

# ASSESSMENT OF UTILIZATION OF SOCIAL MEDIA MARKETING FOR PROVIDING RELIABLE INFORMATION-BASED DECISION MAKING FOR BUSINESS SERVICE EXCELLENCE IN HOTEL SECTOR

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## ABSTRACT

*Companies use social media to improve efficiency in their supply chains in addition to build new business models of relationships with customers, employees, investors and other stakeholders. However until now, the purpose of utilizing social media for the service business sector has not been widely verified empirically in various studies, making some managers view that social media is not an effective means of promotion for service businesses. Adverse decisions can be made because of lack of information about the benefits of social media for marketing. This article attempts to analyze the extent to which companies are capable of using social media as a basis for marketing excellence. This study provides reliable constructs of utilization of social media marketing in order it can be useful information and materials of information decisions making for managers in hospitality industries. The sample in this study consists of 177 general managers and marketing managers in three to five star hotels in Jakarta based on data from the Jakarta Statistic Center in 2016 and the Indonesian Hotel and Restaurant Association (PHRI). Statistical test results show that the constructs of utilization of social media marketing includes means of retaining customers, customer improvement effectiveness, actively communicating with customers, intensively attracting customers, and proactively capturing customers. These results can implicitly direct and make the right decisions on the ways that service organizations can use social media as the main source of big data information.*

**Keywords:** Social Media Marketing, Service Business, Customer Improvement Effectiveness, Intensive Communication, Information Based Decision Making

## INTRODUCTION

Social media is about answering basic human questions, namely how to help one another (Emily et al., 2009). These basic communication ideas will develop and must remain focused as marketers to navigate the world of social media. Marketers are now encouraged to keep the lines of communication open with consumers in order to create real value for their customers. Marketing and social communication are all about creating value for everyone (Wright et al., 2010). Elements of social media that generate business opportunities for companies to extend their brands often have the same elements and have created risks related to information technology (Budiharseno, 2017). Like the boundless nature of social media itself, various risks surrounding social media can be borne by several functions of the company at the same time.

Companies are challenging to understand how, when and where to engage in information technology functions or risk coverage gaps. Law, compliance, regulatory issues, operational relationships and all things related to the public become a potential list of risks associated with information technology (Prayogo, 2018), so that social media can ultimately lead to customer erosion, market share and income. For example in most popular sites (twitter, facebook and linkedIn) users can create company profiles and communicate on behalf of the organization through social media channels. This can make the market asymmetry of information because of several messages with different audiences, as well as company policies and practices (Awolusi, 2012).

Companies use social media to improve efficiency in their supply chains. Other objectives are to use social media to build new business models of relationships with customers, employees, investors and other stakeholders. The next goal is to use social media to strengthen the brand, customer loyalty and increase market share. But besides the many opportunities that result from using social media and there are also many new challenges. Social media and everyone who has internet access can quickly build a corporate brand but, at the same time, can destroy it. Many potential challenges include data security, privacy issues, regulatory and compliance requirements that companies must observe when engaging in social media.

Some companies answer the challenge of social media to quickly implement responsive solutions (Nugroho et al., 2017). This approach often causes loss of time, energy and money as an executive because it is forced to react to issues related to other social media that respond negatively to information provided by the company. The company's strategy must be carried out holistically so that the company's social media strategy covers all efforts to protect, strengthen the brand and be flexible enough to accommodate changes and technological progress. The holistic approach covers all organizational lines, influencing human resources, information technology, law, marketing, sales departments, customers and suppliers. Only by building a broad and comprehensive approach to social media can an organization be effective and clear, so that effective strategies are needed to protect and strengthen the company (Taylor et al., 2012).

This article attempts to analyze the extent companies can use social media as an information source for directing making decisions as a basis for marketing. This is based on the fact that although there are many Companies using social media to improve efficiency in their supply chains, new business models of relationships with customers, employees, investors and other stakeholders, the purpose of utilizing social media for the service business sector has not been extensively researched by previous studies. It is widely verified empirically in various studies, making some managers view that social media is not an effective means of promotion services. Adverse decisions can be made because of the lack of information about the benefits of social media for marketing.

## LITERATURE REVIEW

Social media is a medium for expressing opinions openly and commenting on anything written by others. Communication that occurs in social media is two-way, so this communication creates a community quickly because of the same attraction with each other. Social media can encourage social change that is expected as stated by Aaker & Smith (2010) because social media does not only bring distance and close the time but has the potential to encourage change. The definition of social media is expanded to democratize information to convert people from

content readers to content publishers. This is a shift from the broadcast mechanism to many models to many that are rooted in conversations between writers, people and peers. Based on this definition, the fundamental elements of social media are known, first, social media involves different social channels and online becomes the main channel. Second, social media changes over time, meaning that social media continues to grow. Third, social media is participatory from viewers who are considered creative so they can provide comments (Evans, 2008).

Erdoğan & Cicek (2012) show that marketing through social media will have an impact on brand loyalty. Moisescu & Allen (2010) found that there are three main dimensions that make up brand loyalty, namely brand satisfaction, repurchase with the same category brand (repurchase the brand in similar context) and recommendations. There are two additional dimensions that shape brand loyalty, namely repurchased the brand in the case of price increases and repurchased the brand in the case of distribution decreased (Moisescu & Allen, 2010). Mohammadpour et al. (2014) found that in his research on the influence of social media marketing on online shopping based on social media marketing, value capital, relational capital, brand capital and e-shopping customers. The results showed that social media marketing was significant to value capital, relational capital, brand capital and e-shopping customers. Three variables of value capital, relational capital and brand capital have a positive and significant effect on e-shopping of customers. Clark & Melancon (2013) show that social media and relationship investment have a positive and significant relationship. Simon et al. (2015) show that in the new digital era, little marketing communication is known about how social media and brand interactions influence how consumers think and feel about brands and how these interactions affect the desired marketing outcomes.

Companies generally agree that communication between brands, consumers and online communities in business is a more effective method of connecting with customers (Mooney, 2009). Marketing methods by utilizing online communities to develop relationships between brands, individual and community consumers from social networks to share information, ideas and interests. Amis (2007) argues that the internet has helped to shape a market where brands are driven by customer needs, the future of marketing and public relations. Skepticism about social media is no longer an issue, that companies must use social media to build a culture of mutual trust between marketers and consumers (Hennig-Thurau et al., 2004). Target markets depend on online communication skills to make decisions (Table 1). Today's generation no longer has a limited network of friends, family and coworkers which is more precisely they are part of a larger network of people from all over the world who have very different lifestyles and are connected to their own large networks (Kabani & Brogan, 2010).

**Table 1**  
**INDICATORS OF UTILIZATION OF SOCIAL MEDIA MARKETING**

No.	Indicators	Theoretical Foundation
1.	Proactive in capturing customers	Blanchard, 2011)
2.	Intensity in influencing consumers	Lynes et al., 2014)
3.	Actively communicating with customers	Kotler & Armstrong, 2010

4.	Effectiveness of increasing customers	Constantinides, 2004
5.	Means of retaining customers	Laroche et al., 2012

According to Tuten (2008), the trend in the realm of online advertising and branding in recent times is the growth and popularity of social communities and the potential to enhance communities with social media as a form of marketing techniques. The findings of several studies indicate that buyers will visit an Internet site to gather information and consider online recommendations from peers when making final purchasing decisions (Marken, 2007; Kho, 2008; Scott, 2009). Consumers tend to accept and trust the opinions and recommendations of online colleagues as a reliable source (Bickart & Schindler, 2002; Flanagin et al., 2006; Feuls et al., 2014; Zarrella, 2010). Besides that electronic Word of Mouth (eWOM) has been empirically proven to influence purchasing decisions and lead to increased sales (Hennig-Thurau et al., 2004).

The use of social media marketing is a process that empowers individuals and companies to promote their websites, online products or services and through social channels to communicate with a much larger community that is not possible through traditional advertising channels (Drury, 2008).

## RESEARCH METHODS

The population in this study were General Manager and Marketing Manager at Three-Five Star Hotels in DKI Jakarta based on data from the DKI Jakarta Statistic Center in 2016 and the Indonesian Hotel and Restaurant Association (PHRI). The total population of the study was 177 respondents.. From the data, it was then reviewed to find out the amount of data that could be used for research. Not all respondents fill or write open questions but questions related to measurement have been answered well by the respondent. After reviewing, it turns out that the amount of data that can be used for research is 123 respondents. Therefore, the response rate was 69.50%. Data collection methods that will be used in this study are structured interviews using personal administered questionnaires.

Utilization of Social Media Marketing (SMM) is defined as the use of an interactive internet-based communication network for marketing that is used by marketers in establishing relationships with customers, with the proactive indicator capturing customers, intensely influencing customers, actively communicating with customers, increasing effectiveness of customers, and retaining customers.

This study attempts to validate items measuring social media use, so the data analysis tools used were convergent validity and the reliability of the Kolmogorov-Smirnov test (K-S test). This validity indicates that the indicator of a specific construct must converge to a higher variance. The requirement that must be met is the standardized loading estimate value must be equal to 0.50 or more with an ideal value of 0.70 (Ghozali, 2006).

Reliability is a measure of the internal consistency of indicators of a construct that shows the degree to which each indicator indicates a common construct/latent factor. The minimum reliability value of the dimensions of latent variables that can be accepted is 0.70. The dimension reliability value is obtained through the following formula (Ghozali, 2006):

$$\text{Construct - Reliability} = \frac{(\sum \int \text{Std loading})^2}{(\sum \int \text{Std loading})^2 \varepsilon_j}$$

Descriptive data on respondents' answers was used as basis for calculating the index number. This analysis was conducted to obtain a descriptive picture of the respondents of this study, specifically regarding the research variables used. This analysis is carried out using an index analysis technique, to illustrate respondents' perceptions of the questions raised. The index value formula used is as follows (Ferdinand, 2011):

$$\text{Index Value} = \{(\% F_1 \times 1) + (\% F_2 \times 2) + (\% F_3 \times 3) + (\% F_4 \times 4) + (\% F_5 \times 5) + (\% F_6 \times 6) + (\% F_7 \times 7) + (\% F_8 \times 8) + (\% F_9 \times 9) + (\% F_{10} \times 0)\}/10$$

Where, Fn is the frequency of respondents who answered value of n (the score used in the questionnaire). The scoring technique used in this study is a minimum of 1 and a maximum of 10, then the resulting index number ranged from 10 to 100 (Table 2).

<b>Table 2 INDEX VALUE RANGE</b>		
10.00-40.00	40.01-70.00	70.01-100
Low	Medium	High

## RESULTS AND DISCUSSION

### The Respondents' Perception Index

The respondents' perception index was measured from the average value of the value obtained in each item. The variable utilization of social media marketing is measured using 5 indicators, through 5 question items. The results of descriptive statistics using the index number measurement technique are as presented in Table 3.

Based on the results of the calculation of the index value of the use of social media marketing variables presented in Table 4, it can be seen that the index value of the variable utilization of social media marketing obtained is equal to 70.14. This value of 70.14 shows that the index value of the variable utilization of social media marketing is in the high category.

From the measurement of reliability in the table above, it can be seen that the value of the construct reliability value of the variable of social media marketing is 0.840 and the variance extracted value of the variable of social media marketing is 0.515. The test results above show all reliability values are above 0.7. This means that the results have met the measurement reliability requirements. Likewise, for extracted variance values, all are above 0.5. This means that the results have met the good extraction factor requirements. Based on the loading factor value and the value of the construct reliability, the five question items are reliable.

**Table 3**  
**INDEX VALUE OF UTILIZATION OF SOCIAL MEDIA MARKETING**

Utilization of Social Media Marketing		% Respondent's response										Value	Index
		1	2	3	4	5	6	7	8	9	10		
Proactive in capturing customers	% F	-	-	-	0.58	6.94	16.18	31.21	25.43	19.08	0.58	100	73.35
	% FxS	-	-	-	2.31	34.68	97.11	218.5	203.47	171.68	5.78	734	
Intensively affects customers	% F	-	-	-	-	6.94	21.39	22.54	28.32	20.23	0.58	100	73.53
	% FxS	-	-	-	-	34.68	128.32	157.8	226.59	182.08	5.78	735	
Actively communicating with customers	% F	-	-	-	9.83	5.2	15.61	23.7	21.97	20.81	2.89	100	71.68
	% FxS	-	-	-	39.31	26.01	93.64	165.9	175.72	187.28	28.9	717	
Effectiveness of increasing customers	% F	0.58	-	-	10.4	9.25	15.03	25.43	23.12	15.61	0.58	79	60.46
	% FxS	0.58	-	-	41.62	46.24	90.17	178.03	184.97	140.46	5.78	605	
Means of retaining customers	% F	-	-	-	9.83	5.2	15.61	23.7	21.97	20.81	2.89	100	71.68
	% FxS	-	-	-	39.31	26.01	93.64	165.9	175.72	187.28	28.9	717	
Mean												70.14	

Based on Table 5, after testing the validity for indicators of utilization of social media marketing it can be concluded that all questions that will be asked to the respondent are valid, it can be seen that the CR value for all indicators (means of maintaining customers, increasing customer effectiveness, actively communicating with customers, intensively capture customers and proactively capture customers)  $>1.96$  and p value  $<0.05$ . Utilization of social media marketing is built with five indicators which include:

1. Means of retaining customers
2. Customer improvement effectiveness
3. Actively communicating with customers
4. Intensively attracting customers
5. Proactively capturing customers

The results of testing show that all constructs can reflect the benefits of using social media, and the ways that service companies need to do, especially the hospitality industry to improve company performance. Statistical findings show that customer improvement effectiveness has S.E and C.R of 0.159 and 8.021, actively communicating with customers has S.E and C.R of 0.135 and 6.897, intensively attracting customers has 0.135 and 6.988 for S.E and C.R, and proactively capturing customers has S.E of 0.124 and C.R of 7.388. This means that the way to utilize social media for business services is with the customer improvement

effectiveness, actively communicating with customers, intensively attracting customers and proactively capturing customers.

**Table 4  
CONSTRUCT RELIABILITY AND VARIANCE EXTRACTED**

Indicators	Std. Loading	Std. Loading <sup>2</sup>	Error	Construct Reliability	Variance Extracted
Proactive in capturing customers	0.622	0.387	0.613	0.840	0.515
Intensity affects customers	0.792	0.627	0.373		
Actively communicating with customers	0.702	0.493	0.507		
Effectiveness of increasing customers	0.729	0.531	0.469		
Means of retaining customers	0.731	0.534	0.466		
$\Sigma$	3.576	2.573	2.427		

**Table 5  
EFFECTS OF UTILIZATION OF SOCIAL MEDIA MARKETING**

Relationship			Estimate	S.E.	C.R.	p
Means of retaining customers	<---	Utilization of Social Media Marketing	1.000			
Customer Improvement Effectiveness	<---	Utilization of Social Media Marketing	1.278	0.159	8.021	***
Actively Communicating with Customers	<---	Utilization of Social Media Marketing	0.929	0.135	6.897	***
Intensively Attracting Customers	<---	Utilization of Social Media Marketing	0.943	0.135	6.988	***
Proactively capturing customers	<---	Utilization of Social Media Marketing	0.917	0.124	7.388	***

This means that the higher utilization of hotel social media marketing will be more likely to attract more consumers and ultimately increase the marketing performance of the hotel. In other words, control activities that include proactively capturing customers, intensely attracting customers, actively communicating with customers, effectiveness of customer enhancements and means of maintaining customers if implemented properly by General Managers of Hotels and

Marketing Managers will be able to improve sales knowledge and skills. owned by salespeople. So it can be concluded that the higher utilization of social media marketing, the higher the marketing performance can be accepted. This shows that the variable utilization of social media marketing can improve marketing performance in the General Manager and Marketing Manager in 3-5 star hotels in the DKI Jakarta area.

Bhanot & Srinivasan (2014) in their study mentioned that social media is a new breakthrough in marketing that has businesses, organizations and brands jumping to create news, make friends, connections and followers and build communities in virtual spaces. The purpose of this research is to understand the impact of social media on how Indian companies adapt their marketing strategies to include it in social media. Stephen & Galak (2012) in their research stated that social media marketing has changed dramatically in the past ten years, from traditional media (newspapers or television) to social media (blog or discussion forum). This new media landscape is not well understood with regard to:

- a) The combined impact of traditional and social media on marketing performance (sales)
- b) How these types of media influence each other
- c) Mechanisms through which they influence marketing outcomes.

## CONCLUSION AND IMPLICATION

Using social media for service business is also an efforts of making a personalization of marketing that has individual targets in a particular audience and uses various methods and technologies to convey specific messages to them. The process varies from traditional marketing targets which usually involve sending messages uniform to a particular audience. The aim of the hotel is to increase revenue and reduce inventory. A hotel information will be sent to customers to direct them to a private URL in gathering information about guest preferences. After detailed analysis, letters will be sent to these customers to offer discounts and other promotional offers to encourage them to come to the hotel. Using this procedure, company management sees a significant increase in revenue and successfully retains its customers. The vision of efficient and personal services is the most important thing to ensure that employees are committed to providing quality services. IT systems are standardized in all parts of the company in the organizational culture to be developed that emphasize the need to capture opportunities and disseminate useful information to each customer. What are the implications on employees, awareness, and training?.

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