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For my father

Foreword

Social Media in Tourism: The ICT—Word-of-Mouth (WOM) Synergy

Business strategies, tactics, and instruments for communicating with customers and other stakeholders have been transformed significantly with the emergence of the phenomenon known as social media, a variety of new sources of online information, mainly based on customers' content contribution, but to a certain extent also firm-driven. In this regard, Mangold and Fauld (2009) underline that social media may be consistent with the use of traditional Integrated Marketing Communications (IMC) tools. They argue that social media could be a hybrid element of the promotion mix that combines some of the characteristics of traditional IMC tools with a highly magnified form of Word-of-Mouth (WOM) communications. In other words, social media, enabling customers to talk to one another, can be considered an extension of the traditional WOM communication.

The role of social media appears to be exalted in businesses where WOM has a greater impact: especially the services industry (high risk and intangible-dominant products). Since some decades ago, literature has already affirmed that WOM is a more important input to the decision process when purchasing services, rather than goods (Murray 1991).

The specific nature of services provided by hospitality and travel firms has been a fertile terrain for the rapid widespread and use of social media by travelers and consequently by tourism operators. However, although many tourism firms have started to develop social media actions, the industry has not yet fully exploited the potential of this emergent data and communication resource (Noone et al. 2011), especially toward the potential of customer engagement.

These and other relevant research topics on social media marketing in tourism and hospitality are addressed in the present book, written by Roberta Minazzi.

The author offers an in-depth study of the impacts social media exert on tourism demand and supply sides. The research is implemented by means of both an

updated literature review and an investigation of current business practices and experiences.

Social media research is an emerging research field that has received increased attention from tourism scholars of various disciplines in order to understand the consequences on tourists' behavior, decision making and corporate communication. The book enriches this stream of research and represents a valuable contribution for a better understanding of social media implications for tourism and hospitality.

Presenting this book is the occasion for discussing two topics that draw the attention of academics and that are relevant for practitioners, in light of social media growth:

- (a) the relationship between Traditional Marketing Communication and WOM;
- (b) the implications for financial valuation of brands (Brand value).

Traditional Marketing Communication Versus Word-of-Mouth

Corporate marketing communication and especially advertising had been comprehensively studied in social sciences for a long time. The traditional approach of communication had generally been seen as mono-directional, mainly considering the firm as the active subject and the consumer, or more in general audiences, the passive receivers. The advent of the Internet has brought about a revolution, highlighting the role of WOM. By means of Web 2.0 and Social media, individuals can make their thoughts, opinions, and personal feelings easily accessible to the global community of Internet users (Dellarocas 2003).

In practice, social media use and importance are grounded on the synergy between WOM and Information and Communication Technology (ICT). Furthermore, some scholars argue that electronic WOM (eWOM) represents a form of communication that provides a mechanism to shift power from companies to consumers (Hennig-Thurau et al. 2004).

The analysis of publications databases (see Fig. 1) points out that academics' interest on the topic of WOM has been substantially modest till 2005. Instead, only in the last decade scientific contributions and referrals on the subject have dramatically increased.

My interest in WOM is dated more than 12 years ago. It was in 2002 that, on occasion of an Italian Conference dealing with Corporate Communication, I prepared a paper (titled *The Quality of Firm's Output as Factual Communication: The Role of WOM*, published in the academic journal *Sinergie*, Mauri 2002) that aimed to point out and highlight the crucial role of WOM in driving customers' behavior and in the formation of brand equity. I stressed the key role of the link product quality—customer satisfaction—WOM—brand equity/value. More generally, it can be also said that firms communicate with all their structures, actions, outputs, and network of relations (Baccarani and Golinelli 1992). These remarks, at that time, faced a mainstream, that was still focused on the central and active role of

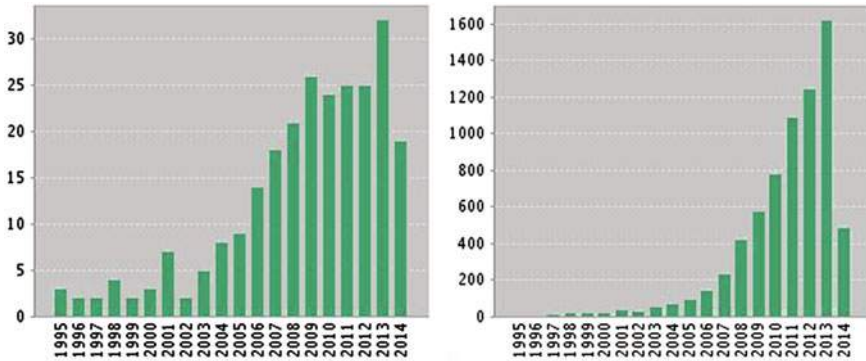


Fig. 1 Scientific articles containing “word-of-mouth” in the title, and relative citations. *Source* Report generated with Web of Science, June 2014. Articles belonging to the Social Sciences Domain and written in English

corporations and on their huge investments in advertising addressed to a (more or less) receptive audience. Even if the role of WOM was understood as an existing and significant phenomenon, it was often underestimated, both by academics and by practitioners, especially by advertisers and media professionals. A strong and consolidated alliance between firms’ managers and advertisers was devoted to support and foster communications budgets, prominently advertising expenses on traditional media. At that age, for instance, even the work of advertising agencies was almost completely remunerated in proportion to the budget (commission-based compensation) and not in relation to the activities conducted or to the effectiveness of the communicative actions implemented.

However, even today, it is still open the discussion of the relationship between traditional advertising and WOM (offline and online). Also, some intense discussions on social media deal with this subject (i.e., “Is Word-of-Mouth Better Than Advertising?” started by Prof. J. Berger).

According to some opinions, WOM (and particularly eWOM) may be a substitute for advertising. In fact, web users who employ online WOM as a source of information during purchase decision making do not identify advertising as playing a significant role. This result supports the approach that considers the increasing participation in WOM a cause of the effectiveness decrease of television advertisements (Awad et al. 2004). Companies can acquire customers “through costly but fast-acting marketing investments or through slower but cheaper WOM processes” (Villanueva et al. 2008). In particular, WOM referrals have been demonstrated to have a strong impact on new customer acquisition (Trusov et al. 2009).

Some others authors, instead, suggest that WOM and advertising have different effects on demand (Bruce et al. 2012) but, if combined, WOM often complements and extends the effects of advertising (Hogan et al. 2004).

In my opinion WOM will have an even more prominent role in the future, but to a certain extent will be moderated by corporate communication. Finally, I would

like to remark that the production of WOM is widely thought to be an outcome of customer experiences with products, especially services. Among them, hospitality services are a field of intense generation of WOM. Consequently, social media, customer satisfaction, and guests' opinions and reviews may have a crucial impact on purchasing decisions (Mauri and Minazzi 2013).

WOM, Advertising and Brand Valuation

The debate between advertising and WOM can also be connected to the methods used by operators to value firms' intangibles and especially brands, for accounting purposes or in case of acquisition.

In 1991, Itami and Rohel suggested that successful corporate strategies depended significantly on the foundation of invisible assets—resources such as technical know-how, brand name, and customer base (Itami and Rohel 1991). Through the analysis of intangible market-based assets it is possible to achieve a better understanding of business performance, reconciling short-and long-term performance as well as bridging marketing and shareholder value (Christodoulides and De Chernatony 2010).

Brand equity has been a popular topic within marketing research. Studies of some scholars like Aaker, Farquhar, and Keller are well known. Raggio and Leone (2007) distinguish between brand equity and brand value. The first is conceived as an intrapersonal construct that moderates the impact of marketing activities while brand value is defined as the sale or replacement value of a brand.

Keller and Lehmann (2003) underline that “the value of a brand ultimately resides with customers”. They assume that the brand value creation process begins when the firm invests in marketing activities that influence the customer “mindset” with respect to the brand—what consumers know and feel about the brand.” This affects how the brand performs in the marketplace and is ultimately valued by the financial community. Then, the Brand value chain comprehends four value stages: Marketing Program Investment, Customer Mindset, Brand Performance, Shareholder Value.

Coming to the valuation methods commonly used for assessing the value of brands and their classification, Salinas and Ambler (2009) observe that “Classification is complicated by specialist firms seeking to differentiate methodologies (‘proprietary models’) for their own marketing purposes. Much of this differentiation is little more than re-labelling”.

However, in general terms it is possible to recognize three brand valuation approaches (Cravens and Guilding 1999; Guatri and Bini 2005):

- (i) cost-based approaches, grounded on the cost historically incurred by the firm or on the cost estimated to recreate, replace, or reproduce an asset of similar utility;

- (ii) market-based approaches, prices expected to be realized if the brand were sold in an open market;
- (iii) income approaches, based on estimating the expected future, after-tax profit (or net cash flows) attributable to the brand, then discounting it to a present value using an appropriate interest rate.

In the present note we will briefly discuss the first type of approach as it is particularly affected by the changes occurring in the communication and marketing environment.

The cost-based methods determine the value of a brand by considering the costs incurred in creating and developing the brand itself. The costs to be contemplated are the actual historical figures associated with acquiring, building, or maintaining the brand. These methods are supposed to be considered the most conservative and they comply with the standard accounting practice for valuing assets (Seetharaman et al. 2001). Thus, they are often well thought by accountants. However, the reliability of these methods may be only apparent. First, understanding and choosing the costs to be taken into account is widely an arbitrary choice. Furthermore, when the historical (and actual) costs are considered, the problem of the grade of efficiency and effectiveness of advertising and other marketing initiatives carried on by the firm arises. Also, the time horizon used for choosing the costs might be a problem in the case of mature (old) brands. However, it is important to observe and remark that in many cases the value of the brand may be founded only (or mainly) on the performance of the branded products, which drives customer satisfaction and WOM.

Crucial questions emerge even when the road of valuing the reproduction costs of the brand is chosen. Also in this case arbitrary decisions and assumptions must be made: promotional and media mix, budget requested, time duration, sector and market environment (and competitors' conducts), economic cycle dynamic, etc. The advent of social media, that reduces the role of advertising expenses, makes this kind of evaluative decisions even more complicated and risky. In conclusion, we believe that the profound transformation that is characterizing communication matters will significantly affect experts' approaches toward brand valuations, making appraisals more difficult and requesting a sound accounting and marketing knowledge in the valuator's professional profile.

Aurelio G. Mauri

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Preface

The progress of Information and Communication Technologies (ICTs) has been transforming the tourism sector from the points of views of both industry structure and business practices and strategies (Buhalis and O'Connor 2005; Buhalis and Law 2008; Law et al. 2008). In particular, Web 2.0 and its applications (Social media), and a widespread connectivity, have generated a deep change in travelers' habits and expectations (Leung et al. 2013; Xiang et al. 2014). Recent statistics show that the influence of social media on purchase decisions is growing across all regions around the world (Nielsen 2012) with nearly 70 % of customers who hear experiences of other clients before purchasing a product. The modern consumers are more demanding and willing to actively interact with brands. They are looking for personalized services and engaging experiences with other customers and with brands (learn more about products, compliment brands, complaining about a product/brand). Furthermore, social media users are more likely to pay attention to personalized ads in the social media environment, according to their profile information (Nielsen 2012). Therefore, Social media give to marketers the opportunity to engage with consumers, becoming also an important channel for customer care: "Social Media Customer Care" (SMCC).

The transformation of demand habits is supported by the phenomenon of social media proliferation, along with the spread of mobile devices (smartphones, tablets), more and more used to access to social media (PhocusWright 2013).

Considering these trends, and the consequent even more significant power to drive the conversation with the firm that social media give to customers, it is more and more important for firms to synchronize with "social" consumers' expectations (Minazzi 2012). Therefore, travel companies should fully understand the influence social media can have on their strategies in order to develop appropriate approaches through an integrated marketing strategy.

The purpose of the present book is to analyze the on-going developments of social media in the tourism sector underlining the effects on the demand and the supply sides by means of the study of both main theoretical frameworks and practical business experiences. Following this objective the book is divided in three main parts.

The first part offers an overview of recent developments of social media and user-generated content. I propose a classification of social media trying to clarify definitions of different concepts, which often overlap (Chap. 1). Moreover, the evolution of electronic word-of-mouth (eWOM), along with main dimensions of analysis, is examined. Specific attention is paid to eWOM credibility and possible biased information (Chap. 2).

The second part provides the analysis of the impacts social media can have on tourists' behavior for each step of the travel planning process (Chap. 3): before leaving (pre-trip), during the stay (during-trip) and after the return (post-trip). In particular, reasons for sharing, dimensions of co-creation and main mediators of the travel experience are examined. This part continues with the evaluation of the impacts that social media developments, and the consequent changing in tourists' habits, can have on travel suppliers, at once, opportunities and a threats for tourism organizations. This ambivalence generates a perception of unsureness (Lagrosen and Josefsson 2011) that slows the process of adoption of social media (Stankov et al. 2010; Leung et al. 2011). By understanding rules and needs of a different environment, in which "social" travelers act, firms are able to develop appropriate policies, to be integrated with other more traditional marketing strategies (Chap. 4).

The third part of the book explores future possible trends offered by mobile technologies (Chap. 5), and possible methods for social media monitoring by means of main key performance indicators (Chap. 6). Information Technology progress and Social media spread, as well as Mobile Social Media development, contribute to the increasing availability of a large amount of multimedia structured and unstructured content about customers and prospects ("Big data"). The ability to synchronize with various target markets allows travel organizations to create a competitive advantage and increase financial and operational performance. Furthermore, engaging customers and prospects by means of social media might increase customer loyalty, foster electronic word-of-mouth communication, and consequently have important effects on corporate sales and revenues. The discussion of the last part of the book encompasses methods to gather, analyze and interpret Big data in order to measure company's performance on each of the social media and to understand the optimal mix that can support and improve business strategies.

My interest in social media marketing stemmed from the research on tourism marketing started at IULM University (Milan) during my Ph.D. in Marketing and communication directed by Prof. Emanuele Invernizzi, who generously offered me illuminating suggestions. My studies continued at University of Insubria (Como) where a cross fertilization of fields enriched my knowledge. I am particularly grateful to Prof. Giuseppe Colangelo, Vice-Chancellor and Director of the Degree course of Tourism Management, Prof. Maria Paola Viviani Schlein, Dean of the Faculty of Law, as well as to Prof. Laura Castelvetti, Director of the Department of Law, Economics and Cultures, for their support and encouragement.

The book is intended as a helpful reference work for researchers, academics, post-graduate students and practitioners in the tourism and hospitality businesses. It

will hopefully provide a better understanding of recent developments of social media and opportunities for travel organizations.

My acknowledgments go to many people who participated in the drafting of this book. In particular, Aurelio Mauri, Associate Professor at IULM University (Milan), who over the years supported and stimulated me in my research and offered me precious insights and advices during the development of this work.

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Anonymous reviewers were extremely helpful in the first stage of my drafting offering valuable suggestions for the development of the present research. Maria Acocella, Assistant Editor of Springer, was particularly understanding in following the whole book processing.

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Como, Italy, July 2014

Roberta Minazzi

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