The Impact of a Short-Term Digital Marketing Campaign on Improving the Sales of Hotel Capacities

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Abstract

The subject of the research is the influence of a specific online marketing campaign through selected social networks on the improvement of the sales of accommodation capacities with the example of the hotel Putnik on Kopaonik. The aplication of the campaign should find a quick way to potential users and to encourage their interest. It is of great importance to plan and direct the marketing campaign because the wide distribution does not directly affect the results. Online marketing has shown to be a useful tool for fast group targeting to which the offer will be directed. Therefore, this paper aims to present an example of an active approach to the use of social networks as a part of marketing activities, to stimulate short-term capacity sales in specific terms. Also, the aim was to present preliminary short-term results of social media marketing activities combined with incentive pricing strategies on increasing capacity utilization and achieving higher business results. The data used in the paper are unpublished, acquired from the official business report of the hotel software "PROTEL". The marketing campaign gave good results and therefore hotels can carry out similar activities in order to achieve efficient hotel capacity filling.

Keywords: *Digital Marketing, Campaign, Social Networks, Hotel, Kopaonik, Serbia*

Introduction

Marketing, communication, and advertising channels have undergone significant transformation over the past decade as new technologies have enabled companies to contact customers more easily (Hongcharu, Eiamkanchanalai, 2009). New media such as the Internet and social networks are increasingly changing traditional mass media (Bruhn et al., 2012; Tešić et al., 2020) and enabling the development of digital marketing (Stankov et al., 2012). The most frequently mentioned advantages of digital marketing are affordability, speed and good visibility (Parvez et al., 2018). Although the potential of the Internet as a medium for advertising has proven to be successful, choosing the appropriate channel for conveying messages is a complex

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task for marketers both in theory and in practice (Kiang et al., 2000). Social media marketing is an integral part of a business in the 21st century (Felix et al., 2017). Social network marketing can be defined as the process of "monitoring and facilitating interaction and participation in the consumer-to-consumer relationship across the Internet, to encourage positive engagement with the organization and its brand. Interaction can take place on the company website, social networks and other third-party sites" (Kalinić, 2018). Although hotel websites represent the main media for advertising, hoteliers are increasingly accepting the fact that the use of social networks in marketing policy is a prerequisite for success (Inversini, Masiero, 2014).

The results of a study conducted by Momany and Alshboul (2016) show a strong link between the reach of social networks and online sales with brand strengthening. Social networks (Facebook, Twitter, Instagram, YouTube, etc.) serve as bridges in marketing and promoting products (services) to various users, organizations and companies around the world, with the help of mobile phones (Parvez et al., 2018; Kalinić, Vujičić, 2019). Facebook is considered one of the most popular (Greenwood et al., 2016) and one of the most influential social networking platform (Stankov et al., 2018).

Although there are a lot of studies on social media marketing in the hotel industry sector, there is a lack of data on methodologies for measuring the effectiveness of social media marketing, mostly because hotels are still in the initial phase of using social networks as a marketing tool (Inversini, Masiero, 2014). Hoteliers confirm the increase in figures that accompany the advertising of the new offer. However, there are few written reports that contain quantitative data of the campaign on social networks, instead they are only declared as successful or unsuccessful (Michopoulou, Moisa, 2018). There are two approaches to using social networks as part of a marketing strategy in the hotel industry: passive and active. The passive method involves the use of social networks as a source of customer feedback (giving a voice to customers) (Parise, Guinan, 2008), while the active approach involves social networks as a means of communication, encouraging customer loyalty and stimulating direct sales (Bughin, 2007; Rathore, 2020). Buhalis and Mamalakis (2014) conducted a study in a hotel on the island of Rhodes in Greece, which states that the cost-effectiveness (ROI - Return of Investment) of advertising on social networks can be measured in two ways, financially and non-financially. In other words, the performance of advertising on social networks varies greatly and depends on the type of organization and the expected results.

Based on a years-long analysis of hotel operations on destinations expressing seasonality, there are possible periodic oscillations in capacity occupancy caused by the intensity of demand. The interest of tourists depends on several factors: the period of the season, weather conditions, the amount of snow, holidays, collective vacations, children's vacations etc. Based on the statistical analysis of business operations in the period of several consecutive years in the past, and considering the calendar of holidays, school vacations, and long-term weather forecast, it is possible to foresee the periods of full capacity with a quite good accuracy. Also, it is possible to predict in which periods the interest will be lower. Upon identification of such periods, it is necessary to plan long-term and short-term strategies to achieve the desired results in the periods of weaker demand. There are different types of marketing activities traditionally used to promote products, thus choosing the appropriate specific actions can lead to significant results. Advertising on social media can contribute to quick reactions during periods of low demand, due to their speed, affordability, and vast scope of coverage of potential customers, through short-term campaigns aiming at improving the demand in the target period.

The most commonly used method is to create a specific offer related to the target period with an apparent difference in price compared to the regular price in the same time-span. In addition to the difference in price, the hotel can supplement the offer with various benefits like special discounts for children, early check-in / late check-out, vouchers for the free use of additional hotel facilities such as spa services and massage, children's facilities, ski pass and other services that clients would regularly have to pay for (Ochenatu, Foris, 2019). This bundling technique allows hotels to sell their services at a unified special price (Dominique-Ferreira, Antunes, 2020). Flexible and dynamic pricing policy in the hotel industry plays a prominent role, leading to higher profits and better capacity utilization (Abrate et al., 2019). Although there are many pricing strategies, periodic targeted actions are considered the most prevalent (Dominique-Ferreira, Antunes, 2020).

The aim of this paper is to show the possible impact and results of the short-term marketing campaign based on the dynamics of capacity sales in the hotel Putnik, as well as whether prices of the services as a part of the marketing strategy, have an incentive for reservations.

Data and methods

Hotel "Putnik" is one of the first hotels at Kopaonik mountain, built in 1985, renovated and reopened as a 4* hotel in the 2018/2019 winter season. Before the renovation, hotel had 95 rooms, and the capacity to accommodate 280 guests. After the renovation, room numbers and structure has been modified, so now there are 116 rooms, and the capacity to accommodate 342 guests. The hotel is located in a mountain tourist centre. It has very seasonal character of work with specific emphasis on the winter season. The organizational structure of the hotel company, among other sectors, includes the sales sector, which deals with the organization of direct sales of accommodation facilities and cooperation with external sales agents (subagents) and online platforms for the sales of hotel accommodation (e.g. Booking). The hotel performs marketing activities through an external marketing agency, which deals with regular promotional activities (advertising on television, radio, through the website, social networks, online portals, printed promotional materials, etc.) and, if necessary, single targeted promotional campaigns (personal communication). One of the targeted short-term promotional campaigns was released just before the start of the 2019/2020 winter season.

The data regarding hotel occupancy (Table 1) are obtained from hotel software "Protel", which is used in hotel "Putnik". According to research conducted by Kokaz Pucciani and Murphy (2011) in 95 hotels around the world, the most widespread hotel software is Micros Opera, Micros Suite 8 (Fidelio) and Protel PMS. Research has shown that the Micros Opera is the most commonly used system in large high-end hotels, the Micros Suite 8 is most generally present in independent hotels, while the Protel PMS is utilized in all categories and all hotel sizes. In the complex hotel systems, with many different processes which need to be an integral part of the hotel business as a whole, some of the most prominent features of the hotel information system are modularity, scalability and "deep" integration with additional, "surrounding" technical and software systems (tools) (Moyeenudin et al., 2018). Although the Micros company is dominant on the market when it comes to hotel software (Kokaz Pucciani, Murphy, 2011), Protel has proven to be very flexible and more affordable for the needs of Hotel Putnik.

Due to lower intensity of capacity sales for the period between 21st and 25th December 2019, the hotel prepared an informational advertising visual for the time-limited action of price reduction by 20% for the mentioned period. The visual was integrated into a recognizable for-

mat designed for promotional activities and branding of the Putnik hotel and placed through online advertising media with an appropriate budget so that the announcement reached as many potential hotel service users as possible. The visual was published on the social networks Facebook and Instagram, as well as on the official website of the hotel. Most of the followers and visitors of the hotels website and social media pages are from Serbia or neighbor countries, it might be concluded that campaign was mostly directed towards domestic and regional market of the neighbor countries (e.g. Montenegro, Croatia, Bosnia and Herzegovina, North Macedonia, Romania, Hungary).

Data about booking dynamics are obtained from hotel software "Protel". The analysis included data from the beginning of the campaign October 29th 2019 until December 15th 2019, when all the capacities for the period 21st-25th December 2019 were sold out.

Results and discussion

To adequately present the results of the short-term marketing campaign, the dynamics of capacity sales before activating the promotional campaign will be shown first. There are 2 columns in Table 1. The first column represents the growth of the number of daily reservations (per person) in the period between 1st October 2019 and 28th October 2019 when the campaign has not yet been placed, and the second column shows the growth in the period between 29th October 2019 and 15th December 2019 which was fully supported by an online marketing campaign.

On the 2nd October 2019, there were 33 guests registered in the software, with reservations for the designated research period. Reservations were made in the period between 1st August 2019 (when the sale was open for the winter season) and 2nd October 2019. In the period from the October 2nd to 6th, 2019, there were no changes and no new reservations. There were 10 new reservations on the 7th October 2019, and the total number increased to 43. There was no change until the 10th October 2019 when there was an increase of 14 new reservations recorded. The total number of guests on that day was 57. Until the 20th October 2019, there were no changes which meant that there was no recorded booking for 10 days. In the period between October 2nd and 10th, 2019, there were a total of 24 reservations recorded in 18 days, i.e. an average of 0.75 reservations per day. The conclusion is that there was no constant growth, given that 24 reservations were made in just two days, 10 reservations on the 7th October 2019, and 14 reservations on the 10th October 2019, indicating that guests have booked for the family or in small groups. On the 21st October 2019, there was a decrease in the number of reservations to 53, which indicated that four guests cancelled the reservation. On the 24th October 2019, there was only 1 reservation recorded, and then 6 new ones were registered on the 28th October 2019. The total number of reservations on the 28th October 2019 was 60, which represented about 15% of the full-scale hotel capacity (Figure 1). The management identified low interest for the period December 21st to 25th, 2019, compared to other periods and decided on the 29th October 2019, to announce a 20% discount on the price list from December 21st to 25th, 2019, to try to fill the capacities and avoid imbalances in business in the periods before and after the campaign. Similar price-lowering actions to fill the hotel capacity for the periods of less interest have been documented in the literature (e.g., Ochenatu, Foris, 2019) and are a part of standard practice in the hotel industry.

Table 1. *The report of the hotel Putnik's capacity sale (for the period from 21 to 25/12/2019) realized in the period from 01 to 28/10/2019 (left column) and 29/10 to 15/12/2019 (right column)*

Rel.: 1 October 2019 – 29 October 2019 Period: 21 December 2019 – 25 December 2019		Rel.: 29 October 2019 – 15 December 2019 Period: 21 December 2019 – 25 December 2019	
Rel. Occupied Date	Rm.	Rel. Occupied Date	Rm.
1.10.2019.	38	29.10.2019.	61
2.10.2019.	33	30.10.2019.	65
3.10.2019.	33	31.10.2019.	68
4.10.2019.	33	1.11.2019.	68
5.10.2019.	33	2.11.2019.	71
6.10.2019.	33	3.11.2019.	78
7.10.2019.	43	4.11.2019.	103
8.10.2019.	43	5.11.2019.	107
9.10.2019.	43	6.11.2019.	113
10.10.2019.	57	7.11.2019.	131
11.10.2019.	57	8.11.2019.	131
12.10.2019.	57	9.11.2019.	131
13.10.2019.	57	10.11.2019.	131
14.10.2019.	57	11.11.2019.	135
15.10.2019.	57	12.11.2019.	135
16.10.2019.	57	13.11.2019.	137
17.10.2019.	57	14.11.2019.	137
18.10.2019.	57	15.11.2019.	149
19.10.2019.	57	16.11.2019.	151
20.10.2019.	57	17.11.2019.	151
21.10.2019.	53	18.11.2019.	189
22.10.2019.	53	19.11.2019.	197
23.10.2019.	53	20.11.2019.	209
24.10.2019.	54	21.11.2019.	205
25.10.2019.	54	22.11.2019.	192
26.10.2019.	54	23.11.2019.	198
27.10.2019.	54	24.11.2019.	205
28.10.2019.	60	25.11.2019.	209
29.10.2019.	61	26.11.2019.	211
		27.11.2019.	212
		28.11.2019.	223
		29.11.2019.	227
		30.11.2019.	229
		1.12.2019.	240
		2.11.2019.	294
		3.11.2019.	303
		4.11.2019.	320
		5.11.2019.	317
		6.11.2019.	321
		7.11.2019.	318
		8.11.2019.	318
		9.11.2019.	314
		10.11.2019.	323
		11.11.2019.	329
		12.11.2019.	339
		13.11.2019.	344
		14.11.2019.	340
		15.11.2019.	342

Source: The report obtained from the hotel software "PROTEL"; personal communication
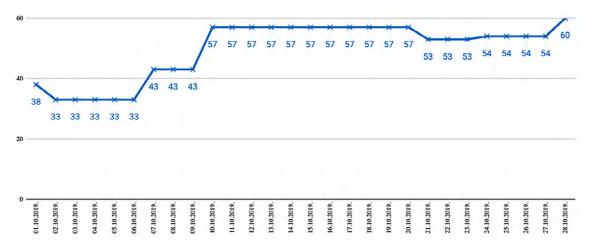
Figure 1. The number of reservations in the period before the start of the online action campaign on social networks
Source: Based on data in the report of the hotel software "PROTEL"; personal communication
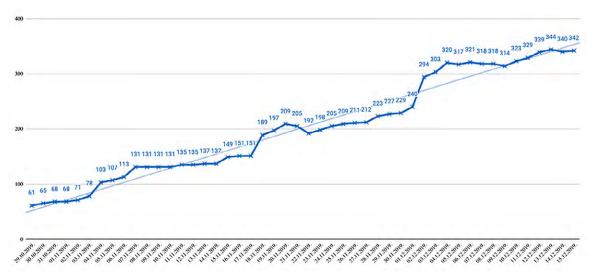

Figure 2. The number of reservations at the start of the action campaign on social networks
Source: Based on data from the report of hotel software "PROTEL"; personal communication

On the first day of the campaign 29th October 2019, there were 61 reservations recorded in the software. Figure 2 shows that after the activation of the marketing campaign there was a noticeable daily increase in the number of reservations. On 3rd November 2019, there were 78 reservations recorded. One cannot say that the growth in the number of reservations is much higher compared to the period before the announcement of the campaign. However, it is possible to notice that the number of reservations increased every day, which was not the case before the campaign. Daily growth is the first positive indicator of campaign success. The reason for the relatively small number of bookings per day can be defined by the insufficient visibility of the campaign in the initial period. Even though the marketing campaign was accompanied by a paid promotion to increase visibility, one can conclude that it is necessary to implement the campaign in the period of a few days to be able to record its higher effects.

There were 103 reservations recorded on 4th November 2019, which meant that the accommodation was booked by 25 guests in one day for the promoted period from 21st to 25th December 2019. There is a possibility that a group of guests made the reservation on that day. There was a significant increase recorded in comparison to the previous period. On 17th November 2019 the number of reservations was 151, with a relatively evenly distributed constant growth compared to the preceding period. From the data mentioned above, one can conclude that the campaign started to deliver the desired results with a proper and timely distribution of growth. On 18th November 2019, the next significant increase of 38 reservations was noticed, which may also indicate a group reservation, resulting in the new balance of 189 reservations on that day. Until 20th November 2019, a total of 209 bookings were recorded, indicating that the trend of daily increase continued. In the next two days, it is possible to notice a decrease in the number of reservations, on the first day by 4 and the second day by 13, indicating that 17 reservations were cancelled during two days, so on 23rd November 2019, the numerical balance was 198 reservations. In the hotel business, the cancellations are treated as a commonplace occurrence because guests cancel their arrangements for various reasons. In this case, the number of cancelled reservations did not threaten to jeopardize the campaign, if we take into account that the results of the marketing campaign continue to improve the next day. Continuous growth is noticeable every day without large oscillations until 1st December 2019 when the numerical balance was 240 reservations. The next day, 2nd December 2019, additional 54 reservations were made, which could have been a group reservation again, leading to the number of 294 reservations on that day. Furthermore, the number of reservations displayed continuous daily increase until 15th December when it reached 342, which was the full-scale capacity of the hotel.

From the data mentioned above, one can conclude that the campaign was successful, well-designed and timely. It is important to note that there were 6 days left until the beginning of the promoted period, which indicated that the growth would most likely increase in the following days if the hotel had a larger capacity, because it was evident that there was demand driven by the campaign.

We should also keep in mind the price reduction of 20%, which was, by all means, a strong incentive for reservations. Price plays a significant role in all industries, including tourism and hospitality business (Moro et al., 2017). Prices of services, as an essential part of the marketing strategy, are reflected in the profitability of the company. There are many strategies that companies use to achieve targeted sales levels and a positive business image, and companies often use more than one specific pricing policy strategy. Price is the only element of the marketing mix that has a direct impact on a company's profits (Al-Qarni et al., 2013). Therefore, given the sensitive market for services in the hotel industry, pricing policy and strategy must be flexible and easily adaptable to respond to market changes (Chen, Chang, 2012; Dominique-Ferreira, Antunes, 2020). Namely, lowering the price of the arrangement, especially for large families, can bring significant savings, so this kind of incentive should not be disregarded. Therefore, it can be concluded that an adequate pricing policy together with appropriate marketing activities can lead to quick positive business results.

Conclusion

The results presented in the article represent one-time marketing activity aimed at delivering the message on the product discount to the target audience in the short period, thus contributing to the filling of the hotel capacity in the designated period. The delicacy and unpredictabil-

ity of the hotel industry market are particularly visible with hotels on distinctive destinations characterized by the distinguishable seasonality of business operations and the higher price levels of services. It altogether highlights that these marketing activities are of great importance. The significance of the flexible pricing policy has been proven and represents the traditional approach to hotel management. The development of the innovative technologies and channels of communication enables swift reactions so that the sensitivity to changes can be reduced to a certain extent to the benefits of both hotel business and the clients. Here, new technologies and digital marketing are gaining importance precisely because of their possibility to share messages fast, which can directly affect the sale of the released hotel capacities, leaving the hotel and cancelling customers with minimum problems.

This paper presents short-term marketing campaign, which had a positive effect on filling the hotel capacity in the critical period. The limitation of this work emerges from the short period which has been taken into account for the analysis of the campaign results. However, this case study presents preliminary results which tend to be extended in the future research. The following are the suggestions for future research:

- An extended period for monitoring and identifying periods of lower demand and evaluate the potential of digital marketing campaigns,
- More detailed reports and analytics, which would provide insight into where booking customers were informed about the actions and determine which is the most useful advertising channel,
- The level of investment in marketing campaigns and its cost-effectiveness.

From this research, it can be concluded that the short-term marketing action can provide a real and measurable effect on the hotel business results. While social networks have proven to be very useful and quick response marketing tool in the promotion of hotel offers and campaigns. The conducted campaign is the initial research that is subsequently going to be expanded and applied to different facilities in the future. As the mentioned marketing campaign gave good results and can be considered successful, similar activities can be expected in the future, when there is a need for an efficient hotel capacity filling.

Acknowledgement

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