



## **Getting in on the Conversation The Power of Social Media in Hospitality and Gaming**

Insights from a webcast sponsored by SAS and the Center for Hospitality Research at Cornell University's School of Hotel Administration  
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Featuring:

Lauren Walker, Internet Marketing Manager, Hard Rock Hotel & Casino Las Vegas

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Social media has taken word-of-mouth and elevated it into a global conversation, where opinions travel far, fast and furious. Whether it's good, bad, accurate or misinformed, guest opinions are broadcast on countless social media channels for the entire world to see.

Now that these conversations have moved to a public forum, hotel and casino operators have an opportunity to listen in and evaluate these opinions. Social media opens up new ways to actively engage in conversations about company brands and offers opportunities to interact with guests in a more personal way.

But how and when should you participate? How do you design an effective social media strategy? How can an organization make sense of the volumes of unstructured text generated by these conversations?

These questions were the topic of an April 2010 webcast sponsored by the Cornell University Center for Hospitality Research and SAS. The panelists represented four distinct perspectives on the issue:

- **Lauren Walker** shared her experiences managing online marketing, including social media, for a high-profile destination property.
- **Lisa Klein Pearo** revealed insights from consulting engagements and current research into customer behavior and interactive media.
- **Mark Johnson** offered an editorial perspective as publisher of travel-centric daily Web magazines framed around user-generated content.
- **Kelly McGuire** described analytic technologies that will enable companies to more fully understand (and capitalize on) the impact of social media on revenue and brand image.

## Should the Hospitality Industry Take Social Media Seriously?

Some old-school executives are skeptical, viewing social media as the egocentric playground for a young generation too cash-strapped to represent much of a travel market anyway. Social media encourages them to continuously connect *without* traveling, so it is hardly a place to promote it, they might reason. Not a serious sales or marketing channel in general.

Flash back to 1995. People were saying the same about the fledgling World Wide Web. Not long ago, most hotels didn't even have their own websites, but by 2008 nearly 70 percent of reservations were booked online, according to J.D. Power and Associates.

### Too Big a Force to Ignore

Although relatively new on the scene, social media is spreading fast. There are the classic social networking sites, such as Facebook, Twitter, MySpace and Bebo. There are customer review sites, such as Yahoo! Travel, hotelshark.com, travel-library.com, boo.com, tripadvisor.com and others. There are media sharing sites, such as YouTube, Flickr and Picasa. And sites that review and publish consumer-generated content, such as reviewcentre.com, latimes.com, nytimes.com and many others.

"Experian Hitwise data on US market share of visits presents a stunning picture of just how important social networking, especially Facebook, has become in the course of the past year," wrote LeeAnn Prescott of Research-Write in "Social Networking by the Numbers" (February 2010). "ComScore reported 112 million unique US visitors for Facebook in December 2009 and 57 million for MySpace.

"With an estimated active US Internet population of 205 million, that means that 54 percent of all Internet users visited Facebook in December, and 27 percent visited MySpace. Bebo was the third largest social network in December, with a unique visitor count of 5.9 million." Twitter processed more than a billion tweets in December 2009 and averages almost 40 million tweets per day.

According to Prescott's analysis, social networking now accounts for 11 percent of all time spent online in the US. Between December 2008 and December 2009, total visits to the top 10 social networking sites increased 63 percent. Nearly one in 10 Internet visits ends up at a social network; nearly one in four page views is on a social networking site.

Still skeptical?

## Benefits for Hotel and Gaming Companies

The social media phenomenon offers a host of benefits for hotel and gaming companies, such as heightened brand awareness, more touch points to spread your message and drive people to your website, higher search engine rankings and more personal interactions with customers. Social media has the potential to deepen the relationship with customers and their social connections on many levels and over time – at remarkably little cost.

“Only a few years ago, we were focusing so much of our energy in the hospitality industry on the purchase process,” Pearo recalled. “Now we’re expanding our perspective to look more closely at what happens before, during and after purchase. Social media technology can influence the customer long before purchase, in that dreaming stage, then in the planning stage, in the experience stage and the retrospective stage, where the guest looks back at memories, makes sense of them and shares them with others.”

Social media sites are proving to be serious sales channels, Johnson said, citing anecdotal examples. For instance, Dell did millions of dollars in Twitter direct sales last year. An independent hotel in New York doubled its event business by delving into Facebook and Twitter, thanks to a staffer who took an interest in social media and put the hotel out there.

“We’re hearing many instances of [social media driving] direct revenue, but also just as many incidences of untracked, unknown, more amorphous response,” said Pearo. “There definitely have been positive returns.”

What marketer would want to ignore this opportunity? Even if hotel and casino operators choose not to participate, their brands are still out there, for better or for worse. They *are* being talked about. They might as well know what is being said – and join in the conversation.

■ “Over time, as companies become more comfortable with the social media environment, they will move from the short-term tactical side toward understanding the broader strategic-branding implications. The same thing happened in Internet advertising in general, as companies moved from specific, tactical efforts to understanding its role as a branding medium.”

**Lisa Klein Pearo, DBA, Adjunct  
Assistant Professor,  
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## The State of Social Media in the Industry Today

### **A significant percentage of hospitality companies are doing something with social media.**

Given the rapid growth of social media, it is no surprise that hotels and casinos are getting aboard. In our informal webcast poll, 52 percent of respondents said social media is an intrinsic fit with their overall marketing strategy. Another 23 percent said their companies are involved with social media but they were dragged into it under pressure. Only 7 percent of respondents said their organizations had no social media programs in place right now.

“When I came on board at the Hard Rock, we actually hadn’t started doing anything with social media,” said Walker. “It just seemed like a no-brainer. Setting up a profile is virtually free, and it creates another touch point for customers. So just to get the ball rolling, I set up a Facebook profile and started posting updates and information. The real turning point was the day I posted something and actually got responses. At that point it turned into a two-way conversation, and it has really grown from there.”

The effort snowballed as the Hard Rock added a presence on Twitter, MySpace, YouTube, Flickr and others. The company then started offering “Twitter Tuesday” special deals that gained a loyal following. Soon the company’s public relations agency had to be drawn in to help manage the growing conversation.

“Our use of social media became more strategic at that point,” Walker said. “We’re using these channels to be more personal with customer interactions and to get information out there that maybe doesn’t have a place on our website or in our search campaigns. We’re always trying to improve on these things and be more strategic with new ideas and keep it fresh.”

### **Consumers are inundated with information – some worthy and some worthless.**

The volume of reviews and rankings available on social media – some meaningful, some not – is hard enough for hotels and casinos to deal with. How do consumers process all this information? How can average consumers determine which reviews are valid for guiding their decisions?

“That’s the million-dollar question,” said Pearo. “Some consumers are really critical information consumers, but others are overwhelmed. They need to decide which reviews to pay attention to, how many reviews to consider before they can make a decision, and how much to weight each review in the final decision.” All of those decisions have to factor in whether or not the reviewer shares their same values and review criteria. “That’s a lot of information to process with not a lot of tools. These pieces are still missing for the consumer.”

The information overload is exacerbated by the fact that self-published information on the Internet is not necessarily credible. That's where forums such as Johnson's travel-related Web magazines can help, by vetting user-generated content just as any traditional journalist would check a tipster's facts and claims before publishing a magazine article.

### **Companies are having a hard time measuring the impact of social media.**

In the webcast poll, only 18 percent of respondents said their organizations consolidate and analyze information gleaned from social media – either using an outside agency or an in-house analysis platform. Half of respondents said they read and respond to social media comments, but the effort is largely manual – and they're not sure how to measure it.

"I'm not surprised at these results, because we fall in with the majority," said Walker. "We are monitoring the response rates we get on Facebook and Twitter, and then we are manually responding to reviews. For instance, we will post a question on Facebook and see how much conversation it generates. It is very easy to quantify the response to our Twitter Tuesday deals, because those usually lead directly to bookings. On the review sites, we're diligently responding to people, and success is watching that rating tick up.

"That's what a lot of people are doing, and it makes sense to do it this way now, but my hope is that we will eventually migrate to having an analysis platform that can do the work for us."

Three broad categories of software solutions are emerging to help with social media analysis, said McGuire. "The first type of solution supports strategy and policy development, such as determining which channels to use and what personality to project. The second type of software is used to 'scrape' the social media sites, to consolidate the relevant information in one place so you can easily monitor and manage it in a very tactical way. The third category of software solutions enables you to really analyze sentiment and trends that are generated by this data."

## Best Practices for an Effective Social Media Program

### Find the right channel to suit your brand image.

The typical guest demographic at the Hard Rock – young, hip, media-savvy – makes it a natural fit for social media, but other properties may not be perceived that way. How can a hotel or casino ensure that the social media image fits with an overall brand image or corporate culture, brand image and business objectives?

“That’s a difficult thing to do,” said Pearo. “You have to understand where your customers are. Where is your target market? Where are they looking to gather information, and where are they sharing information? That’s where you want to be. So if your customers are on Facebook, that’s where you want to be, but if they’re not, you have to find the right channel to speak with them.”

### Find your organization’s authentic voice.

“That voice has to be unique to the brand,” said Pearo. “If your brand was a person, how would that person speak? What would the tone be; what would the dialogue sound like?”

“Our biggest challenge was finding a voice,” said Walker. Is it the voice of bloggers within the company, who can speak in the first person, “I”? Or is it the company – speaking collectively in the first-person plural, “we”? How wry or serious should you be? How irreverent or conservative? How personal or professional?

“We had to figure out what our customers would respond to and decide what is the best voice of the Hard Rock on social media. We did our own experimenting, testing in a trial when it was just us doing the posting, to figure out the direction we wanted to take. We did bring in an agency to help us when the social media program became a lot to manage, but we remain very actively involved in maintaining that voice, because it really does have to stem from someone at the property. You’re there, you live it every day, you know what’s going on, you have to drive that. Agencies are great, they’re very helpful, but they really need to count on you to give them that guidance.”

### Develop an enterprisewide social media policy.

How does an organization maximize the benefits of engaging in social media while minimizing the risks, especially when employees are running free in social media sites?

“We have been trying to implement a policy, but it’s tricky, because we have a lot of very passionate employees who love the brand and love the property, and they want to talk about it,” said Walker. “Sometimes they’re doing it on their personal sites, which is great; it’s just another outlet for us. But when they are representing the Hard Rock on an official social site, we try and provide as much guidance as possible.”

“It’s very difficult to monitor everyone who is posting for us, especially at the venue level, but you give guidelines and support, and you monitor what they’re saying, and evolve it from there. We are in the process of developing a structured outline for how we think it should run, but social media in a way isn’t supposed to be that structured, so it’s a gray line.”

“We recently developed a social media policy at SAS, because the conversations were growing so fast,” said McGuire. “We have one [software] developer who has 5,000 fans and followers on Facebook. Of course, that’s perfect, that’s exactly what we want, but you also want to know where these conversations are happening, to a point. You want them to keep it genuine but keep their decorum. It is an issue that is emerging as very important, and a lot of larger organizations are starting to develop policies.”

### Choose the right people to *participate* in the conversation.

Should the social media presence be generated at many points in the company, contained within the sales or marketing departments, or supervised by one dedicated person? The answer is threefold:

- **Participation should come from multiple levels of the organization.**

“Corporate should be thinking broadly about the brand and the reputation, and the sites would act more tactically and more personally with their specific knowledge of their offerings, services or maybe a certain issue,” said McGuire. These different yet complementary perspectives just lend themselves to a multitiered approach to social media. “You don’t want to step too far away from the consumer when you’re actually the one that faces them.”

- **You have to have the right individual(s) to project the brand’s voice.**

“This question goes back to blogging, before social media,” Johnson said. “The response was to look around and find who wanted to do this and who had something to say. If what the person has to say is authentic and interesting, then the conversation will develop around it.”

Walker agreed: “Some people are very interesting and it’s just a natural fit to have them on social networks speaking on your behalf. Some people are just more witty than others. If that person is also very familiar with the brand and well-connected internally, to be able to answer questions about operational issues, why not leverage the opportunity?”

- **Oversight is needed to ensure consistency.**

“You do need one person in charge, overseeing everything, just for consistency and having a brand voice,” said Walker. “It is really important to have that combination of individual autonomy and higher-level supervision.”

■ “Everyone needs to be involved, even if just listening. If you don’t have people at the general manager level at the property listening to the specific details that affect the property, then you’re not making the most of the media.”

**Lisa Klein Pearo, DBA,  
Adjunct Assistant Professor,  
Marketing and Tourism  
Cornell University School  
of Hotel Administration**

### Create a mutually beneficial, *two-way* conversation.

“This is a really important part of social media; what makes it social, is the conversation,” said Walker. “On a daily basis, we’re getting responses to our posts, so it only makes sense to reciprocate. On Facebook and Twitter, we’re constantly going in and saying ‘thank you’ to people who are saying positive things, or answering questions, no matter how small the question may seem. When a guest asked us what’s in a Mr. Lucky’s Mimosa, we went and found the answer and posted it back. We keep it going.

“It is really easy, when you’re brainstorming about social media, to get caught up in what *you* want to tell *them*, but you have to consider what your audience wants to hear,” said Walker. “You have to come up with things of value, and information that isn’t just a regurgitation of something you’ve already said somewhere else.

“When our social network sites first went up, I can’t tell you how many times I got the question, ‘Well so-and-so has 30,000 followers; why don’t we have 30,000 followers?’ You’re not going to get them overnight. You have to be constantly engaged and putting things out there that are of value to make people pay attention. When somebody starts paying attention to you, they’re going to spread it to their friends, and that’s how you gain your followers.”

A positive social network presence requires that you be a contributing member of the online society, said Johnson. “You’re part of an ecosystem and a community. To be a part of it, you need to pay it forward. If you answer questions and help people out, then you’re going to be helped out. You’re going to get followers or readers or fans who are actually advocates for your company or your brand.”

### Respond to both the positive and the negative.

“Obviously the dream is that everything that is said about you is positive, but that’s just not a reality,” said Walker. “Credibility comes from having both the good and the bad on those sites. On the social media sites where you can respond, respond to both the good and the bad. When a hotel responds and people believe it, that gives you credibility.

“The other aspect of this is owning up to things. For example, about a year and a half ago, when we were going through a big expansion, we had a lot of construction going on. There were some complaints about it, so we altered our strategy on our e-mails and social media and started giving people a heads-up about it.”

Consumers may have read the negative reviews about the construction, but they also saw the response, said Johnson. “If the hotel takes the time to respond, people viewing that conversation will at least make a mental checkmark and say, ‘Okay, this hotel is listening and they’re responding. The hotel is under construction, but I’m getting a better rate, and they seem to handle these problems, so I’m going to book anyway.’ That’s really 90 percent of the battle.”

■ “Remember that it’s not just about getting promotions out there, but about what customers want to see, what’s useful and important to them. You will fall flat if self-promotion is all you’ve got. That’s not enough to keep the conversation going.”

**Lauren Walker, Internet Marketing  
Manager, Hard Rock Hotel & Casino  
Las Vegas**

## Make use of the volumes of information found in social media.

There is valuable insight contained in all the user-generated content on social media sites. But how do you dig it out of dozens of review sites, thousands of blogs, millions of Facebook posts and billions of tweets?

“With social media, hotels and casinos have access to a rich new data source,” said McGuire. “There are already tools and techniques available that you can use to leverage it.” These analysis tools fall into three broad categories:

- **Descriptive statistics.** How many Twitter followers do I have? How many reviews were generated on Facebook? Is this changing month over month? Are we seeing a positive trend? Are my customers’ conversations shifting more toward one channel or another?
- **Social network analysis.** You can follow the links among fans and followers to identify the connections of influence as well as the biggest sources of influence, the individuals who have the most followers or the editor or blogger who has the largest readership.
- **Text analytics.** Evaluate the *content* in online conversations. Because these conversations are public, you can analyze reviewers of your competitors and compare them against yours. “This is a phenomenal opportunity that the industry has really never had before,” said McGuire.

The text analytics part of it is an emerging science with exciting potential. This piece alone has several different elements to it:

- **Content categorization.** The system scans through a piece of information and categorizes it based on content. This technology can be very helpful for scanning online comment cards and other reviews, and organizing them by category.
- **Text mining.** In the same way that you can use data mining to explore data in your databases and establish relationships, you can now do the same thing with text. “You can dig around in volumes of unstructured data and look for linked concepts,” McGuire said. “You start to uncover relationships among conversations and among linked concepts and see whether they are significant or not.”
- **Sentiment analysis.** “It is incredibly useful to apply this technique to online reviews and comments,” said McGuire. “Sentiment analysis categorizes conversations as ‘positive,’ ‘negative’ or ‘neutral,’ based on the words people use. The technology gets down to very specific elements and can separate positive and negative remarks within a single comment, such as ‘loved the bed, the air conditioner was too loud.’”

You can classify and categorize these sentiments, look at trends over time, and see significant differences in the way people speak either positively or negatively about you. Furthermore, you can compare sentiment about your brand to your competitors. “This is an incredibly powerful way to look at this data,” said McGuire. “There’s just so much potential in this emerging area. It is a natural fit for the hospitality industry.”

“Once you have your social media strategy in place – and you’re being tactical in responding, monitoring and tracking – you have a huge opportunity to leverage some really relevant and powerful information. That is where a lot of the value in social media will be found.”

**Kelly A. McGuire, PhD,**  
**Director of Business Development for**  
**Hospitality and Gaming, SAS**

### Continuously refine the text analysis model.

An industry-specific text analytics package will already know the vocabulary of the industry. But you will probably want to fine-tune the system over time to continuously improve results and insights.

“The system will have basic linguistic rules built into it, but it learns over time and gets better and better,” said McGuire. “Much as you would tune a statistical model as you get more data, better parameters or new techniques to deliver better results, you would do the same thing with the natural language processing that goes into sentiment analysis,” said McGuire. “You set up rules, taxonomies, categorization, meanings of words, you watch what the results look like, and then you go back and do it again.”

For example, suppose the model was tuned to recognize “not” as a negative when it appears within three words before an adjective. This system could easily distinguish between the positive sentiment, “The bed was very comfortable,” and the negative sentiment, “The bed was not very comfortable.” But you might find that it misses comments such as, “The bed was not, in our experience on this particular stay, very comfortable.” The linguistic rules could be refined to capture more nuances each time.

“You can incorporate as much of your own customization as you want, or as little, depending on what you want to get out of it,” said McGuire. “But it doesn’t have to require an army of people, and doesn’t have to be a behemoth software package.”

### Identify and court your most powerful influencers.

When social network analysis has identified your biggest influencers – the hubs and their circle of contacts – you can direct targeted marketing efforts toward them. For instance, a cruise line could identify avid cruisers who have a large following for their posts and reviews, and invite them to experience a new itinerary or take a test voyage on a new ship about to be launched.

“Obviously, you have got to deliver in that test voyage, because they will say their true opinions,” said McGuire. “That’s what their readers want to hear. But now you have the opportunity to identify the folks who are going to give you the biggest bang for the buck, and get real genuine and authentic feedback. That’s really exciting.”

Understanding the sources of influence also enables you to proactively manage your reputation, McGuire added. “If you can stay on top of the way influential people are talking about you, and intercept problems before they happen, you can prevent a negative spiral in brand image that would lead to decreased bookings or revenue.”

■ “In social media, you are part of an ecosystem and a community. To be a part of it, you need to pay it forward. If you answer questions and help people out, then you’re going to be helped out. You’re going to get followers or readers or fans who are actually advocates for your company or your brand.”

**Mark G. Johnson, Founder and Publisher, HotelChatter and Jaunted Web magazines**

## Capitalize on the immediacy of new mobile social media.

The überconnected, mobile, online community is atwitter (no pun intended) about location-based social networking, such as the Foursquare phone app that offers GPS-aware social networking.

“Foursquare is starting to catch on, and people are starting to sit up, take notice, and actually use it,” wrote Jennifer Van Grove in “Foursquare: Why It May Be the Next Twitter” (a July 2009 post on the blog Mashable: The Social Media Guide). “Foursquare is one of the more practical location-based social networking applications, and its value can only truly be gleaned by actually using it.”

Hotel guests could check in via Foursquare when arriving at the property, announce their presence and earn points in the Foursquare realm. “This is a huge opportunity for hoteliers and gamers alike, because you know somebody is there, now you can make an offer to them,” said Johnson. “Whether it’s just extending your loyalty program ... or making an offer for a free drink if they show up at the hotel’s new bar.”

“All of our venues are on Foursquare, but really it’s just to get our feet wet in that space,” said Walker. “It’s so new, we haven’t really found our footing there, but I think it’s going to become more and more important to us to participate on that avenue as well.”

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## Closing Thoughts

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It can be difficult to justify social media investments to executives when those programs have yet to generate significant measurable revenue. Hotels and casinos can point to bookings made through social media promotions. Assuming this is incremental revenue – not cannibalized from sales in other channels – this is your best bet in the short term to make a business case.

But revenue is only part of the picture. As with all marketing and public relations efforts, there is intangible value as well.

“We have to think about the value we’re getting from understanding our brand and the way the brand image is changing over time,” said Pearo. “That’s part of the returns you’re getting from social media. To justify the spending, we really need to figure out how social media integrates with other channels, how it affects our direct mail campaigns, and how it affects our branding.”

“When we design the programs, we need to put interim measurements in. If we’re not going to be able to measure revenue at the end of the day, we have to figure out what we can measure and be able to use that on an ongoing basis to justify continued investment.”

■ “There is a dichotomy in determining ROI. There’s ‘heads in beds,’ which is easy to measure, but there is also brand integrity. I have talked to hoteliers who have had success in attaching ROI to specific case studies, such as improving F&B or events. They really focus their tweets or Facebook pages on that particular goal – and show results that can be attributed to the social media.”

**Mark G. Johnson, Founder  
and Publisher, HotelChatter and  
Jaunted Web magazines**

Walker agreed: “Obviously the easy one for us to show ROI is the bookings that we get directly. That’s easy for us to explain to our execs: ‘We put this program out; we got this many bookings, and here is the ROI.’”

“It is harder to measure what social media is doing for our brand integrity and loyalty. You can’t put an ROI on loyalty. Maybe these people aren’t booking right at that moment. But when they do go to book, they’ll probably remember us. We can’t really attribute that solely to the social media, but in reality, it really is helping us to maintain top of mind with these consumers.”

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### For More Information

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Find research, publications reports, news archives and more from the Cornell University Center for Hospitality Research at [www.hotelschool.cornell.edu/research/chr](http://www.hotelschool.cornell.edu/research/chr).

For more about analytics for the hospitality and gaming industry, visit SAS on the Web at [www.sas.com/industry/hospitality](http://www.sas.com/industry/hospitality).

*This webcast was the sixth in a seven-part series, Insights and Innovations for Hospitality and Gaming, sponsored by the Center for Hospitality Research at Cornell University’s School of Hotel Administration and SAS. Each webcast highlights a hot topic in the hospitality and gaming industry, including data quality, labor planning, customer loyalty programs, sustainability and more.*



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