

## **Study of Digital Marketing Effectiveness for Classified Star Category Hotels in India**

Amol Kumar  
Research Scholar (Ph.D. Reg No. GL 3769)  
Aligarh Muslim University, Aligarh  
amol.nchm@gmail.com  
M: 9811091139

Dr. Asif Ali Syed,  
Associate Professor  
Aligarh Muslim University  
Aligarh

Dr. Ajay Singh,  
Associate Professor  
ABES Engineering College  
Ghaziabad

### **ABSTRACT**

**Purpose:** The ultimate goal of this paper is to find out digital marketing effectiveness for star category hotels in India those which are classified by Hotel and Restaurant Approval & Classification Committee (HRACC), Ministry of Tourism, Government of India (GoI).

**Design/Methodology/Approach:** Extensive literature review are the founding pillars upon which this research-based study has been framed followed by categorising few research papers which have earlier examined related works in India/abroad.

**Findings:** Digital marketing is quite effective for 3 star and above category hotels in India. Optimal utilisation is the key factor.

**Research limitations/ Implications:** This research work is based only out of similar research works of the past and no empirical data was collected specifically for this study.

The findings of this study may be applicable to the star category or equivalent hotels in India or may be abroad. The outcomes cannot be related to other subsectors of the Hospitality industry or other constituents of wider Travel and tourism sector.

Only qualitative data analysis (mainly content analysis) was applied in this study. Incorporation of both Quantitative and Qualitative techniques would have certainly added more value to this kind of study

**Practical Implications:** The results of this study may surely help the hotel marketers to know the effectiveness of important digital marketing tools for hotels and use them strategically. It would also encourage more scholars and researchers from academia and hospitality industry to go about doing digital marketing studies exclusively for hotels in India.

**Originality/Value:** This study investigates an extent to which how digital marketing team can effectively optimise their digital marketing strategies for Indian hotels context. Due to the limited numbers of related papers exclusively undertaken specifically pertaining to digital marketing for Indian hotels, the researchers have tried to examine the past research works of other researchers across the globe.

**Keywords:** *Effectiveness, Digital marketing, Indian hotels, HRACC*

## **INTRODUCTION**

Defining Hospitality can be best explained by questioning the word itself from leading experts in this domain and there is always a chance when there would be different answers like “Welcoming and receiving the guests in a very generous and cordial manner.” “Creating a pleasant or sustainable environment.” “Satisfying a guest need.” “Anticipating a guest’s desires” and many other such kind of variety in responses. Hospitality emerged out of the root word ‘hospice’ which in present days can be best described as a nursing home, hence and it has a clear relation with hospital. Lately Hospitality includes hotels and restaurants and also encompasses other institutions that offers accommodation or meals or both to any bona fide traveller away from their respective homes. The hospitality industry is a kind of service industry; that means the competent professionals working for this industry always extend their support in taking proactive measures for the well-being and care of others as much as they mean for themselves which ultimately results in providing a good enough to Yo-man services to the guest. The quality range or magnitude may vary from one establishment to another simply because the guest satisfaction is dependent on so many factors. In India, hospitality is based on the principle of “*Atithi Devo Bhava*”, meaning "the guest is God".

The recent digital disruption, surge in Information technology and its easy accessibility to common people have instigated the business world, especially hospitality industry to shift towards digital paradigm. The e-connectivity through internet has completely disrupted the way hotel guests or prospects are being engaged with the brand (as a result hotel these days are focussing so much on the Reputation management) and has also made the traditional marketing arrangements superseded with the emergence of new focal arena, i.e. digital marketing.

Digital marketing for the hotels can be described as the promotional practices for mainly showcasing their product offering (which necessarily includes products and services both) with

the means of digital distribution channels via smart phones, computers, and related digital devices. The digital marketing has opened new vistas and channels (digital media as an information resource and communication platform) for the hotels, to sell their products offerings. Important digital techniques used for marketing of hotels are Social Media Marketing (SMM), Search Engine Optimization (SEO), App based Mobile Marketing, web analytics, e-banners, marketing through online pics and videos on different electronic platforms such as e-magazines & newspapers, Landing Page optimization (LPO), Affiliate marketing, Search Engine Marketing (SEM), E-mail Marketing, Content marketing, Blogs based marketing, Big data, Marketing based automation, Internet of Things (IoT), Wearables, Online PR, Communities, Display, Partnerships and many more because of its dynamic nature filled with innovations and to its no surprise, digital marketing patterns gets changed or upgraded very quickly. The marketers still need to explore more potentials that has not been unrevealed so far in order to optimally utilize digital marketing.

The key characteristics of the Indian travellers are changing dynamically, with greater reliance on digital medium as shown by Exhibit-01

**Exhibit-01**

<b>Major Characteristics of present days' Indian traveller: Some Interesting tech facts</b>		
<b>1</b>	Online Travel searches	Most traveller go online & 67% use voice searches for their trip-based researches
<b>2</b>	Mobile friendly	71% rely on smartphones for research & booking and 82% now prefers digital boarding passes and electronic-tickets
<b>3</b>	Avid Social media user	87% refer their friends post of videos and photographs as part of their travel research and 83% admit being online & remain in touch throughout their travel
<b>4</b>	Seeks discounts	85% use sites showcasing price comparisons for materialising their deals even 58% agreed on spending sufficient time for getting best price offers
<b>5</b>	Values online reviews	91% use review-based sites however 52% circumspect their trustworthiness
<b>6</b>	Wants free Wi-Fi	75% select hotel that offers free Wi-Fi

Source: KPMG-FICCI 'Travel and Hospitality gone digital report (2018)

In India, the Tourism ministry lay down series of guidelines for approval of Hotel Projects at the implementation stage, Classification and Re-classification of operational hotels under different types like 1,2,3,4, &5-star (with or without alcohol facilities), Heritage hotels, B&B, etc. Only when the hotel gets operational, it is permissible to apply for the star-based classification to Hotel & Restaurant Approval Classification Committee (HRACC), Ministry of Tourism, GoI. India Brand Equity Foundation (2019), an initiative of Ministry of Commerce & Industry reported that Indian Government has recently been making several efforts to boost investments in hospitality industry.

### **1.1 Research needs**

There lack quality researches on digital marketing when exclusive hotels are considered from Indian context. It is true that plenty of researches are available on larger Travel and tourism sector on global context. Hotels provides a considerable amount of jobs in India and is still going, even during and post COVID 19 scenario it possess several unique reasons to bounce back and grow, has a significant contribution towards India's GDP and is characterized by more or less in offering a recession free environment those who work here, directly or indirectly. Such valid reasons make pressing needs for the researchers to carry this research forward.

### **1.2 Scope of this study**

This study is concerned with digital marketing effectiveness for HRACC classified 3-star and above category, up to 5-star category hotels of India. An exploratory study was priorly conducted by the researchers before commencing this study which suggested that majority of 1 and 2 level star hotels and non-classified hotels in India still lack or resists in the full-fledged adoption to willingly accept the optimum role of digital marketing for their hotels, due to varied reasons, in comparison to 3 star and above, up to 5 star level hotels in India which can be a separate reason for another study conducted by different researchers. Therefore, 1 and 2 level star hotels as well as non-classified hotels of India were not considered as part of this study.

## **LITERATURE REVIEW**

### **1.1 Digital Marketing -An Introduction**

Andrews (2020) addressed 'Digital' as the transaction of information and business from screen to screen and further defined Digital Tourism as the digital support and presence

provided to travellers before, during and after travel activity. Digital marketing also referred as an integrated perspective on leveraging interactive media for marketing (Parsons, Zeisser & Waitman, 1998) or e-marketing, online marketing or web marketing. It includes wider range of digital and network communication technologies in the pursuit of marketing-based objectives.

Kamble (2019) found that Digital Marketing's annual growth rate in India is around 25-30%, has surpassed 500 million Internet based by 2018-year end.

**Exhibit-02 Major Elements(tools) of Digital Marketing for Indian Hotels**



Ristova & Dimitrov (2019) viewed that now hotels should no longer debate for having a presence at digital platforms but rather focus on how to best utilize these platforms in order to grow in the digitally disrupted world, leading to more delighted experiences of their guests, meeting the value proposition and economical gains.

### **1.2 Major Digital marketing elements (or tools)**

The major elements of digital marketing used by the HRACC classified Indian star category hotels are: social media marketing (SMM), Marketing by mobile based applications and through SMS, MMS, Pay-per-click advertising (PPC) or Search Engine Marketing (SEM) (Parvez, Moyeenudin, Arun, Anandan & Janahan, 2018), E-mail marketing, Website Analytics, Landing Page Optimization (LPO), as cited in Bitkulova, P. 3 (2017), webinars, In links, Google analytics, Blogs/Microblogs, e-newsletters and magazines, Search Engine Optimization (SEO), online video sites (YouTube), Chat rooms (YM, Blackberry chat) (Khan & Siddiqui, 2013). Dara (2016) viewed about Affiliate marketing as a very popular digital marketing tool nowadays having significant percentage of total contribution from revenue perspective, rakes in very much like e-mail marketing through which a company or an organization rewards affiliates for every visitor or customers they bring through their efforts of marketing. (Parvez et al, 2018) concluded that Property Management System (PMS) is also an active digital marketing medium for hotels which work through customized comprehensive software package that helps not just for the storage and hotel's data sharing but also acts as a connecting link for digital marketing between the hotels. Online Travel Agents (OTAs) in an overall travel landscape acts as a significant and effective marketing and distribution channel and the most significant reason for the hotel joining hands with OTAs is their supportive role in providing sales growth and competition power that lead to revenues growth and improvisation of brand image and customer power. (Caliskan et al, 2013)

### **1.3 Effectiveness of Digital Marketing**

Nair & Shobana (2018) suggested marketers to adopt a combination of required Key Performance Indicator (KPIs) and metrics for analyzing their financial and nonfinancial results of their digital marketing efforts for analyzing the effectiveness of digital marketing and thus an accurate digital measurement may act as a brand differentiator for Indian hotels. Yasmin, Tasneem & Fatema (2015) concluded that digital marketing is not a quick fix which requires a lot of trials (and errors) and will succeed only when customer needs are given top priority. For effectiveness of digital marketing the size of company does not play much significant role. The hotel Companies as per their convenience and strengths, may adopt any digital devices like smart mobile phones, tablets, laptops, TVs, game consoles, e-billboards, &

related gadgets and may also select right digital marketing tools (elements) to gain maximum in their overall business and create innovative customer experiences.

#### **1.4 Impact of digital marketing in hotels**

In recent times, digital marketing channels represents a significant role in hotel's marketing and communication-based strategies since they observed that their existing guests (customers) and even prospects are increasingly relying on the using digital media (Leite and Azevedo, 2017). The performance of hospitality business was found to be significantly affected by digital marketing (Loncaric & Radetic, 2015) which also leads to a positive image building (Vinnakota, 2017). Companies those were present on digital platforms carried a better brand image (Das, 2016) and reaches ultimate profitability (Siakalli et al, 2017) Enabling digital marketing strategies boost the market growth along with sales (Hsu & Ting, 2013)

#### **GAPS IDENTIFIED**

1. Majority of the research papers focused on describing the major elements of digital marketing for hotel/travel and tourism sector, however very few focused on measuring digital marketing effectiveness
2. Most of the researches on digital marketing revolves around bigger canvas of Hospitality industry or Travel and tourism sector in India or even abroad. For the development of the hotel offerings, growth in their revenue, an exclusive study of digital marketing effectiveness in classified star category hotels of India is very much required

#### **1.5 OBJECTIVES OF THIS STUDY**

1. To explore the major digital marketing elements (tools) and their effectiveness for HRACC classified star category hotels in India
2. To suggest measures for improving the digital marketing effectiveness in classified 3 star and above category Indian hotels

#### **RESEARCH METHODOLOGY**

This paper is conceptual, descriptive, qualitative in nature primarily based on content analysis for constructing the factors of digital marketing effectiveness in Indian hotels. The sources for the relevant literature were mainly online Journals, unpublished Masters report, Websites, Ph.D. (Doctorate) thesis and Conference address.

**FINDINGS OF THE STUDY**

A summarized finding generated out of extracted literature, primarily from National/International Journals and Reports are as follows:

<b>S. No.</b>	<b>Year &amp; Author</b>	<b>Findings</b>
1.	Year: 2013 Researchers: 1. Semra Caliskan 2. Birgul Kutlu 3. Hande Kimiloglu	Effectiveness in using OTA's result in: i) Increased Sales ii) Increased revenue iii) Competition power iv) Improved Brand image & v) Customer power
2.	Year: 2016 Researcher: Sonia Dara	Digital marketing is most economic and efficient way of marketing. This is applicable for even smaller hotels.
3.	Year: 2013 Researchers: 1. Yu-Lun Hsu 2. Yu-San Ting	With the upsurge in online travel & influence of travel-based decision-making from reviews and testimonials of social network effectiveness of digital marketing is incomplete without social media presence (especially Facebook)
4.	Year: 2017 Researcher: 1. Gurneet Kaur	Effective digital marketing results in tracking data about user behaviour & campaign performance is real time.
5.	Year: 2017 Researchers: 1. Rita Abreu Leite 2. Antonio Azevedo	For digital marketing effectiveness following points are very important: i) Proper digital marketing training of staffs ii) Video acts as storytelling tool, increases visibility and help in post campaign analysis iii) Linkage of all digital marketing tools where hotel is present iv) Timely evaluation of digital marketing impacts v) Increment of guest engagement



		mainly on social platforms & vi) Usage of formal language
6.	Year: 2015 Researchers: 1. Dina Loncaric 2. Nensi Radetic	The hotel companies which apply e-marketing such as maintaining quality websites, regular updating the content, usage of email/social media marketing, online booking, mobile apps and adoption of pull mechanism achieves better business performance.
7.	Year: 2018 Researchers: 1. Savitha Nair 2. S. Shobana	For complete analysis of digital marketing performance, marketers should select Key Performance Indicators (KPI)s and metrics that do possess hotel's long and short-term objectives as well as those forecasting agreed financial and non-financial implications.
8.	Year: 1998 Researchers: 1. Parsons, A. 2. Zeisser, M. 3. Waitman, R.	New digital marketing media acts as a big opportunity as well as threat so it must be used very carefully
9.	Year: 2018 Researchers: 1. Shaik Javed Parvez 2. H.M. Moyoenuddin 3. S. Arun 4. R. Anandan 5. Senthil Kumar Janahan	Effective digital marketing encompasses several benefits such as lower cost, good promotional capabilities, revenue management etc.

10.	Year: 2019 Researchers: 1. Ristova, C. 2. Dimitrov, N	Efficient usage of social media as digital marketing tool is when customers are turned to social media from start to finish. Social media is undoubtedly one of the powerful tools of digital marketing which is integrated into social and economic life of each individual.
11.	Year: 2017 Researchers: 1. M. Siakalli, 2. A. Masouras, 3. C. Papademetriou	The category of hotel plays a vital role or has a crucial impact on the usability of each e-marketing component. e.g. 5- and 4-star hotels exist in the business environment under common marketing mix components however 3-star hotels have significant differences between luxury class.
12.	Year: 2017 Researcher: Sree Vinnakota	The digital marketing results in favourable business performance by building brand image of the hotel, creating maximum customer satisfaction & in generating more reservations.
13.	Year: 2015 Researchers: 1. Afrina Yasmin 2. Sadia Tasneem 3. Kaniz Fatema	Just as “Rome was not built in a single day,” The results of digital marketing won’t reflect without trial (and error) or without making any attempt, the success factor how well one considers the user or customer’s need.
14.	Year: 2017 Researcher: Renata Bitkulova	An effective Landing page optimization results in better conversion rate

## **DISCUSSIONS**

Small and large hotels have significant differences in the product offerings, prices what they offer, budget they have and type of clientele they generally cater to. Therefore, small and large hotels may explore the potentials of digital marketing differently from each other. Smart phones usability has increased by hotel consumers so hotels must devise their digital marketing tools including apps. (user friendly, easy to connect, easy booking features) accordingly. Majority of the Indian hotels consider both local and international OTAs as viable choices to do business. Majority of the hotel professionals feel social media as the most effective tool for its penetrating power and economic value it offers. Negative reviews create a powerful impact on the purchase intention, attitude, perception of online hotel consumers. Hotel must ensure positive reviews at maximum numbers with source identity as it creates a credibility in the review. Customer trust fresh and dynamic contents in the blogs as more credible than traditional marketing communications. We must always remember that Both traditional and digital marketing channels are significant for customer's purchase decision and hotels must devise their digital marketing strategy accordingly.

## **RECOMMENDATIONS**

- i. Higher management must focus on digital marketing training for staffs especially those working in the operational department and sales & marketing. E-mail marketing must be strategically adopted at regular time intervals.
- ii. A dedicated staff must be present in hotel (may seek trainee support as well for support functions) for proper guest engagement and providing innovative guest experience on digital environment (mainly social media network)
- iii. The reverts for customer's query on social media must be provided at the earliest. There must also be a provision for the Inclusion of ratings and comments of guests on multiple platforms. Hotel must carefully track the user's behaviour
- iv. All digital media tools used by hotels must be integrated. Linking of all digital platforms ensures coherence of communication
- v. App must be user friendly and designed in such a way that the page gets functional within 4 seconds of a click by the customers else they may switch to the competitors' offerings.
- vi. Facebook, Twitter, LinkedIn, WhatsApp, Instagram, Snapchat are frequently used social media apps for hotel marketing. Picture, videos, weblinks in messages, etc. must be properly imbibed in all digital channels for better results.

- vii. There must be a proper evaluation of Digital marketing impact Every hotel can devise their own methodology for this evaluation. Campaign performance must be tracked at the earliest.
- viii. Hotel websites must be really very attractive, user friendly in approach with relevant, updated in information and in sync with all social media applications.
- ix. Creation of unique content must be emphasized for all digital marketing tools including blogs. The selection of wordings may vary depending on the type of tool.
- x. Customer privacy must be ensured in all digital mediums including the privacy and safeguarding of their data.

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