overall marketing strategy of the business is to better attain the business goals by obtaining of consumer behavior (Fuxman, et al., 2014). Digital marketing has allowed hospitality businesses to reach to large customer base through mobile and internet, and thus, hospitality firms are exploiting digital marketing incredibly to associate, engage and prolong their target customers (Yasmin, Tasneem & Fatema, 2015). In Australia also, hospitality businesses are relying heavily on digital marketing approaches for connecting maintaining relationships with customers. With this respect, this research focuses on determining the impact of digital marketing on hospitality business performance in Australia.

The intent of this research is not to quantify how hospitality businesses are actively using digital marketing, rather explore the impact of digital marketing on their business performance. In this regard, the main focus of this research is enumerated how digital marketing is actually affecting the performance of hospitality, whether it has made marketing uncomplicated for hospitality businesses or has generated a new impediment for them. The reasons for selecting this topic is the escalating popularity of digital marketing amongst hospitality sector and the rising use of the internet by the sector for reaching to customers. The intensive usage of digital marketing in the sector has made it prominent to research the impact digital marketing makes on business performance of hospitality. In this regard, the main objectives of this study are to determine the role of digital marketing in the hospitality sector, to discover ways of using digital marketing in the hospitality sector and to identify the impact of digital marketing on business performance of hospitality sector.

2. Review of literature

The information concentrated nature of the hospitality industry points to a vital role for the internet technology in the marketing area.

2.1. Digital Marketing

Digital marketing is a form of marketing utilized extensively for promoting offerings and reaching to customers with the help of digital mediums. Digital marketing moves beyond internet marketing because it

comprises of mediums that do not demand the exploitation of Internet (Kaur, 2017). It comprises of social media marketing, search engine marketing, display advertising, mobile phones (MMS and SMS), as well as, several others types of digital media. With the help of digital media, consumers get accessibility to information at any place and anytime. any time and any place where they want (Alex-Onyeocha & Iwuagwu, 2015). In this manner, digital marketing is a wide term that indicates a variety of promotional methods used to get in touch with customers through digital technologies.

Digital marketing exemplifies a wide range of product, service and brand marketing strategies that principally rely on Internet as a vital promotional medium other than the conventional TV, mobile and radio (Al-Msallam & Alhaddad, 2016). The key distinctive aspect of digital marketing is that communication is bidirectional in this, where customers also have the liberty to post suggestions and queries related to products or services (Shuai & Wu, 2011).

2.2. Business Performance

Business performance is primarily determined by the level of rivalry in the marketplaces, in which a firm select to function. A company can attain better business performance by putting in markets that have low competition or by attaining positional benefits in the marketplace. The business performance also has a central role in the enduring performance of a company as a company with strong business performance is likely to sustain for a long period of time (Fuxman, et al. 2014). The significance of marketing in elucidating the business performance of a company has gained vital attention all through the history of the marketing area. The requirement to connect marketing with business performance has become more imperative as marketers have been required to protect the worth of their actions, in the current era (Morgan, 2012). Thus, it is required to have a conceptual understanding of the way marketing is related to business performance and the way it affects business performance.

2.3. Importance of Digital marketing

Businesses are these days utilizing digital marketing extensively for the purpose of leaving their opponents behind. Digital marketing is important for businesses because it enables two-way communication between companies and their customers. Digital marketing allows companies to serve their customers as speedily as possible (Çizmeçi & Ercan, 2015). Moreover, through digital marketing companies can anticipate guidance from their customers to perk up their offerings in a better way. In digital marketing, companies do not attempt to alter the views of their customers, like they used to do in traditional marketing; rather they try to interact with them in a more vigorous manner (Al-Msallam & Alhaddad, 2016).

With the help of digital marketing, customers can effortlessly and rapidly get information about any product or service. They can have an outlook about products and service by evaluating them against similar products (Madasu, 2013). Further, digital marketing is significant because of its cost-effective nature as small businesses with low or no resources can utilize digital marketing as a financially savvy method of marketing (Kaur, 2017). Apart from this, companies that are utilizing digital marketing as the ideal method are able to calculate the conversion rate of customers in real time. They can determine the number of spectators who get transformed into leads, then subscribers and finally end consumers. Methods like, Social media marketing, E-mail marketing, and SEO have an elevated conversion rate in comparison to traditional marketing means (Salem, El-Said & Nabil, 2013).

2.4. Network theory

Network theory is concerned with all sorts of relationships, whether it is between things, people or an animal. It is an overlapping means for getting acquainted with prototypes that generate within social networks and the way they affect customer behavior (Leeflang, et al. 2014). According to this, the victory of entertainment products cannot be predicted on the basis of conventional factors. As per Miller & Christakis (2011) digital marketing mediums, like Twitter, Facebook, Groupon are constructive for this purpose, as they enable marketers to pay attention to what consumers are saying, and at the same time, they enable marketers to utilize the supremacy of influential consumers in order to widen messages all across their networks.

Network theory implies that the most influential users are the ones who have most persuasion over a range of distinguished networks. This theory is related to the associations between people. Network theory details out that humans are all knots in a network of associations in which they interact. Some knots are more persuasive than others and become centers to which a lot of others link (Salem, El-Said & Nabil, 2013). Individuals create clusters with whom they feel connected, and thus, they create a network. In this way, network theory provides a unique approach to digital marketing by elucidating the way influence can be created amongst people (Iansiti & Lakhani, 2017).

2.5. Digital Marketing in Hotel Industry

Hospitality firms are proactively communicating with their customers by using creative tailored solutions, as well as, much receptive and rapid customer service. In the viewpoint of Salem, El-Said & Nabil (2013), hospitality industry participation in digital marketing can be regarded as a cost-effective method for engagement and interaction with potential customers. According to Lončarić & Radetić (2015), reliance on social media

websites offers hotels direct accessibility to active users devoid of including any extra software or hardware.

As per the research of Durmaz & Efendioglu (2016), online consumer reviews have a vital role in influencing the selection of travel and hotel consumers. With the growth of a variety of websites, such as TripAdvisor, Expedia, and social networking sites, like Twitter and Facebook, potential customers get a chance to see reviews of real consumers. In this regard, developing an exclusive social network that enables customers to develop a profile and share their feelings, views, photos, stories, etc. can be a form of competitive benefit or drawback for hotels.

The website is often regarded as the tool of digital marketing in the hotel industry (Yasmin, Tasneem & Fatema, 2015), but there are various other tools, which the hotel industry is using. Fuxman, et al. (2014) stated that small hospitality organizations utilize five digital marketing tools, like e-mail marketing, internet marketing, intranet and extranet marketing and mobile marketing. Today's consumers search online prior to buying any product, whether it is tangible or intangible. If a hospitality firm has a well-managed website or a hospitality brand can be searched easily on Internet, then customers are more likely to refer it.

With respect to the execution of digital marketing in hospitality Hajli (2013) mentioned that the approval of digital marketing is driven by manifold components, like skills of the owner, availability of resources to an organization, organisational culture, digital marketing adopting expenses, ease of usage, size of organization, market trends and cultural orientation towards digital marketing by organisation's customers.

Leeflang, et al. (2014) asserted that hospitality firms face certain impediments also while adopting digital marketing techniques. Yasmin, Tasneem & Fatema (2015) investigated the suitable obstacles making contribution to the non-adoption of digital marketing practices by small and medium firms and discovered that they comprises of incompatibility of technology with target audience, lack of understanding, unreadiness of stakeholders, and so on. The research of Salem, El-Said & Nabil (2013) concludes that organizational features are a most significant component that driven the usage and adoption of digital media, even though the environmental background of hotels, managerial traits, and professed attributes characteristics of Internet all have certain effect.

Presently, Australia has biggest digital ad expenses per user all over the world and as per forecasts by 2018 above 50% of the total advertising budgets in the country will be dedicated to online and mobile customers (Burbury, 2017). This points towards the increasing focus on digital advertng in Australia by businesses. Australian consumers spend more time on the internet to seek the best suitable product. In light of this, marketers are making an

attempt to utilize digital advertising in a better manner and influence the lifestyles of consumers. Hotel industry of Australia is one of the booming sectors in the country and it is rapidly advancing its focus on digital mediums for better associating with current and prospective customers.

2.6. Research Gap

The existing literature has well documented the usage of digital marketing by the hospitality industry. It has highlighted about digital marketing and its significance in the existing business era. The literature review has indicated that there are various studies, which have generated knowledge about business performance and use of digital marketing in the hospitality industry. However, from the review of the literature, it has not been found that how digital marketing influences the business performance of hospitality businesses with specific reference to Australia. Alex-Onyeocha & Iwuagwu (2015) have conducted their research to identify the impact of e-marketing in the hospitality industry in Nigeria. On the contrary, another study by Lončarić & Radetić (2015) is based in Istria County to discover the execution of e-marketing in the hotel industry. However, there exists a research gap about the impact of digital marketing on hospitality business performance in Australia and this research study will cover the gap.

3. Research Hypothesis

- H₁:** Digital marketing affects hospitality business performance in Australia
- H₀:** Digital marketing does not affect hospitality business performance in Australia

4. Conceptual Model



Figure : 1

5. Research methodology

This study is a quantitative research and positivism research philosophy has been used in this research. This philosophy is based on the scrutiny that knowledge buds from human experience, and thus information gathered through computation and observation is relevant and reliable. Positivism philosophy has enabled the researcher to eradicate any form of human interest from the research and adopt an ontological viewpoint of the world. Moreover, a deductive approach has been referred in the study to examine the link between digital marketing and hospitality business performance; thus moving from particular to the general. Through, deductive

research approach, the study will explore the theory of digital marketing and validate if it is valid for hospitality businesses or not. Explanatory research design has been used in the research so that the topic in question can be explained in detail, rather than merely describing facts or information.

Empirical research was performed using the survey method. For this purpose, a five point Likert scale questionnaire has been used and used for an online survey. The sample size considered for this survey is of 200 employees from Australia's hospitality sector. The reason for selecting employees is that they will be better able to provide information that is how digital media influences the performance of hospitality businesses.

6. Results

6.1. Regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.878 ^a	.771	.770	.35701

a. Predictors: (Constant), DigitalMarketing

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.150	1	85.150	668.068	.000 ^b
	Residual	25.237	198	.127		
	Total	110.387	199			

a. Dependent Variable: HospitalityBusinessPerformance

b. Predictors: (Constant), DigitalMarketing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.026	.104		-.251	.802
	DigitalMarketing	1.055	.041	.878	25.847	.000

a. Dependent Variable: HospitalityBusinessPerformance

Table : 1

From the tables above, the impact among the given variables of the study can be proven. The study is based on examining the impact of digital marketing on business performance of hotels in the Australia. The findings indicated that there is an impact of digital marketing on business performance as R-square has a value of 0.771. This means any change that is likely to occur in hospitality business performance is due to digital marketing. The value of Adjusted R-square is also given.

However, it is also mentioned that the regression model is created for the study which explains any variations in the dependent variable are due to the independent variable that is digital marketing. The regression equation for the current study is described as:

$$Y = B_0 + B_1 + E$$

$$Y (\text{Hospitality business performance}) = B_0 + B_1 (\text{Digital marketing}) + e$$

$$Y (\text{Hospitality business performance}) = B_0_{(-0.026)} + B_1_{(1.055)} + e_{(0.104)}$$

The error in the entire regression model is highlighted as well which is found to be 0.104. In addition to it, the model shows that any change in digital marketing will directly impose an influence on the hospitality performance. The variations found in the model are 77.1%

6.2. Descriptive frequencies

	N	Mean	Std. Deviation
Customers prefer booking online because it mostly provides availability, whereas personal visit for the purpose often fails	200	2.7900	.91107
Customers trust our hotel because of the authentication of information we offer	200	2.3600	1.41436
The use of digital media is the essential part of our marketing activity	200	2.2200	1.18262
Having website and other access to internet mediums is important to survive in the hospitality industry	200	2.6100	1.08803
My hotel has presence over social media sites including Face Book	200	2.5200	1.21531
My hotel has personal Mobile application to deal with its customers and offer them ease 24/7.	200	2.3200	1.07862
Online reservations results in increased sales of the firm	200	2.5000	1.20718
Our hotel mainly focuses on online reservations via different booking portals to create more ...	200	3.1200	1.39835
My hotel now entertains more guests by the consideration of digital media tools.	200	2.7900	.91107
Digital marketing leads to boosting our hotel image.	200	2.4900	1.21544
My hotel has a plan to increase activities related to digital marketing in the next ...	200	2.3600	1.41436
My hotel receives satisfactory rating due to its presence online and use of digital media ...	200	2.2200	1.18262
Valid N (listwise)	200		

Table : 2

The descriptive statistics table above explains the mean and standard deviation of the data set used in the following study. The question which discusses the use of digital media is the essential part of our marketing activity has a mean value of 2.22 with a standard deviation of 1.41. According to Saunders (2011), mean is the average of the entire data set, however, the standard deviation is how much the data deviates from mean position. For the question regarding the presence of hotel over social media

sites including FaceBook has a mean value of 2.52 and is backed by the standard deviation of 1.21. Similarly, the hotel has a plan to increase activities related to digital marketing in the next year possess mean=2.36, SD= 1.41. In addition, Online reservations results in increased sales of the firm have mean= 2.5 and SD= 1.20. However, the hotel is now entertaining more guests by the consideration of digital media tools holds mean= 2.79 and SD= 0.911. Digital marketing leads to boosting our hotel image owns a mean= 2.49 and SD =1.21. Customers trust the hotels in Australia because of the authentication of information they offer has a mean = 2.36 and SD=1.414.

6.3. Analysis of Responses

During the collection of primary data, employees who have been surveyed includes 51% of male respondents and 49% were female. In addition, 49% employees fall in the age bracket of 30-39, 31% belonged to 40-49 age interval and remaining fits in other categories. 48% were having Master's degree, 34% had bachelor's degree and remaining were having a doctoral degree which makes a total of 19% respondents.

Employees were agreed to the point that their customers prefer booking online because it mostly offers availability. To this 36% were agreed and 18% disagreed with the statement and remaining hold moderate views. In addition, customers trust the hotels due to the authenticity of the information offered to them which also serves as the key to retain them. To this question, 62% were agreed and 28% negated with the statement. Moreover, 67% employees were supporting the point that digital media is the essential part of their marketing strategy. On the other hand, 17% employees remained neutral as they think digital media has affected the rating of their hotel. 40% respondents have strongly agreed that their hotel has a plan to increase to digital marketing in the coming years. 58% respondents were agreed and thus supported the fact that digital media has to lead to a boost in their performance and image of the hotel. However, to this particular statement, 22% were negated which means digital marketing does not affect the image of the hotel. In contrast to this, as mentioned by the employees, their hotel now entertains more guests as compared to the prior usage of traditional media. This is the result of technological advancement, to this statement 36% respondents were agreed, 46% were neutral and remaining 18% were disagreed.

On the other hand, the bookings are being done online as well. The question which sheds light on online reservations has lead to an increased in the sales, 22% were strongly agreed, 36% were just agreed, 20% were neutral and remaining disagreed. 29% respondents were strongly agreed to the fact that their hotel has launched mobile App for offering ease to the customer and allow

them to access 24/7 and make reservations. However, to this statement, 14% disagreed and remaining 31% were neutral.

7. Discussion of Results

The results have found that the digital marketing does affect the performance of hospitality business in the Australia. Moreover, the findings also shed light on the fact that digital marketing leads to build positive image of the hotel. With the consideration of digital marketing, a noticeable difference has been observed in the number of guests visiting the hotels as the number of people making reservations have increased. Similar to this, it is also indicated that hospitality businesses in Australia will increase their digital marketing efforts as the performance of the businesses has been significantly affected. Due to this, the hospitality businesses are even being compared on the social media as it is evident by the rating given by the visitors on the social media sites like FaceBook, Instagram etc. This, thus pinpoints the importance of technology usage from the end of hospitality businesses. In addition to this, the employees' also highlighted digital media is one of important part of their marketing strategy that has resulted in an increase in the customer base. However, the accessibility to website, offering customers the access to Mobile App and social media presence has enabled hospitality business to grow and experience favorable business performance.

8. Conclusion

From the findings, it is to be concluded that there are various factors which need to be considered when it comes to managing customers in the service sector. Services are intangible in nature and thus, the hospitality industry in Australia seeks to take efforts in terms of opting digital marketing for the sake of satisfying their customers. The results have shown that online reservations for offering ease to the guests are being contemplated by the Australian hotels. Moreover, the use of mobile Application which allows the guests to reserve anytime and anywhere is the best proof of opting technological advancements that come from digital marketing. In addition to it, consumers also review the ratings of the hotels with the help of social media in order to select the best possible as consumer never compromise on the service which eventually affects the performance of hotels in the Australian hospitality sector.

9. Recommendations and Future Research

The following section offers recommendations to the hospitality business in the Australia. It is thus proven that digital marketing is important but few suggestions are given to opt this concept in a far more comprehensive manner. It is recommended that:

- Hospitality business in Australia should consider more options and consider extensive marketing on the social media platforms to increase their ratings and also which enhances their brand image
- They should also hire such personnel that have complete know how of SEO and digital marketing that will contribute to their business and its profitability.
- They should devise more creative digital marketing campaigns which increase and attracts more customers

By taking in considerations the aforementioned recommendations and results, it is suggested that the future researchers can consider their study on similar topic by making few amendments. They can consider large sample size, by increasing number of regions surveyed and also by the help of contemplating the collection of qualitative data by the help of interviews from the managers in hospitality industry. Future researchers can also consider more variables that will serve as independent variable of the study.

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