

Social Media Marketing

Case: Hostel Company X

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ABSTRACT

Marketing has faced a completely new era of digitalization and Internet revolution. Forms of traditional marketing have slowly been left behind as digital marketing has been taking over. Digital marketing offers new possibilities for marketers and social media is one of them. Social media as a marketing tool is a new way of seeing things and reaching customers. The aim of this thesis is to research social media marketing and to gain understanding of its possibilities. The final goal is to conclude a development plan for the case company to help them to use social media more efficiently in order to reach more customers from Finland.

The author proceeds deductively and uses both qualitative and quantitative research approaches. Secondary data is collected from various reliable sources of literature, including books, articles and Internet sources. The secondary data is supported with primary data, which is collected with a help of online survey and interviewing a person from the case company.

In this research, theories being employed are 4P's of marketing and 4C's of marketing to gain a deeper understanding about marketing. Also theories of customer-decision making processes are used to reach an in-depth understanding of how consumers are making their buying decisions. As the main goal is to conclude a development plan for the case company, SWOT- analysis is used to gather information of the company and the market.

Findings from the research indicate that reaching Finns via social media is easy as social media is used a lot as an information search tool. Focusing marketing activities on social media is beneficial for the company if it is done actively and the right channels are being used.

Key words: social media, social media marketing, tourism, development plan, customer decision-making

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TIIVISTELMÄ

Markkinointi on kohdannut uuden digitaalisen aikakauden ja Internetin vallankumouksen. Tavanomaiset markkinoinnin muodot ovat hiljalleen jääneet unholaan ja tilalle on tullut uusia digitaalisia markkinointikeinoja, kuten sosiaalinen media. Sosiaalinen media markkinointikanavana tarjoaa uuden perspektiivin markkinointiin ja asiakashankintaan. Opinnäytetyön tarkoitus on tutustua sosiaalisen median tarjoamiin mahdollisuuksiin markkinoinnissa ja asiakkaiden tavoittamisessa. Lopullinen tavoite on kehittää sosiaalisen median markkinointisuunnitelma Yritys X:lle, jonka avulla markkinointia sosiaalisessa mediassa on tarkoitus parantaa, jotta yritys tavoittaisi enemmän suomalaisia nuoria asiakkaakseen.

Opinnäytetyö toteutetaan deduktiivisesti ja apuna on käytetty sekä määrällistä, että laadullista lähestymistapaa. Sekundäärinen tieto hankitaan erilaisista kirjallisista lähteistä, kuten kirjoista, artikkeleista sekä internetsivustoilta. Sekundäärisiä lähteitä tukemaan on kerättyä primäärisiä aineistoja, kuten verkkokysely ja Yritys X:n henkilökunnan haastattelu.

Tässä tutkimuksessa käytettyjä teorioita ovat mm. markkinoinnin 4P:tä, sekä markkinoinnin 4C:tä, joita on käytetty syvällisemmän tiedon keräämiseksi markkinoinnista. Myös teorioita ostopäätösten tekemisestä on käytetty apuna tutkimusta tehdessä. Koska tutkimuksen päätarkoitus on luoda asiakasyritykselle sosiaalisen median markkinointisuunnitelma, on apuna käytetty myös SWOT- analyysia.

Yhteenvetona todetaan, että suomalaisten tavoittaminen sosiaalisen median kautta on helppoa ja markkinoinnin keskittäminen sosiaaliseen mediaan on kannattavaa, kunhan markkinointi on tarpeeksi aktiivista ja käytössä on oikeat kanavat.

Asiasanat: sosiaalinen media, markkinointi sosiaalisessa mediassa, turismi, markkinointisuunnitelma, ostopäätösten tekeminen

CONTENTS

1	INTRODUCTION	1
1.1	Research Background	1
1.2	Thesis Objectives, Research Questions and Limitations	2
1.3	Theoretical Framework	3
1.4	Research Methodology and Data Collection	4
1.5	Thesis Structure	6
2	THE CONCEPT OF MARKETING	9
2.1	Definition of marketing	9
2.1.1	4C model in a hospitality sector	12
2.2	New Era of Marketing	13
2.3	Internet Marketing	14
2.3.1	Different forms of Internet Marketing	15
3	THE CONCEPT OF SOCIAL MEDIA	19
3.1	Definition of social media	19
3.2	Social Media zones	19
3.2.1	Social Community	21
3.2.2	Social Publishing	21
3.2.3	Social Entertainment	22
3.2.4	Social Commerce	22
3.3	Social Media Channels	23
3.3.1	Facebook	26
3.3.2	Instagram	26
3.3.3	YouTube	28
3.3.4	Blogging	28
3.3.5	TripAdvisor	29
4	SOCIAL MEDIA MARKETING	31
4.1	What is social media marketing?	31
4.2	Reaching customers via social media	31
5	CUSTOMER DECISION MAKING	35
5.1	Tourists information search behaviour	35
5.1.1	Tourists information search behaviour and social media	37
5.2	How buying decisions are made?	37

5.2.1	Travelers decision making process	40
5.2.2	Consumer decision making and social media	41
6	EMPIRICAL RESEARCH AND DATA ANALYSIS	44
6.1	Design and formulation of the empirical research	44
6.2	Data collection	46
6.3	Data analysis	47
6.3.1	Social media marketing in the case company	47
6.3.2	Data analysis of the survey	49
7	DEVELOPMENT PLAN	55
7.1	SWOT analysis	55
7.2	Action plan for the case company	62
7.2.1	Reaching customers during the information search process	62
7.2.2	Reaching customers during customers decision-making process	63
7.3	Reaching Finns via social media	67
8	CONCLUSION	74
8.1	Answers for Research Questions	74
8.2	Validity and Reliability	77
8.3	Suggestions on Further Research	77
9	SUMMARY	78
	REFERENCES	79
	APPENDICES	86

LIST OF FIGURES

FIGURE 1. Methods of the research

FIGURE 2. Thesis structure

FIGURE 3. The Four P's of the Marketing Mix

FIGURE 4. The difference between the 4P and 4C models

FIGURE 5. Daily consumption of media – Changes over time

FIGURE 6. Online marketing

FIGURE 7. Social Media Zones

FIGURE 8. Most frequently used social media channels in Finland among people aged 13-29

FIGURE 9. Most frequently consulted social media and customer review sites in 2010

FIGURE 10. Market Segmentation in social media marketing

FIGURE 11. Customer decision making funnel

FIGURE 12. Consumer decision journey

FIGURE 13. The process of collecting data

FIGURE 14. Age distribution of respondents

FIGURE 15. Distribution of genders

FIGURE 16. Daily use of social media

FIGURE 17. Social media channels used when selecting an accomodation

FIGURE 18. Activities on social media

FIGURE 19. Affect of social media in decision-making

FIGURE 20. Importance of each social media channel for a hostel

FIGURE 21. Internal and External business environment

FIGURE 22. SWOT analysis of case company's social media marketing

LIST OF TABLES

TABLE 1. Types of tourism information channels

TABLE 2. Social Commerce Tools for Purchase Decision Stages

TABLE 3. SWOT analysis

TABLE 4. Age Distribution of Social Media Users

TABLE 5. Suggestions for the Company X.

1 INTRODUCTION

This chapter introduces the reader to the background of the thesis and explains the methods used to complete the research. The general idea of the objectives of the research and data collection methods are given and research questions are presented and explained.

1.1 Research Background

The marketing world has changed dramatically during the past few years. More marketing operations have shifted to the Internet world, leaving the traditional marketing into its shadow. The traditional mass media marketing, such as TV commercials and advertising on the radio, has lost its popularity and the main focus is now on online marketing. (Tuten 2008, 5-7.)

Online marketing provides whole new opportunities for marketers and is the future of marketing. Online advertising includes, among others, marketing via email, key word marketing and social media marketing. What is new in online marketing is the possibility for dialogue between the marketer and the customer. Today marketing is all about connections, conversation and sharing. Customers get to share their experiences of the product and marketers receive a valuable feedback from the actual users of the product. (Tuten 2008, 5-7.)

Social media marketing is one of the most effective forms of internet marketing and gaining its popularity all the time. Facebook recently announced that 40 million active small business pages now exist in their service (Snyder 2015). This gives an idea how popular marketing on social media is.

Marketing via social media can reach millions of people with just a click of a button, still being cost-efficient and effortless for the marketer. Social media is playing a major role in today's marketing world and provides

tremendous opportunities for marketers. For that reason social media marketing is chosen for the topic of this research.

After gaining a deeper understanding of social media marketing, the goal is to conduct a development plan for a case company. The case company is a hostel, located in Sydney, Australia, offering affordable accommodation for travellers. The hostel is popular among young people and the target customer group is young travellers from all around the World. The hostel is strongly relying on social media in their marketing activities and for that reason this study focuses on the development factor of their social media marketing. The purpose is to help the company to improve their social media marketing and to help them to reach new customers via social media. The hostel would like to reach more customers from the Nordic countries, especially from Finland and for that reason one of the key concepts of the study is to find out how to reach the targeted group.

1.2 Thesis Objectives, Research Questions and Limitations

The thesis aims to provide a deeper understanding of social media marketing, its possibilities and threats, especially on the viewpoint of the case study company. The final goal of the research is to complete a development plan of social media marketing for the case company. The main purpose is to offer the company suggestions how to use social media more effectively as a part of their marketing.

Determining a research question is an important task when planning on a research. The purpose of the research question is to provide a clear understanding what the research is about and to which questions the researcher is trying to find an answer to. The goal of the research question is to answer to a research problem. (Myers 2013, 20-21.) Research question should be easily answered and for that reason a good research question is relevant, precise enough and purposeful (van Thiel 2014). In this study the research question is:

- How should the case company improve their social media marketing in order to reach more customers from Finland?

As the research question usually is difficult to answer at once, a researcher can come up with sub-questions to make it easier to cover the whole area of the actual research question (van Thiel 2014). In this thesis the sub-questions are as follows:

- What is social media?
- How can social media be used in marketing activities in the tourism and hospitality sector?
- How is social media part of the decision- making process of Finnish youth, when selecting a holiday accommodation?

There are always limitations and issues to be taken into consideration when conducting a research. The limitation of this research is that it is concerning only Finnish travellers and may not provide valid information concerning other nationalities. As the segment of the case company is young travellers, the results and suggestions for the case study hostel may not suit for other players on the tourism and hospitality sector whose customers does not fit into this segment. The last limitation is that the research is strictly focusing on the hostel industry and for that reason does not provide answers for companies working on the other fields of business. However, this research provides valid information for the case company and helps them to build a better marketing plan by using social media more effectively.

1.3 Theoretical Framework

The aim of this thesis is to help the case company to use social media in their marketing more effectively and to help them to reach Finnish customers by using social media. The marketing theories, such as 4P's of

marketing and 4C's of marketing are implemented in this research to make sure that the reader is familiar with the concept of marketing.

As one important part of this research is to understand how consumers are searching for information and how they make their buying decisions, a consumer decision-making funnel is introduced in chapter 5. The digitalization of marketing is affecting also on decision-making process and for that reason a new, more up-to-date version of decision-making process is presented.

At the end of the research a development plan for the case company is presented. The information was gathered with the help of SWOT- analysis, which was done from the case company's point of view.

1.4 Research Methodology and Data Collection

There are several different ways to conduct a research and the very first step is to decide which research approach to use. The approach can be decided between two different options: deductive reasoning and inductive reasoning. Deductive reasoning starts the research "top-down", meaning that the researcher starts the study with a general knowledge following with more detailed information of the actual matter. The inductive reasoning starts with the other way around focusing first on the topic and developing the research into a more general theory at the end. (Myers 2013, 23.)

When the idea of the research is clear, it is time to start thinking of how to collect the data needed and which methodology to use. The researcher will have to choose a methodology that will best suit her project and meet the goals of the research. (Quinlan 2011, 108-110.) There are several different research methodologies and contexts to use them, but only the most common ones qualitative and quantitative research methods are introduced here.

Quantitative research focuses on measuring something, such as a part of population thinking or acting in a certain way. It often involves big number of people being part of the research and sub-groups formed by age or social status. As this method is all about measuring things, research questions starting with words such as “how many?” or “how much?” are common in a quantitative research. (Keegan 2009, 11-12.)

The other research method to be introduced here is a qualitative research method. It can be chosen to be the right method for the research, if the research question starts with the questions what, why and how, rather than with questions concerning quantity. Qualitative research is all about understanding why people are behaving the way they are and how things could be done differently. This research method does not include big samples of people, but is more focused on some specific group of people. Even though these two methodologies differ from each other, both of them can be used in a same research. Often the answer to a research question cannot be found without using the mix of both methodologies. (Keegan 2009, 11-14.)

As in this research the goal is to find out how should the social media marketing of a case company be improved in order to achieve new customers from Finland, the qualitative research method is chosen. However, in order to be able to answer the question, a quantitative method must be implemented as well. For that reason both, qualitative and quantitative research methods will be carried out.

After selecting the right methods for the research it is time to start collecting the data. In a research project the data means the information that will be gathered for the research project. The data will help the researcher to conduct the study and to build a clear picture of the matter being studied. (Quinlan 2011, 4-5.) In this research the primary data was collected from a web survey, concluded among the students of Lahti University of Applied Sciences. The purpose of the survey was to find out is Finnish youth is using social media when searching for information of

accommodation options. Other source of primary data was an interview with a person working for the case hostel. The interview was done via email and questions were open end questions, allowing the person to answer freely.

Another important source of information for this thesis was secondary data, which was collected from literature, articles and from Internet based sources. The following figure represents the data collection methods of this research.



FIGURE 1. Methods of the research

This research will be conducted with a deductive approach and both methods, qualitative and quantitative research methods will be used. Data will be gathered from primary and secondary sources as both literature and surveys were used as a source for the research.

1.5 Thesis Structure

This thesis is divided into two main parts: theoretical and empirical part. Firstly the theory based on marketing, social media, social media marketing and customer-decision making processes are introduced and after that supported with empirical findings. The last phase of the thesis is a development plan, offering suggestions for the case company. The last

chapter summarizes the thesis. The structure of the thesis will be presented in a figure below.

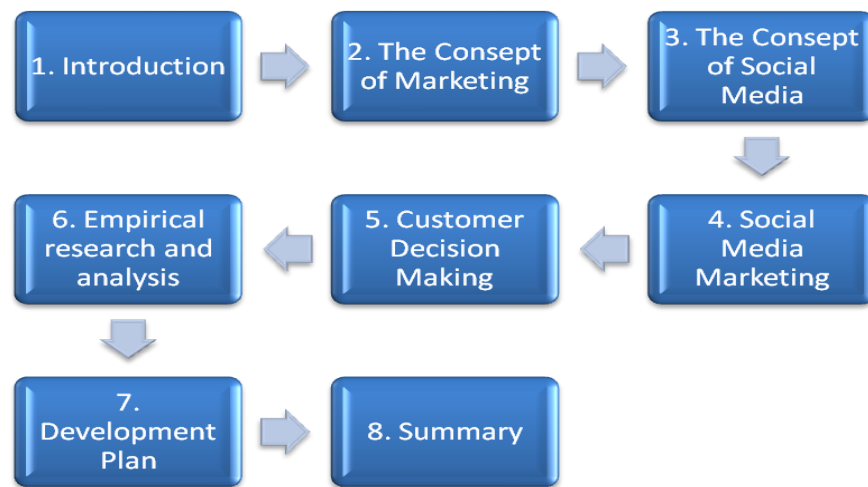


FIGURE 2. Thesis structure.

The introduction gives a general idea of the thesis and presents the purpose of the thesis, research objectives, data collection methods and gives an outlook of the structure. The second chapter is leading the reader to the world of marketing and the author will explain the principles of marketing and theories, such as 4P's and 4C's of marketing, to offer a deeper understanding of the matter.

In the third chapter, the author explains what social media is, following with a chapter 4, which is focusing on the marketing possibilities offered by social media. As for this research understanding customer decision making is important, it is introduced on the fifth chapter of the thesis. The chapter provides a deeper understanding how consumers are making their buying decisions, followed by more detailed information of how tourists are making their decisions. Also information search behaviour is covered on the fifth chapter.

The sixth chapter introduces the reader to the empirical research done for the thesis. The survey design is presented and the results of the research are displayed and analyzed. On the chapter 7 the development plan for the case company is completed. The development plan is based on the

theoretical research and supported with the data gained from the empirical part. The last chapter of the thesis is summarizing the research done.

2 THE CONCEPT OF MARKETING

The aim of this chapter is to familiarize the reader with the concept of marketing and the new era of marketing. As Internet marketing is a big part of marketing world today, it is introduced with its different forms.

2.1 Definition of marketing

Different forms of marketing are all around us and we cannot help running into them every day of the year. The basic purpose of marketing is to attract new customers and to maintain the already existing customer relations. By creating value for customers, marketers capture value from customers in return. This means that marketing is a dialogue between the marketer and the customer. (Kotler & Armstrong 2014, 26-27.)

One of the key concepts of marketing is the Marketing Mix. The Marketing Mix is a combination of tools the company will have to blend into their product response to create a working marketing strategy. The Marketing Mix is a core of all marketing, including four groups of variables: Product, Price, Place and Promotion. The following figure illustrates the main objectives of each variable. (Kotler & Armstrong 2014, 76-77.)



FIGURE 3. The Four P's of the Marketing Mix. (Kotler & Armstrong 2014, 76-77.)

As this thesis is focuses on the social media marketing, the most important element of the 4P's model is promotion. Promotion focuses on the act of communication between the marketer and the customer. The main idea of promotion is to reach new people and to make them the new customers of the company. Advertising, marketing and direct selling are the mostly used forms of promotion. (Hajli 2015.) The rapid boom of social media has changed the element of promotion from traditional advertising to a marketing done via social media. Via social media companies can communicate with their customers and receive feedback. Also customers can communicate with one another and share experiences of the company and the product. (Mangold & Faulds 2009.)

However, the marketing compensation is steadily shifting into new and more up-to-date models of marketing schemes, leaving the old 4P's model behind. Different perspectives to marketing are needed in order to fulfil customer's needs and to build strong relationships with consumers. (Hajli 2015.) The updated version of 4P's is called 4C's, where the focus is on customer. (Dasgupta 2011, 77.) The model of 4C replaces the old 4P's

replacing the product with customer, price with cost, place with convenience and promotion with communication. The following figure clarifies the difference between the traditional marketing mix and the 4C's modelling. (Hajli 2015, 347.)

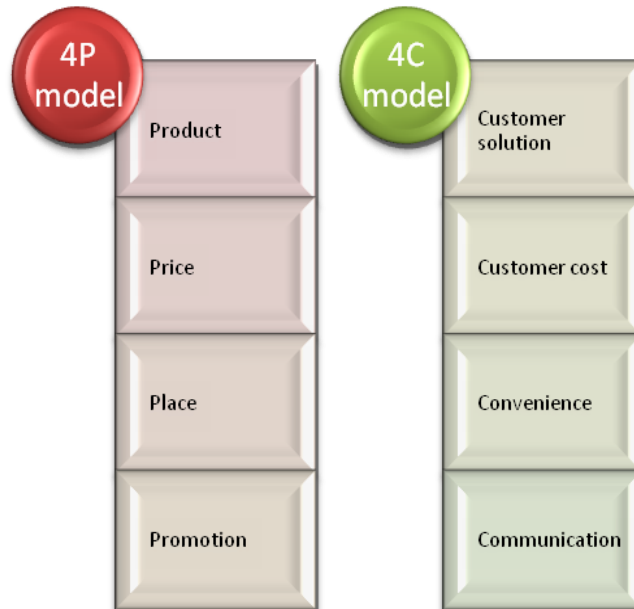


FIGURE 4. The difference between the 4P and 4C models. (Kotler & Armstrong 2014, 77.)

As the figure illustrates, the biggest difference between these two models is that 4C modelling is entirely focused on the customer, whereas the 4P model is concentrating on the external factors of marketing. Each C of 4C's is explained in the following chapter:

Consumer: Companies following this model believe that it is profitable to focus on the consumer instead of focusing on the product. Companies believe that offering satisfying products to consumers is the key to success. The goal of a consumer centred model is to provide right product to a right customer rather than offering the same product for every customer. (Hajli 2015, 347-350.)

Cost: Cost is replacing the element of pricing in a traditional 4P model. In this model the focus is on the cost for the consumer. As the marketing is moving into the online world, the comparison of costs is easier for

consumer than before. For that reason this variable is in a key role in marketing. (Hajli 2015, 347-350.)

Convenience: The new 4C model replaced the variable “place” with convenience meaning that companies need to make buying the product or a service easy for the customer. The main focus no longer lay on the place where the product is sold, but rather on an easiness of buying it. (Hajli 2015, 347-350.)

Communication: The last variable of 4C model replaces the traditional “promotion” element. As social media is growing its popularity among consumers, companies need to open their marketing to a communication. Consumers are searching for information online and communicating with the company directly but with other consumers as well. (Dasgupta 2011, 77.)

2.2 4C model in a hospitality sector

As the 4C model is reflective from the customer’s perspective, it gives valuable information for marketers. The model offers important approach for tourism and hospitality sector, as the sector often operates on the service business, instead of marketing a product. In the following chapter the 4C model is explained from a point of view of a tourist. (Dasgupta 2011, 77.)

The first dimension of 4C model is a customer solution. From the tourist’s point of view the problem can be how to make most of it during the holiday or how to have a break from everyday life. The second variable is cost to the user. For a tourist the overall costs does include transportation costs, accommodation expenses and shopping money. The third phase in 4 C model is convenience. For a tourist this dimension varies a lot, as convenience can be in terms of logistics, accommodation or language or culture. The last variable is communication, including marketing, advertising and especially efforts on social media. All the destinations and hotels are willing to advertise their services in the most attractive way, but

it does not guarantee a good communication with customers. Tourists are searching for information from reviews and rating sites and communicating with other consumers as well. For that reason social media should be taken into account when planning a functioning marketing strategy. (Dasgupta 2011, 77.)

2.3 New Era of Marketing

Only 50 years ago the main marketing channels were television, radio and newspapers, but the new wave of digital marketing is changing the World of advertising. Internet changed the media behavior of people and reduced the importance of mass media. Consumers are no longer spending time in front of a TV or radio as much as before, but moving their presence to the Internet. (Juslén 2009, 41-42.)

The diagram below shows the change over time in the daily consumption of media. The survey was conducted by GlobalWebIndex during the Q3 in 2014 with a global sample size of 40 000 internet users. The sample consisted of people aged between 16 and 64.

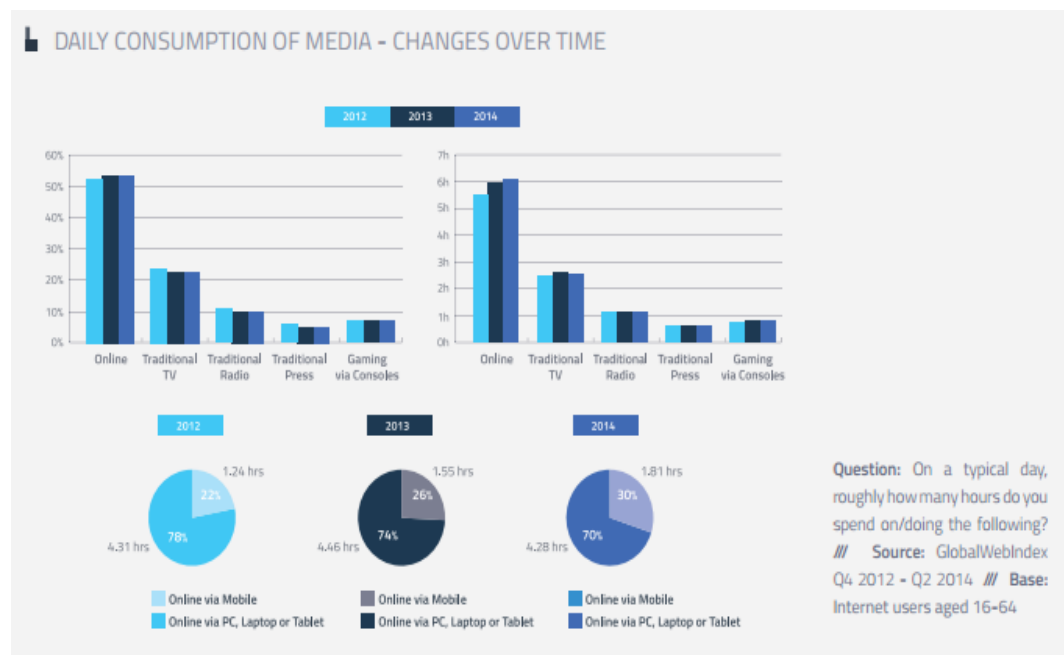


FIGURE 5. Daily consumption of media – Changes over time. (Globalwebindex 2014.)

The figure illustrates that only in three years the change has been notable and people are spending more and more time online. In 2014 people spent on average 6 hours per day online, whereas the time spent on traditional media, such as watching TV or listening to radio was a lot less, only 1 to 2 hours per day. As people are spending more time online, the consumer behavior is changing as well. (GlobalWebIndex 2014.)

Consumers are using their new power and freedom, created by the Internet, online to share their experiences of marketers, companies and events. Marketing communications produced by other consumers are seen much more significant when making the final decision of buying, than the information provided by the marketer himself. (Juslén 2009, 41-42.)

The Era of traditional marketing is ending and companies' will have to open their brands for discussion and dialog online. It is no more essential for marketers to shout out their message of the product to consumers, but to create interest and interaction between consumer and the company. Today marketing is a tool to obtain and maintain customer relations, where the biggest goal is to create customer satisfaction. Another change on the field of marketing is that now the focus is more segmented than before. Companies are no longer trying to reach big masses of people but focusing their marketing to people who actually could be potential customers. (Juslén 2009, 42.)

2.4 Internet Marketing

The very first web site was created in 1991 and ever since the Internet has been changing the World. On the perspective of marketing, the rapid change has lead marketers to a whole new situation with tremendous new opportunities. With over one billion regular web users around the world, Internet is the biggest marketing platform existing. The term "Internet Marketing" in all simplicity means the transaction of information and services from the marketer to customer via Internet. (Chaffey et al. 2009, 1-10.)

Digital Marketing is the fastest growing form of direct marketing and is beneficial both for marketer and for customer. It provides the possibility for two-way dialogue, which will make the company closer to its customers. Other benefit is its cost and time saving side. Company saves money when the marketing is mainly done online and customers save time and effort to reach all the information available from one forum only. (Chaffey et al. 2009, 19.)

Internet allows marketers to reach masses of people in real-time and without “the gate keepers” of third parties. Company’s own web site or a blog can reach a lot of people interested in the product or service provided. Online marketing is functioning actively all the time, around the clock and every day of the year, which makes the information about the company available for everyone. As social networks are becoming more and more popular every day, the company can gain more recognizability with the help of other web users. Social networks can be seen as a modern form of word-of-mouth marketing. Internet users can link, tag or blog about a product they find interesting, which will increase the visibility of the company. (Juslén 2009, 59-61.)

2.4.1 Different forms of Internet Marketing

Most companies have moved their marketing focus online. The marketer can choose from different ways of conducting online marketing or concentrate using only one of them. Different forms of Internet marketing are shown in a figure below.



FIGURE 6. Online marketing (Kotler & Armstrong 2014, 528.)

As the figure illustrates, there are different forms of online marketing, which are shortly explained in the following chapters.

Web site is the most common way of conducting online marketing. Company's web sites are designed to provide information about the company and to collect feedback from customers. Building strong customer relationships, answering customer questions and generating excitement around the brand are the most important features of web sites. Web sites can also be more focused on marketing and direct visitors to purchase products. These web sites usually have an online shop where the product can be bought right away. (Kotler & Armstrong 2014, 528-529.)

More and more marketing activities are focused on **online ads and promotion**. Search-related ads and display ads are the most commonly used forms of online marketing, covering more than 46% of all marketing

done online. Online display ads are all around the Internet and can appear on user's screen at any time. Often the ads are related to the subject being searched via search engine. (Kotler & Armstrong 2014, 529-530.)

E-mail account is something nearly all of us have. Based on one estimation, there are more than 3 billion e-mail accounts in the World. For that reason **e-mail marketing** is constantly growing and becoming more popular form of marketing. The nature of e-mail marketing is to send personalized and direct emails to customers based on their interests. Despite the effectiveness of e-mail marketing, there is a dark side to be taken into consideration. Spam-messages and unwanted commercial emails are raising a frustration among consumers. As the line between good email marketing and an irritating, unwanted marketing is so narrow, many companies are using a permission based e-mail marketing. That allows marketers to send advertising emails to people who are willing to receive them. (Kotler & Armstrong 2014, 530-533.)

Mobile marketing is the newest form of online marketing. The advantage of mobile marketing is that customers can be reached at anytime and anywhere they go. Mobile devices are dominating the market at the moment and more than 96% of U.S households owned a smart phone or some other mobile device in 2014. Marketers are modifying their ads to mobile versions and using all the above mentioned online marketing forms to reach mobile device users around the World. Marketing in a mobile world is more than just advertising. Mobile App market has exploded and is now a very effective way to reach customers. Via Apps marketers advertise their products using a pop-up ads and online promotion. Companies can also create their own Apps useful to customers, possibly helping them to shop online via their smart phones. (Kotler & Armstrong 2014, 533-535.)

Social media is taking over the online marketing world and most marketers are taking the advantage of that. People are using social media more than ever, giving marketers a great new playground. As the main

focus of this thesis is marketing on social media, the next chapter will concentrate on the term social media and the marketing done through it.

3 THE CONCEPT OF SOCIAL MEDIA

Chapter 3 focuses on the concept of social media, introducing what social media is and how it can be used. Also different channels of social media, especially the ones important for this research, are covered and made more familiar for the reader.

3.1 Definition of social media

The rapid improvement of the Internet has created a new communication field called social media. Social media is an online community where people share their interests, information and ideas with like-minded people. (Takran 2015, 201-202.) It is difficult to fully capture the idea of social media and for that reason defining the term is extremely difficult. The simplest way of describing social media would be to call it a media that is used by people to be social. The inner need of people to be surrounded by other people, sharing the same interests, has led to a situation where people are openly sharing material, such as status updates, photos and articles, online. It is all about the culture of participation. For people living in the 21st century the ability for free interaction with other human beings is one of the most important things and part of democracy. As the marketing focus of many companies has moved to social media, the access to venues that allows users to share their reviews and opinions of the company and their products, is open. Social media makes the dialogue between the company and the customer stronger. (Tuten & Solomon 2013, 2-3.)

3.2 Social Media zones

The nature of social media is complex, because there is a wide variety of different social media channels and forums. As the Internet marketing world, including social media, is changing all the time, understanding it may be challenging. Dividing social media into different zones makes

understanding easier as grouping similar channels together enables social media for comparison. (Tuten & Solomon 2013, 4-7.)

These four zones are alternatives of how to use social media, but as in all marketing, the zones overlap each other and create a suitable mixture for each purpose. The following figure illustrates the grouping of social media. (Tuten & Solomon 2013, 4-7.)

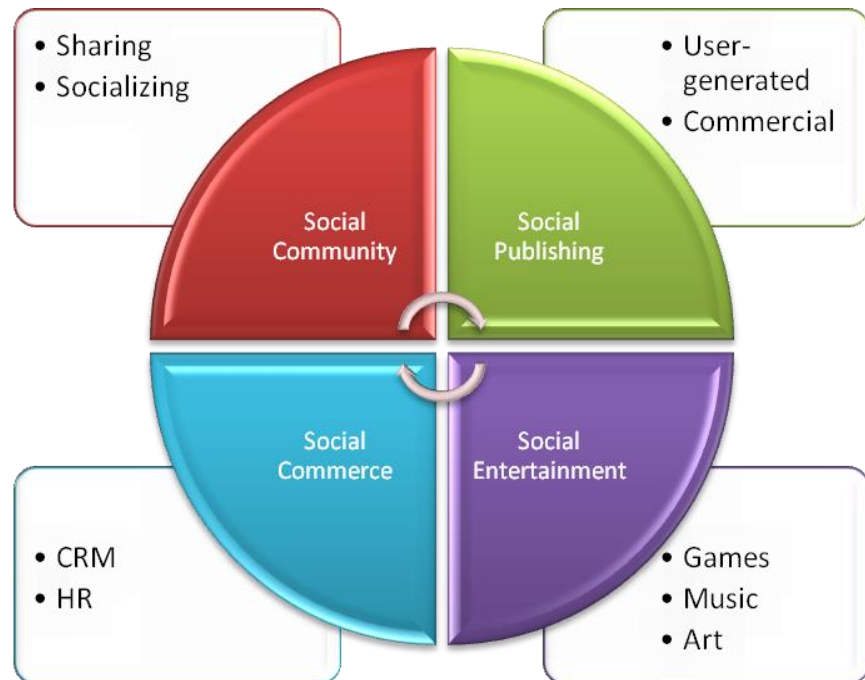


FIGURE 7. Social Media Zones (Tuten & Solomon 2013, 4.)

As seen above, there are four different zones of social media:

- Social Community
- Social Publishing
- Social Entertainment
- Social Commerce

The following sub-chapters are giving more detailed information of each zone and examples of social media channels related to the zones.

3.2.1 Social Community

The very first zone is probably the best known form of social media. Social Community refers to relationships and common activities people are taking part in. People, who share the same interest, are communicating online not only with each other, but also with other communities and organizations. The primary reasons why people are willing to take part in social communities are relationship building and interaction. This first zone includes for example social networking sites and forums. These channels allow users to create their own social identity by using a profile picture and sharing basic information about themselves. Profiles can collect connections, such as friends, followers or fans from other members of the social community. The best known channels of social communities are Facebook, LinkedIn and Twitter. (Tuten & Solomon 2013, 4-7.)

3.2.2 Social Publishing

Social Publishing sites are concentrated on sharing information to an audience bigger than just few followers, like in Social Community zone. The channels of social publishing include blogs, microsharing sites, media sharing sites and news sites.

Blogs can be maintained by an individual or organizations. What makes blogs social is that they are open for discussion. People can leave comments on texts or share the posts in social communities. Microsharing sites can be seen as blogs, but with limited length of text. The best known microsharing site is Twitter, which is commonly used in a business life. Media sharing sites host content, but also videos, music, photos and other mixtures of media. A well known video sharing media YouTube is an example of marketing done via media sharing. (Tuten & Solomon 2013, 4-7.)

3.2.3 Social Entertainment

As the title of the third zone predicts, the zone is all about entertainment. Channels in the social entertainment zone offers opportunities to play online and socialize with other people into playing. The most advanced channel in the social entertainment zone is social games. Social game sites, such as Come2Play, provide a possibility for interaction with other members of the social community of playing. (Tuten & Solomon 2013, 6.)

3.2.4 Social Commerce

The fourth, and last, zone of social media is social commerce. This zone refers to money and business and focuses on the use of social media in order to assist the online buying and selling of products. Social commerce is not only about online shopping, but about reviewing and rating the bought products and the service provider. It is also possible to use social media application to make the shopping experience more social, which also helps the company to collect feedback from their services. On a tourism and hospitality sector TripAdvisor is sharing consumer's feedback of hotels and destinations. (Tuten & Solomon 2013, 6 & 166-173.)

Consumers are using more and more social commerce when buying products online. Reviews help them to assess the risk of purchase and to make decisions if the service provider is trustworthy enough. Also the product itself can be rated. (Tuten & Solomon 2013, 6 & 166-173.)

It is good to remember that the reason why people read reviews is, that they want to find out what people like themselves thought about the product or service. For this reason consumers must be able to trust on the rates and reviews, otherwise the review is not effective. (Tuten & Solomon 2013, 6 & 166-173.)

3.3 Social Media Channels

As in all marketing, also social media marketing must be targeted to a certain group of people. When the marketer knows who the target customer is, it is time to choose the most effective social media channels to reach the target customers. With the help of different zones of social media, introduced in chapter 3.2, company can select the best vehicles to be used in their target marketing. (Tuten & Solomon 2013, 42-43.)

As the case company especially wanted to reach customers via social media from Finland, the different channels of social media for a closer examination are the ones most used in Finland and the ones mostly used among tourists.

Based on the survey, conducted by a social digimedia agency Ebrand Suomi Oy, the mostly used social media channels among youth in Finland are YouTube, WhatsApp, Facebook and Instagram. The target group of the survey was Finns in an age group 13 to 29 year old and the average age of the respondent was 18.9 years. In total 2618 participant answered the questions concerning their social media usage and behavior and people all-around Finland took part. The questionnaire was made in 2015. The following figure represents the top four mostly used social media channels in Finland in 2015 based on the survey. (Ebrand 2015.)

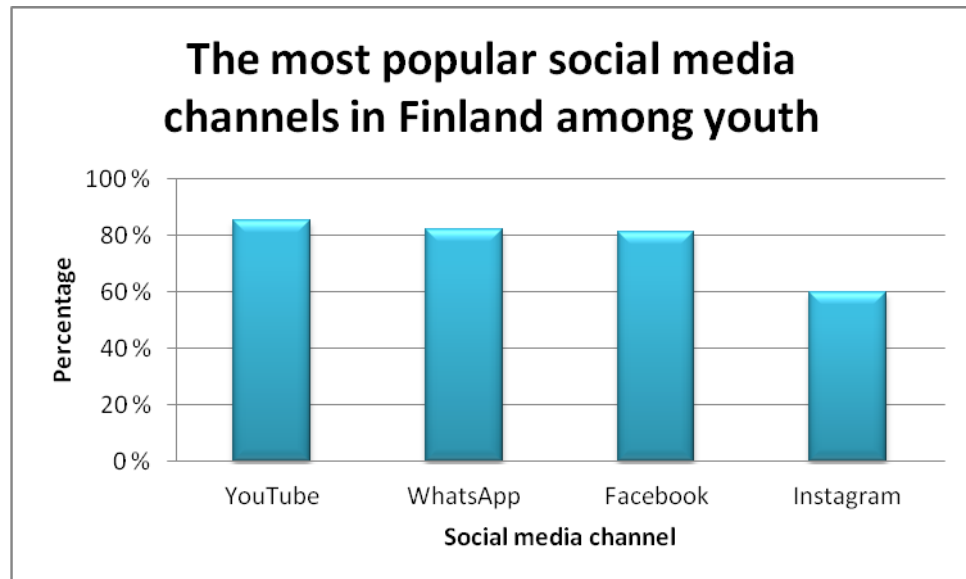


FIGURE 8. Most frequently used social media channels in Finland among people aged 13-29. (Ebrand 2015.)

As the above figure states, the mostly used social media channels in Finland, among people aged 13 to 29, are the video channel YouTube, quick message provider WhatsApp, Facebook and the photo sharing application Instagram. As the message provider WhatsApp is not, at least yet, commonly used tool in a marketing world it is left out from this research.

Another survey, conducted in 2010, about how travellers use online and social media channels to make their decisions about hotels, is used as an another source of information when selecting the suitable social media channels for closer examination. As the case company is a hostel and therefor operating on a hospitality industry, the results of the survey does give useful information for this research. The study took a closer look on how travellers make their decisions concerning the accomodation when travelling abroad. In total 2830 recent travelers took part in the research and the results are based on their answers. The following figure illustrates the results of the survey concerning the mostly used social media and customer review sites of tourists planning on their stay abroad. (McCarthy, Stock & Verma 2010.)

Most frequently consulted social media and customer review sites

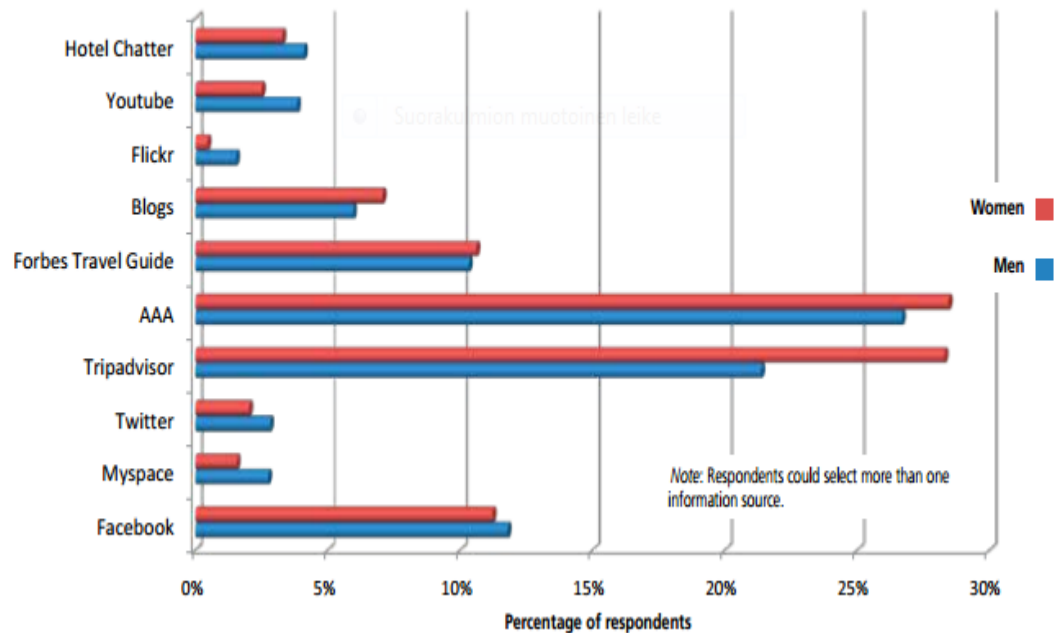


FIGURE 9. Most frequently consulted social media and customer review sites in 2010. (McCarthy, Stock & Verma 2010.)

As can be seen from the figure, the mostly used sites for information search are TripAdvisor, AAA, Facebook, Forbes Travel Guide and Blogs. Based on the survey the most powerful tools are the ones sharing customer's reviews, such as TripAdvisor.

The point of view of this thesis are the Finnish people and their information search habits and for that reason the social media channels chosen to be part of this research are TripAdvisor and Blogs. The reason why sites such as AAA and Forbes Travel Guide are left out is that those sites are not available in Finnish and for that reason are not commonly used in Finland. (AAA 2015 & Forbes Travel Guide 2015.)

The following sub-chapters introduce the selected forms of social media that are beneficial for the case company in order to reach customers from Finland.

3.3.1 Facebook

Facebook is one of the most well known social media channel with more than 968 million daily active users and 1.49 billion active monthly users. The whole idea of Facebook is to give people the power to share information and matters that interest them. Facebook is a tool to connect people with other people who share the same interest and an opportunity to make the World more open. People also use Facebook to stay connected with their friends and family. (Facebook Newsroom 2015.) The attraction of Facebook is socializing with other people and that is what social media is all about: networking. Facebook allows its users to share photos, status updates and other information and to follow other people's updates. (Holzner 2009,7.)

Facebook was launched in 2004 and has been steadily growing ever since. At the end of the year 2004 there were already over million Facebook users and only five years later the amount of users was already 600 million. (Facebook Newsroom 2015.) The rapid expansion of Facebook has created a great opportunity for marketers as well.

3.3.2 Instagram

Instagram, founded in 2010, is a worldwide photo and video sharing application, providing a possibility to publish photos, to like the photos of other users and to follow people or companies of user's interest. There are more than 400 million active users of Instagram around the World, who publish average 80 million photos daily. (Instagram 2015.) The application allows people to share filtered photos and videos with followers and friends online. Instagram is popular among individuals, but it is suitable for businesses as well. Businesses can use Instagram for promoting their products and for connecting with their customers. (Scholl 2015.)

From the company's point of view, the marketing possibility on Instagram is tremendous. It is possible to reach millions of people at once and for free of all charges, as the use of Instagram is free. The photos posted by

the company, creates a feeling for the customer, that he is greater part of the company or process. Ways how the company can communicate with their customers is to post photos of a coming event or of the planning process. The company can also keep the interest of the customers on by writing catchy texts below their photos, revealing something new of the coming event or sales that will start soon. Companies can arrange little competitions on Instagram by asking their followers to comment or tag their friends on the photos. Competition will increase the interest towards the company and the product and at the end of the day the company is benefiting from it. As Instagram allows its users to write a short description of themselves, many companies are taking a full advantage of this and asking their followers to visit their website. (Scholl 2015.)

The main purpose of Instagram for businesses is to convert their followers to paying customers. Marketers must pay attention to their operations on Instagram and try to advertise their products and events as much as possible. The photos and videos must be designed to attract followers and to give prompt and specific information of the company and the product. Companies can share promo codes and sales deals for their followers and promote the coming events and sales. As Instagram makes commenting photos possible, it is important to reply to the comments to create two-way dialogue with the customers. Marketers can also ask their customers to promote their products by asking them to post a photo of the product or from the event and using some certain hash tag to mark the product to the right provider. (Scholl 2015.) Hashtags are a great way to make your business more visible on Instagram. Browsing different hashtags also makes it easier to find new followers. Another important element on Instagram is geotagging. Instagram allows its users to add the location where the photo is taken. This is a useful tool for companies working on a travelling industry, as visitors can mention where their photos are taken from. That is free promotion for the company. (Helmrich 2015.)

3.3.3 YouTube

YouTube was launched in 2005 and today more than one billion people, approximately 35% of all Internet users, across the globe are using YouTube and watching online videos millions of hours. Since last year the time spent on watching videos online has increased more than 60 % since last year. (YouTube 2015.)

YouTube allows users to discover, watch and share videos and is keeping up a forum for people to connect with other people. People can also create their own account and post videos of their own and allow other people to watch them. (YouTube 2015.)

As the growth of YouTube has been rapid and the service is growing faster than ever, it is a great marketing channel for businesses. Videos are not only watched from laptops and computers, but more and more from mobile devices, which allows marketers to reach their customers at every hour of the day. As most social media sites, also YouTube is free of charges and marketers can upload their videos online for free. (Miller 2013.)

YouTube provides a big potential for marketers as it can be used in a many different ways. Some companies use it to promote their products and some for creating brand awareness. (Miller 2013.)

3.3.4 Blogging

Blog is a type of a website which is maintained by an individual. As all marketing in internet, also blogs are interactive allowing visitors to leave comments to posts. Most blogs have a certain theme or interest in specific area of life, such as art, fashion or sports. Blogging is more popular than ever before and it is one of the most effective ways of doing marketing online. The reason of popularity of blogging is its low costs and the easiness of starting a blog. (Wright 2005, 2-7.)

There are several benefits of using a blog as a marketing channel. As mentioned earlier, blog is easy to start and a cost efficient marketing tool. It also helps the writer to create relations with co-operation partners operating on the same field of business. One of the biggest benefits of blogging is that it allows generating a content that is important and useful for the writer and for the customers. (Juslén 2009, 205-206.) Blogs are easy to track, it offers a free marketing platform for companies and important and honest information about the product and company for the customer. Blogging helps the company to open its business for a dialogue and to make interaction with consumers easier. (Wright 2005, 6.)

Marketing on a blog can be divided into two categories: marketing on a corporation's own blog or marketing a product on someone else's blog (Mainostajien liitto 2009, 161-162). Corporation blogs are advertising new products of the company and communicating with customers (Wright 2005, 6) where as marketing actions via someone else's blog are focusing on sharing bloggers ideas about come certain product. The company needs a marketing platform and the blog is offering that (Harper 2013).

3.3.5 TripAdvisor

TripAdvisor is the biggest travelling site in the World and the main purpose of it is to help travelers to plan and book their holidays. TripAdvisor offers reviews, advises and tips from millions of travelers and helps the traveler to book the holiday of his dreams easily and efficiently. Worldwide, TripAdvisor has 340 million visitors per month in 2014 and more than 225 million reviews and opinions have been written. (TripAdvisor 2015.)

What makes TripAdvisor a social media platform, is the possibility for users to leave comments about hotels and restaurants. Users can also share photos of the hotels and places they have visited. (Funk 2013, 122.)

Companies, in this case hotels and hostels, can market their services for free by creating an account to TripAdvisor and sharing information about their property. Hotels can post photos of their premises and attract

customers that way. Photos should highlight the specialty of the hotel and show the guests what to expect. Customers want to see current and fresh photos with changing seasons and ongoing events, for that reason TripAdvisor account requires updating, such like every other social media site. TripAdvisor's popularity does not only limit to the quality of reviews written by customers, but how many the company has and how recent those reviews are. For that reason hotels should encourage their customers to write reviews and post photos of their own to the hotel's TripAdvisor account. Companies can monitor the reviews left on their account and responding to reviews and feedback is important in order to gain trust among customers. (TripAdvisor 2015.)

In this perspective TripAdvisor is a great marketing tool for hotels and hostels in order to attract new customers and to hear feedback from recent visitors.

4 SOCIAL MEDIA MARKETING

The aim of this chapter is to introduce the term of social media marketing and how customers can be reached via social media. Also the purpose of customer segmentation and especially customer segmentation on social media is covered in this chapter.

4.1 What is social media marketing?

Social media has been fast growing marketing phenomenon, but the recent years have shown that social media marketing is here to stay. Social media marketing is a part of internet marketing, which was introduced earlier in this thesis. The marketing power of social media is almost entirely relying on sharing content, commenting and reviewing. The power is on consumer and they are not afraid to use it. The dialogue between the marketer and the consumer is profitable for both parts. The company is receiving important information and feedback directly from the user and the users are sharing ratings and opinions on the product with other social media users. Consumers receive opinions of the product from other users, which makes the decision making easier. (Evans 2012.)

The social media agency Kurio, based in Helsinki, Finland interviewed 24 media professionals from Finland, asking what will be the future trends of social media marketing. Based on the survey, one of the biggest trends is that companies no longer create social media marketing strategies, because social media already is a solid part of marketing. Marketing should be seen as whole and social media as part of it, because it already is so popular and common among consumers. (Kurio 2014.)

4.2 Reaching customers via social media

Social media users consist of all of us, normal people spending their time online. As millions of people are using social media daily, it is important that marketers reach the right customers via social media. Social media

users are not all the same, which makes the segmentation an important part of social media marketing. Market segmentation is an activity where the groups of people are divided into manageable groups. (Tuten & Solomon 2013, 69.) In other words the social media users must be divided into homogenous groups in order to make target market visible and advertising easier (Quesenberry 2015, 55). There are several different segmentation methods, but the most commonly used are based on the location, common characteristics or psychological factors of the customer. The following figure represents the segmentation methods and the variables on each segment.

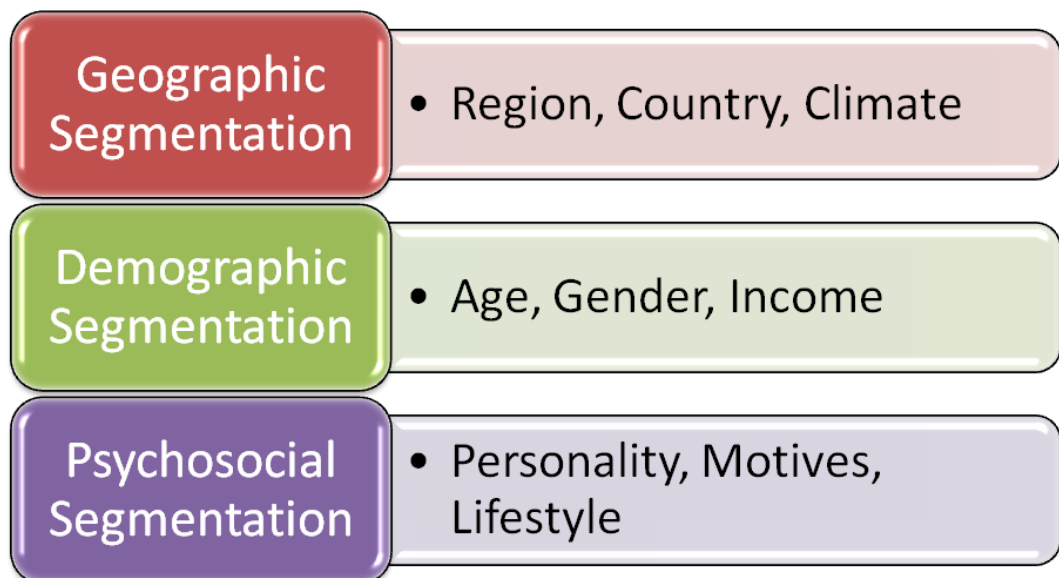


FIGURE 10. Market Segmentation in social media marketing (Tuten & Solomon, 68-70.)

Geographic Segmentation refers to a situation where the market is segmented by region, country or climate. It is relevant for companies who are willing to reach local customers or customers from some certain geographic area. Many mobile applications are using GPS technology to offer the users the possibility to inform their current location by checking in to the location they are in. That gives marketers a great opportunity to target their marketing based on the location of their possible customers. Companies can also use climate as a segmentation variable. If the company is advertising products for snow activities, the target customer

must live in a snowy area or plan a visit to Northern parts of the World. (Tuten & Solomon 2013, 68-71.)

Demographic Segmentation segments market by age, gender, income or occupation. Similar consumers are grouped together and the product or service is advertised directly to them. An American diaper manufacturer, Huggies, formed a social media campaign for parents aged 20 to 40 in their early years of parenting life cycle. The campaign asked parents to upload photos of their babies wearing a Huggies diapers and then vote for the best photo. The campaign page was shared several times on social media, which was beneficial for the company. Campaigns like that, reveals the key component of demographic segmentation. It is all about taking the demographic information and using it to understand the needs of the market. (Tuten & Solomon 2013, 69.)

Psychographic Segmentation is the last segmentation method introduced in this chapter. The approach of this method is to slice up the market based on personality, motives and lifestyles. It helps the marketers to get to know the real person making the buying decisions. A car manufacturer BMW researched how different groups of people in a psychographic segment think about cars and based on the research manufactured a suitable car for each segment. On social media this segmentation method provides marketer an opportunity to target the product marketing on people who are willing to spend a lot of money on the product or vice versa to people who are looking for a cheaper product instead. (Tuten & Solomon 2013, 70.)

Sometimes the segmentation strategy can be a combination of all of the above. This thesis is focusing on a hostel industry, where the hostel is willing to reach more customers from Finland. In that case, all of the above mentioned segmentation strategies are mixed up as a one solid strategy. The target customer is from Finland, he is young and living an adventurous lifestyle and spending money on experiences rather than on

accommodation. With the help of each segmentation slice the right customer can be found and the marketing activities can be directed to him.

5 CUSTOMER DECISION MAKING

This chapter focuses on customer decision making process. Firstly the information search process of a tourist is covered, followed by information more focused on social media and information search. Also buying decision making and traveller's decision making processes are covered in coming chapters. At the end of the chapter the focus is on consumer decision making and social media.

5.1 Tourists information search behaviour

It is important for marketers to understand how tourists are searching for information. The knowledge about information search behaviour offers insights for targeting and segmentation and for destination competitiveness. (Chiang, King & Nguyen 2011.)

Potential tourists are willing to travel but in order to capture them as clients, a right amount of information need to be provided. Availability and timing of the information are in a key role when trying to raise the awareness of the service. (Wall & Mathieson 2006, 48.) *External* information is the source of information a marketers can affect on, as it includes different marketing actions, such as magazines and Internet. However, *internal* information is something that affects on the decision making as well. Internal information is based on traveller's personal and previous knowledge and experiences of the destination. (Chiang, King & Nguyen 2011.) External information available can be divided into two categories: *formal* and *informal* sources. Formal sources are magazines, TV commercials and travel brochures, where as informal sources includes reviews and recommendations from other travellers or family members. (Wall & Mathieson 2006, 48.)

Some tourism information is *static*, meaning that is does not change rapidly and is staying the same long periods of time. Maps, location information and methods of transportation are static information. As the tourism sector has been massively affected by digitalization, social media

and mobile industry, large volume of tourism information tend to be *dynamic*. Schedules, environmental conditions, fares and price information are dynamic and require updating from the supplier to traveller.

(Benckendorf, Sheldon & Fesenmaier 2014, 8.)

Tourists need information at different times and different places, which is also defining the need of information. The information needed is different pre-trip than during the trip. (Benckendorf, Sheldon & Fesenmaier 2014, 8.) The following table represents the different kind of information needed on different phases of the trip. The journey is divided into three categories: pre-trip, in-trip and post-trip. The figure illustrates which forms of static and dynamic information are being used during different phases of the trip.

TABLE 1. Types of tourism information channels. (Benckendorf, Sheldon & Fesenmaier 2014, 9.)

Trip stage	Static	Dynamic
Pre-trip	Brochures, guidebooks, fax, photos, videos	Phone, email, social media, Internet booking engines
In-trip	Brochures, guidebooks, signs, maps	Phone, fax, email, social media, mobile apps
Post-trip	Brochures, guidebooks, photos, videos	Blogs, social networks, media sharing, reviews

As can be seen from the figure, both static and dynamic sources of information are being used during the trip. In general, more and more of the decisions are left to be done until the traveller is already at the destination. The boom of mobile applications and mobile marketing has

enabled the information search also during the trip. After the trip the use of dynamic information is growing as people are more willing to share their reviews and opinions about the destination, lodging and other preparations in social media. (Benckendorf, Sheldon & Fesenmaier 2014, 10.)

5.2 Tourists information search behaviour and social media

Internet has changed the way people are searching for information about their holiday destination and accommodation options. Online search and possibility for online booking has made travel planning easier and more efficient, from travelers and marketers point of view. The rapid expansion of social media has enabled people to use new sources of information, rather than being limited to the information offered only by the marketer, hospitality business or print guides. Today's electronic word-of-mouth communications are one of the most important sources of information when making decisions concerning the holiday destination or hotel to stay at. (Ong 2012.)

People use social media during the whole travel process. They search for reviews from review sites, such as TripAdvisor and photos of the destination or hotel from Instagram or Facebook. (Ponchione 2014.) Also opinions from the brand's or hotel's Facebook wall and tweets from Twitter about the experiences are seen as a good source of information. (Tuten & Solomon 2013, 175.)

5.3 How buying decisions are made?

Understanding how customers make decisions is an important part of marketing strategy of a company. The former chapter already focused on segmenting the market, which is one of the most important factors of marketing. Marketers have to be aware of who their target customer is and how that customer behaves. Marketing has always been an action focusing on influencing people on a right time. These moments when people are open for influence are called "touch points" and the basic idea

of a consumer decision making process is based on reaching those touch points.

Traditionally the decision making has been seen as a funnel, where marketing actions are narrowing down the number of brands in customer's mind and at the end help the customer to choose just one brand and to become loyal to it. So the idea of the funnel-journey would be clear, the model is represented below. (Court, Elzinga, Mulder & Vetvik 2009.)

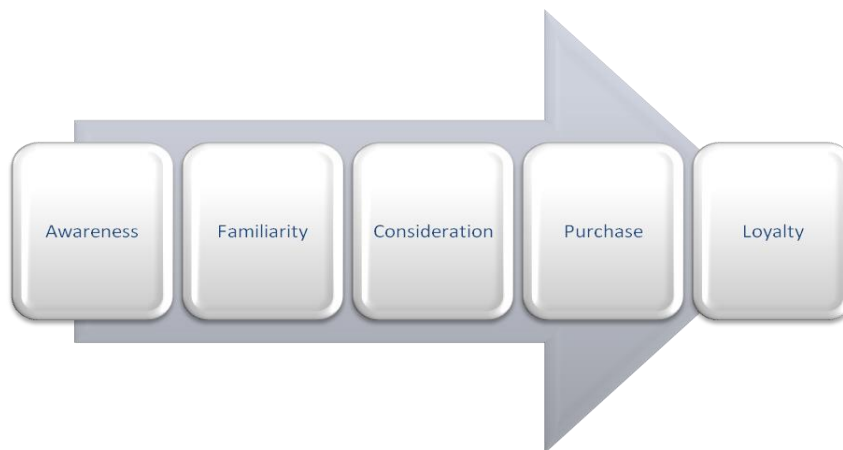


FIGURE 11. Customer decision making funnel (Court, Elzinga, Mulder & Vetvik 2009)

At the beginning customer has plenty of brand options in his mind, but as marketing actions are directed towards the consumer, he familiarises himself with the product, considers if it fills his needs and buys the product. If the consumer was happy with the product, he will continue purchasing products from the same brand and that way becoming a loyal customer. (Court, Elzinga, Mulder & Vetvik 2009.)

As the world is changing and digitalisation of markets is reality, the old-fashioned funnel model does no longer meet the touch points of consumers. Consumers have a wider variety of products and brands to choose from and they are more aware of the market situation than before. The digital worlds makes all the products accessible and for that reason a new model was created. The consumer decision journey model meets the requirements of today's world consumer. The new model was created

based on a research concerning purchase decisions made by 20 000 consumers all around the World. The research revealed that the elements of marketing during the customer decision journey, does not proceed in a funnel, but rather in a circle where all the elements can interact with each other. (Court, Elzinga, Mulder & Vetvik 2009.) The following figure shows the consumer decision journey.

The consumer decision journey

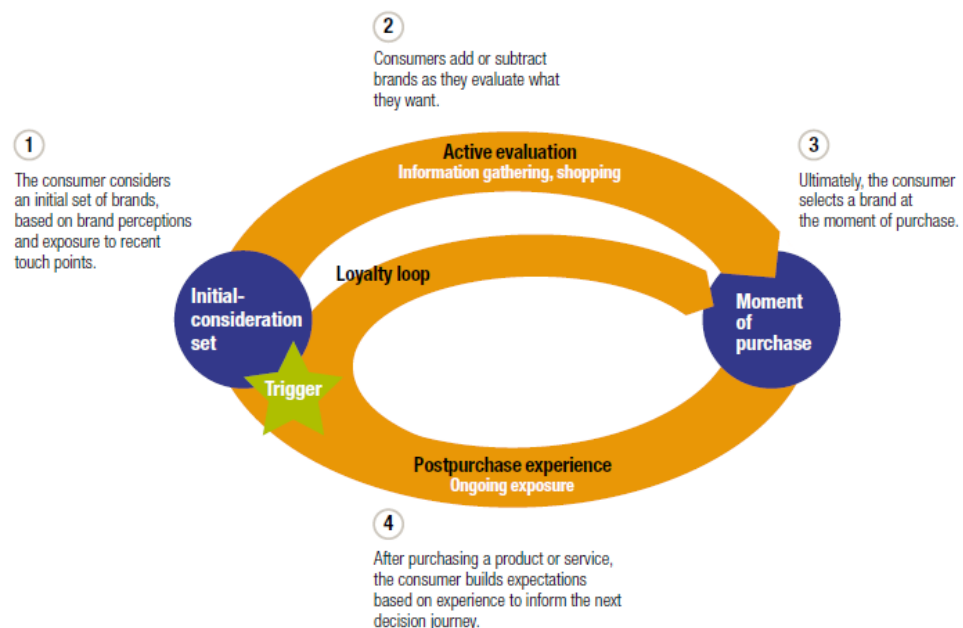


FIGURE 12. Consumer decision journey. (Court, Elzinga, Mulder & Vetvik 2009.)

The new model is a circular journey with few touch point where marketers need to act in order to affect on the decision making of the consumer. The first stage is the brand consideration. Consumers are going through brands suitable for purchase based on their earlier experiences and how well known the brand is. On this stage new brands can enter into the competition and interrupt the decision-making process. The second phase is active evaluation, where the consumer is actively comparing the selected brands. In this point the word-of-mouth and recommendations from other people are important factors affecting the decision making. When the buying decision is finally done and the product is bought, the

actual work of marketer's has begun. After-sales experiences shape consumer's opinion for every decision in the category, so the journey is a never-ending circle. (Court, Elzinga, Mulder & Vetvik 2009.)

5.3.1 Travelers decision making process

Travelers make their purchasing decisions based on the information and advertising they have received from marketers and from other users. In this perspective, the decision-making process does not differ a lot from the model introduced in the previous chapter.

As every purchasing process, a holiday purchasing process starts with needs and motivations. To be able to understand behavior, the first step is to understand what drives people to do decisions (de Mooij 2004, 157). Motivations to travel are related to expectations, needs and wants. These factors affects on tourist's personality and the decision-making process. Often need to travel are related to individuals need for change and adventure. After the need has transformed into a holiday image, the motivation to travel is stronger than before and willingness to travel is high. (Wall & Mathieson 2006, 45.) Even though need generates motivation and motivation ables the individual to search for travel possibilities, it is not enough to set a tourist off on a journey. If the tourist has any negative image of the possible destination, the destination will be removed from the list of possible destinations. The final link between the want to travel and the actual holiday is the decision making process of the tourist. (Ivanovic 2008, 274.)

Five main phases in a decision making process, according to Ivanovic (2008), are:

1. *Need to travel*
2. *Information collection and evaluation*
3. *Travel decision is made*

4. *Travel preparation and experience*

5. *Travel satisfaction evaluation*

The first phase is the need for travelling felt by an individual. On the second phase the traveler is gathering information about the destination and evaluating his possibilities and shortly after that the decision about the destination is done. When the decision about the destination is done, it is time for other travelling preparations, such as booking flights and hotels. (Ivanovic 2008, 275.) Travelers make decisions using many sub-decisions that vary based on the importance of the decision, timing and size. Some of the sub-decisions are more flexible and others and for that reason may change during the trip. The first group of sub-decisions is *core decisions*, including decisions about the destination, lengths of the stay and accommodation. These decisions are made well in advance, where as *secondary decisions*, are considered before the trip, but are more flexible and can be changed during the trip, such as entertainment and eating out. The last group of sub-decisions is *en route decisions*, which are not considered before the trip, but are defined during the trip, such as decisions concerning transportation. (DiPietro, Wang, Rompf & Severt 2007.) The final phase in a decision making process is evaluating the overall experience. That can be seen as the most critical step in a decision making as that phase defines if the traveler will come back or not. In the final phase the tourist also writes reviews of his experience and possibly shares them on social media, providing important information to other travelers as well. (Ivanovic 2008, 275.)

5.3.2 Consumer decision making and social media

Social media influences on consumer's decision making. Marketers use social media for promoting and advertising their product and making it more visible for the consumer. Even though promoting the product on social media is important, probably the decision making phase mostly effected by social media is the consideration stage. Customers are more

likely willing to try a product that has been recommended by other users. That way social media helps in a decision making process as it narrows down the different options of buying. (Turner & Shah 2015, 142.) Sharing experiences online can also have a positive influence on consumer's brand attitudes. Positive reviews about the product or service does affect positively on the overall image of the brand and that way encourage consumer to purchase the product. (Sema 2013.)

Other phase in a decision making process that is strongly influenced by social media is the after sales actions. If the experience for the customer was not positive, it is likely, that he will not purchase the product again. The consumer can write about the negative experience to a blog or share bad reviews online. In this case the negative word-of-mouth is affecting on the purchasing decisions of the consumers as well. (Turner & Shah 2015, 142.)

Even though the above mentioned phases in a decision-making process are the ones mostly affected by social media, there are other phases in the process where social media does play a big role. The following table summarizes the decision-making stages and the social media methods used in each stage. (Tuten & Solomon 2013, 174.) The first section of the table introduces the phase of the decision-making process and the second section introduces the social media channels to be used in each phase.

TABLE 2. Social Commerce Tools for Purchase Decision Stages. (Tuten & Solomon 2013, 175.)

Decision Stage	Social Commerce Tools
Problem recognition	Social ads on social networking sites, shared endorsements from friends, location-based promotions, social games
Information Search	Comments through social channels, ratings and reviews, product and pricing information available, wish lists
Evaluation of Alternatives	Price comparison, recommendations, rates
Purchase	Shops within networks, social shopping malls, e-coupons
Post-Purchase	Share post in activity streams, ratings and reviews on review sites, reviews and product experiences on blogs

At the first phase of decision making process, people recognize a problem after running into adverts online or shared experiences from their friends. For example seeing holiday photos on Facebook can trigger a need for a vacation. In order to solve the problem, people start to search for information, read reviews and ratings and compare prices. The third phase is evaluating all the alternatives the information search generated. During this phase different recommendations are read and the final decision will be done. After purchasing the holiday, the customer shares content of her holiday in social media, for examples photos on Instagram and reviews on TripAdvisor. (Tuten & Solomon 2013, 174-175.)

6 EMPIRICAL RESEARCH AND DATA ANALYSIS

This chapter makes the reader familiar with the empirical research done for the thesis and analyzes the results gained from the research. Firstly the research methods used and survey design are introduced and then the results are shown and analyzed.

The empirical part consists of an interview of the person working in the case company and a survey conducted among the students of Lahti University of Applied Sciences. Results gained from the interview of the personnel will be used as a source of information and no distinct analysis will be done. Questions and answers of the interview will be found from the appendix. After the interview, the researcher benchmarked case company's actions on social media and the analysis will be found from this chapter.

Second part of the empiria was a survey for the students of LUAS. The results of the survey are shown and analyzed in this chapter.

6.1 Design and formulation of the empirical research

Empirical research is based on observation and it derives knowledge from actual experiences instead of theory. It is the most powerful tool of testing a hypothesis of the research and finding out how people behave. (Kothari 2004, 31.)

As mentioned already in earlier chapters of the research, there are two possible research methods: *qualitative* and *quantitative*. Qualitative research is concerned with qualitative phenomena and it focuses on revealing motives and desires. Quantitative research is measuring quantities or amounts. (Kothari 2004,30.) For this research both of these methods were used as the researcher interviewed the personnel's of the case hostel and conducted a survey among a target segment.

First part of the empirical research was done by interviewing the personnel of the case company. The interview was done via email and included questions about the target segment and social media marketing already done in the case company. The aim was to gain a deeper understanding about the current situation of the company and to learn about their marketing potential. Researcher found out that social media is already used as a marketing tool and the case company is highly relying on social media in their marketing. The case company wish to reach more customers from Finland via social media and needed help with that. After the interview the researcher familiarized herself into the social media marketing actions already done in the case company.

In this research a second part of the empirical research was conducted via a survey and it was the main source of primary data. The purpose of the survey was to find out how the target group, Finnish youth, use social media when searching for information and selecting accommodation for their holiday. The aim was to learn about the target customers and with the help of the survey to conduct a development plan for the case company.

As the target customer of the case hostel is a young traveller, aged between 18 and 30, the survey was done among the students of Lahti University of Applied Sciences. Only Finnish students were selected to be part of the survey as the hostel specifically wanted to reach Finnish customers. The link to the survey was sent to 678 Finns and 134 people took part of it. The language of the survey was Finnish.

The survey included seven multiple-choice questions, but two of the questions allowed the respondent to write down the answer freely if none of the choices were suitable. The survey form with all the questions can be found from the appendix.

6.2 Data collection

This chapter provides detailed information about the data collection phase of the thesis. The following figure illustrates the different stages of the data collection.

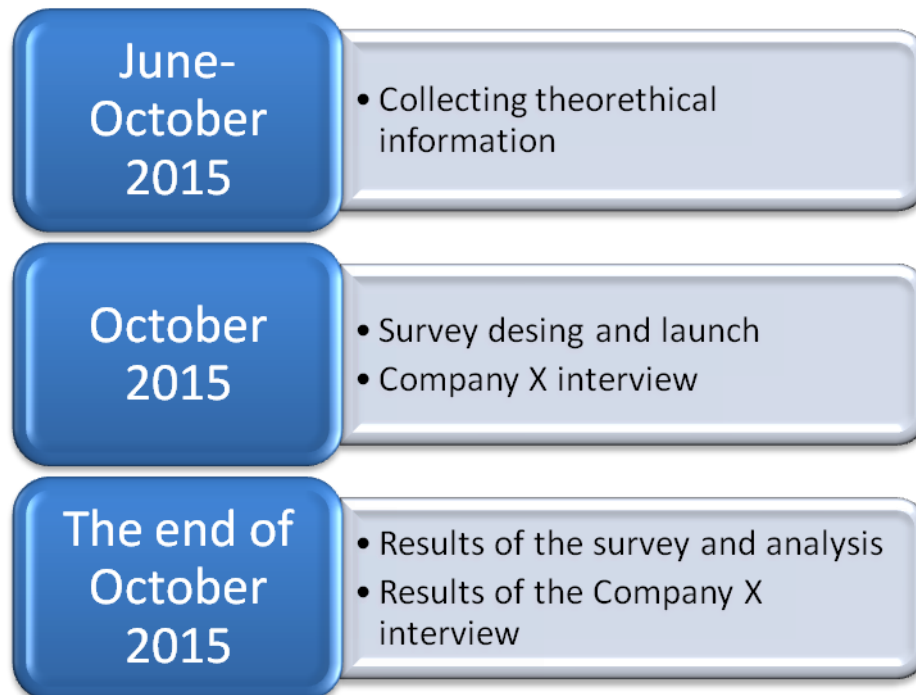


FIGURE 13. The process of collecting data.

The writing process of the thesis started in the summer 2015. The first step was collecting already existing data about marketing, social media and social media marketing. When the theoretical information was collected, it was time to prepare an interview for the person working in the case company. The researcher visited the case hostel at the beginning of year 2015, so reaching a potential employee for an interview was effortless. The interview was conducted via email in October 2015. Answers of the interview are used as one source of information in the research.

At the same time with the interview the questionnaire for possible customers was prepared. The survey was launched during the week 45

and it was open for 6 days. The survey was done with Webropol and a link to the survey was sent via email to the Finnish students of LAMK. The researcher also sent the link to the survey via social media for people in a target segment.

All in all 134 responses were received, which was enough to be able to analyse the results. The next chapter introduces and analyses the primary data collected via survey.

6.3 Data analysis

In this chapter the data gained from empirical research is analyzed. Firstly the researcher introduces the social media analytics of the case company, providing the reader more detailed information about already existing use of social media in the case company. Information was gathered by benchmarking Company X's activities on different channels of social media. The second part of data analysis is showing the results of the survey and analyzing the findings.

6.3.1 Social media marketing in the case company

The case company is a hostel, located in Sydney, Australia, offering budget accommodation in shared or private rooms. The age limit to stay in the hostel is 18 years old. The hostel is hosting events for its guest's weekly and special events every now and then. The target customer is a young traveller, staying only for few nights or staying a longer period of time than just an ordinary vacation. (Interview with the personnel.)

The hostel has expressed, that their main marketing channel is social media and they are willing to improve their social media marketing activities in order to reach and adapt more customers. In this case the hostel wanted to reach more customers from Finland via social media.

Social media channels the hostel is active on are Facebook, Instagram and Twitter. Mostly the activities are focused on Facebook, where the

hostel has their own page. The Facebook page offers information about the hostel, the location and offers a possibility to book a bed or room directly from the page. Also information about upcoming events has been shared on page and photo material about events and guests have been published. (Company's Facebook page 2015.)

The hostel has also created an Instagram account, but shared only 11 photos. The most recent photo has been published 9 weeks ago, so the account is not active. (Company's Instagram account 2015.) Social media analytics site Union Metrics researched 55 the most popular brands on Instagram and found out that they post 1.5 photos or videos to Instagram on average per day (Lee 2015). With the hostel's name can be found 110 hashtags, so visitors of the hostel are not actively sharing photos of the experience. The account has 69 followers and is following 82 accounts. (Company's Instagram account 2015.)

Twitter is a form of social media that is used by the case company. They have shared 74 tweets and have 111 followers on Twitter. (Company's Twitter account 2015.)

On TripAdvisor the hostel has 446 reviews and it has been rated with a score 3 out of 5. Customers have shared more than 70 photos of the hostel. However, the hostel representatives have not replied to any of the recent reviews. (Company's TripAdvisor site 2015.)

All in all can be seen that the company is familiar with social media, but not using in actively in order to reach new customers and maintain old customer relations. Social media is an effective part of company's marketing strategy only if it is used actively. If the company post content, such as status updates and photos daily, the marketing is efficient and will reach more people. (Meyerson 2010, 127.)

6.3.2 Data analysis of the survey

The first two questions in a survey were concerning the demographics of the respondents. The first question asked the age of the respondent. Most respondents were from the age group between 18 and 24. The second biggest age group was from 25 to 30 years old and out 134 respondents, 6 were over 30 years old. As the target customer of the hostel is 18-30 years old, this sample of people represents the target group well.

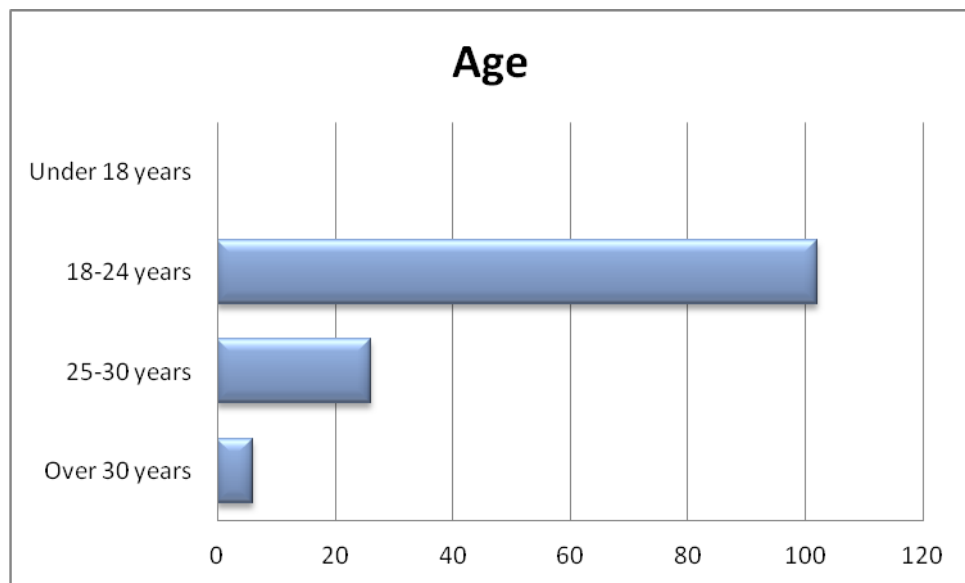


FIGURE 14. Age distribution of respondents.

The second question asked the gender of the person answering the survey. 100 responses came from women and 34 from men. The hostel does not have a gender preference and both men and women are seen as potential clients. As both female and male respondents took part to the survey, the results are valid for the case company and opinions of both genders are taken into account. The following figure illustrates the distribution between genders.

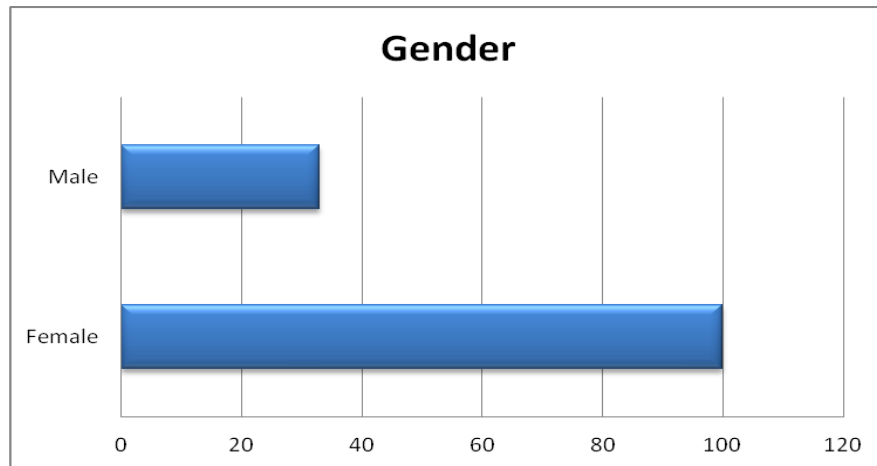


FIGURE 15. Distribution of genders.

After the first two demographic questions, it was time to ask about the daily consumption of social media. The respondent could choose from four different options and select the one that suits his daily use of social media. Based on the results most people use social media up to 2 hours per day. However, 61 people replied that they use social media from 3 to 6 hours daily. Less than 10 people said they use social media more than 7 hours everyday. None of the respondents replied they do not use social media at all. The results drawn from the answers are that Finnish youth does use social media daily and several hours per day. For that reason social media is an effective tool for the case company to reach Finnish customers.

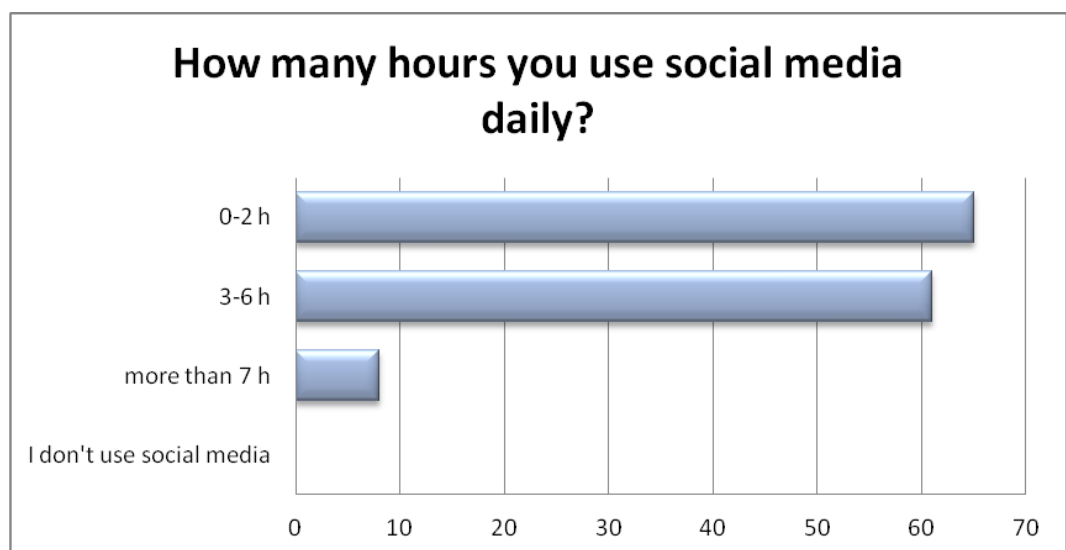


FIGURE 16. Daily use of social media.

The fourth question in the survey was concerning the social media channels the person does use, when selecting an accommodation for holiday. The purpose was to find out which social media channels are mostly used among Finnish youth and to which social media channels the case company should focus their marketing on in order to reach Finns. Mostly used social media channel, when selecting an accommodation, was TripAdvisor. Second most popular was Facebook, followed by blogs and Instagram. Twitter got the least amount of responses. Based on this information, the case hostel should focus their marketing activities on TripAdvisor, Facebook, Instagram and different blogs.

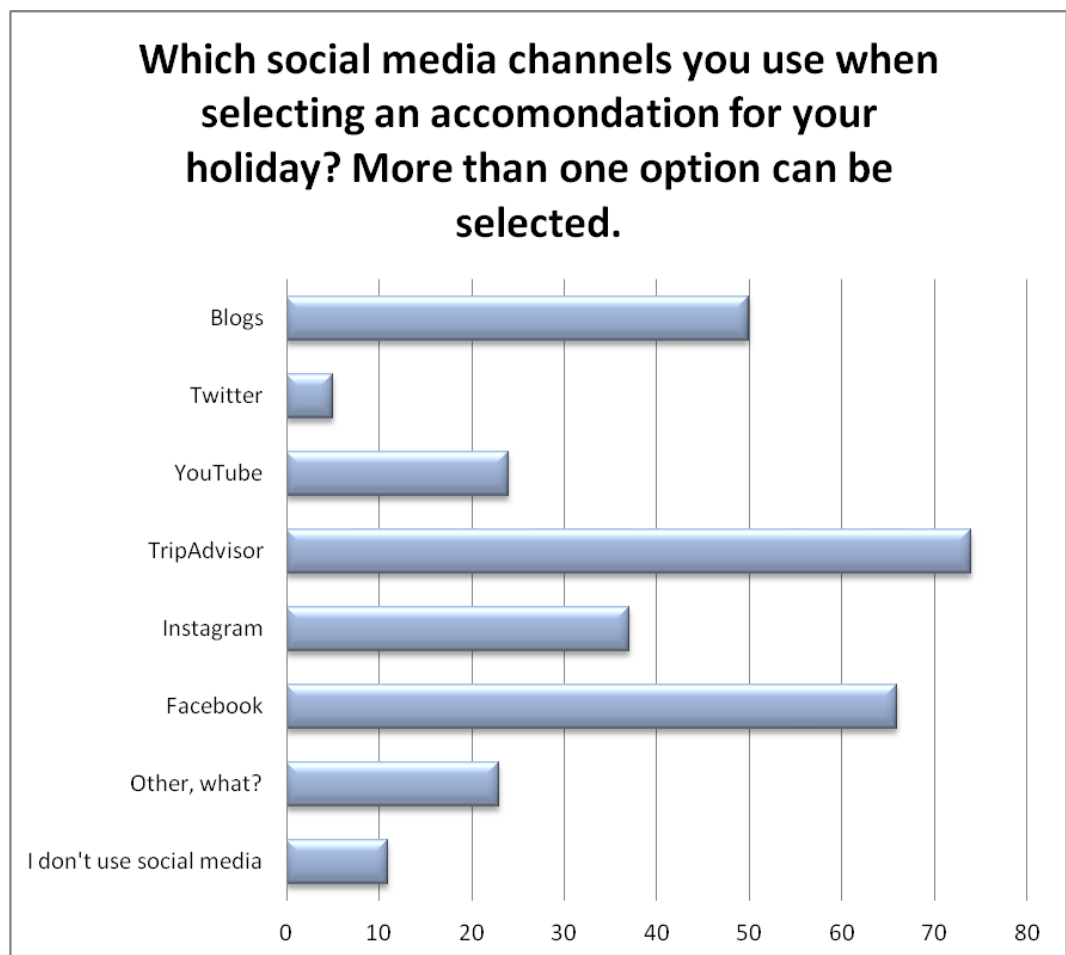


FIGURE 17. Social media channels used when selecting an accommodation.

After gaining information about the use of social media and different channels of social media, it was important to find out what people are

doing on social media. The fifth question asked the respondent to select one or several options, which best described his activities on social media. 125 respondents said they read reviews and ratings, shared by other travelers, of the hostel before making their decision. 74 respondents said they view photos or videos shared by other travelers before making a decision and 56 people told they are sharing photos themselves from their holiday. Only 9 out of 134 said they are writing reviews about hotels or hostels themselves after a holiday. It can be seen from the results, that Finns are actively reading reviews and viewing photos, but are not active when it comes to sharing own opinions.

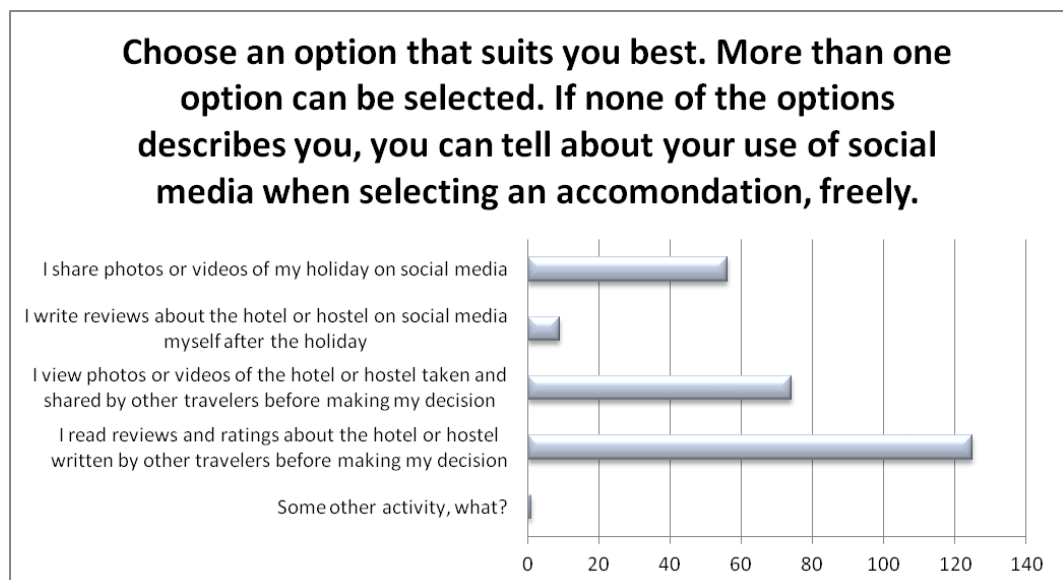


FIGURE 18. Activities on social media.

The sixth question asked if the reviews, ratings and photos of the hotel does affect on the final buying decision. The people were asked to select one option that suits their opinion best. 91 out of 134 said that the reviews and photos shared does affect on their buying decision to some extent. 40 out of 134 said that the user generated content does affect a lot on their final decision. Only 3 respondent said that shared opinions does not have any affect on their decision making. Conclusion of the results is, that reviews, ratings and photos shared by other users of social media are seen as an important source of information when selecting an

accommodation for a holiday. Also this question highlighted the importance of social media in marketing.

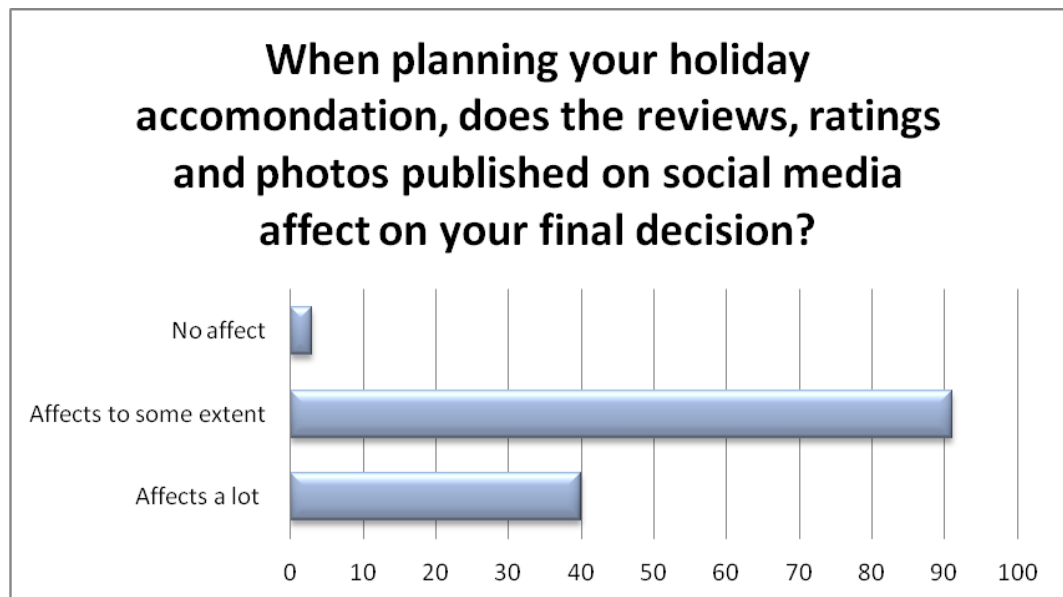


FIGURE 19. Affect of social media in decision-making.

The last question was to rate importance of each social media channel for a hostel. The person was asked to rate from choices: not important at all, quite important and very important. Mean was calculated for each social media channel and the channels that were selected as most important ones for a hostel were TripAdvisor, Facebook, blogs and Instagram. The results are supporting the results gained from previous questions of the survey.

Please rate the importance of each social media channel for a hotel or a hostel

	Not important at all	Quite important	Very important	Together	Mean
Facebook	16	66	52	134	2,27
Instagram	44	73	17	134	1,8
Twitter	99	32	2	133	1,27
YouTube	72	56	6	134	1,51
TripAdvisor	11	37	85	133	2,56
Blogit	30	79	23	132	1,95
Yhteensä	272	343	185	800	1,89

FIGURE 20. Importance of each social media channel for a hostel.

Survey results pointed out that Finnish youth is using social media actively several hours per day. That shows, that the case hostel is encouraged to use social media as a marketing tool also in the future, when willing to adapt customers from Finland. Finns are also using social media as an information search tool, when they are searching for information about a holiday accomodation. Mostly used channels are TripAdvisor, Facebook, blogs and Instragram. That idicates to the hostel that those forms of social media are the ones that should be used in order to reach customers from Finland. The target group also actively reads reviews and views photos about hotels and hostels before making final decisions. They also find the information generated by other users important and affective on their decision-making. Results from the survey are used to support the findings in a final development plan, which is presented in a chapter 7.

7 DEVELOPMENT PLAN

Now when the researcher has studied about marketing and is familiar with the concept of social media marketing, how the segmentation should be done, how social media affects marketing on a tourism sector and how tourists make their decisions and search for information, it is time to conduct a development plan for the case company. The development plan is done after the empirical research and divided into different categories. The first chapter is analyzing the strengths, weaknesses, opportunities and threats in terms of SWOT analysis. The analysis is focusing on the internal and external environment of the case company's social media marketing. The information gathered to SWOT analysis will be helping the researcher to conduct the final development plan for the case company. The second phase introduces the suggestions how the company could improve their social media marketing in order to reach more customers and the last chapter is entirely focusing on Finnish customers and reaching them on social media.

7.1 SWOT analysis

SWOT analysis is a tool widely used among marketers in order to organize the external information from the market and internal information from inside the company. Business does have a direct control over its internal environment, unlike over its external environment. External environment refers to economic, political or international environment, which are beyond the control of the company. (Jain, Trehan & Trehan 2010, 3.) The following figure illustrates the difference between internal and external business environment.

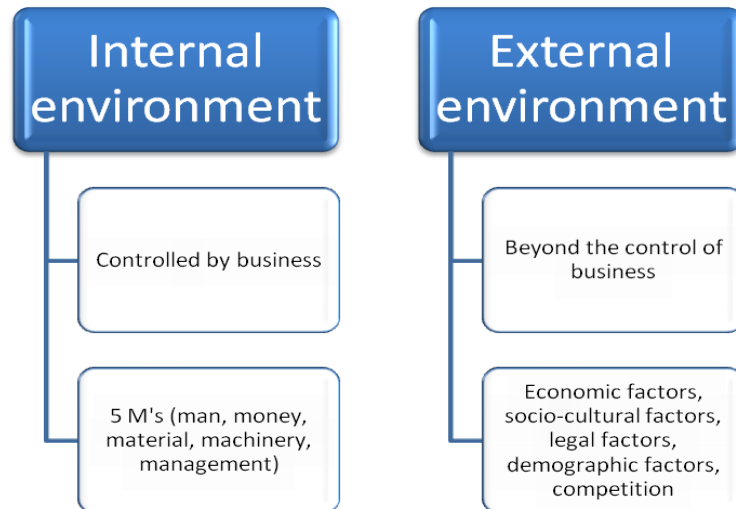


FIGURE 21. Internal and External business environment. (Jain, Trehan & Trehan 2010, 7.)

Internal environment includes the factors the company can change and take benefit of from the inside, such as workforce, money and management. These factors can be seen as strengths or weaknesses. External environment cannot be affected by the company. External aspects are coming outside the company and can offer either opportunities or threats. The success is heavily dependent on company's awareness of its surroundings and ability to adapt to changes happening around them. (Jain, Trehan & Trehan 2010, 7.)

SWOT analysis takes into consideration both external and internal aspects and consists of four different factors: *strengths*, *weaknesses*, *opportunities* and *threats*. Strengths and weaknesses are seen as internal factors and opportunities and threats as external aspects. The factors being part of SWOT analysis are explained in a chart below. (Chermack 2011, 108.)

TABLE 3. SWOT analysis. (Berry 2015.)

DIMENSION	EXPLANATION
Strengths	Something the company is gaining advantage over their competitors. They are positive attributes and under control of the company
Weaknesses	Disadvantages the company have compared to others on the same field of business.
Opportunities	Factors the company could take a full advantages on in order to improve their actions
Threats	Factors that could cause problems and can place the actions of the company in risk.

When SWOT analysis is well and correctly performed, it does not only organize the information, it is also useful when revealing competitive advantages. These advantages can be added to company's marketing strategy. (Ferrel & Hartline 2012, 85.)

This SWOT analysis is organizing the information about the strengths, weaknesses, opportunities and threats associated with social media marketing in the case company. Also the aspect of Finnish youth being the target segment is taken into account when conducting the analysis. The analysis is based on the theoretical and empirical research done for this thesis. Benchmarking company's profiles on different social media channels has also affected on the SWOT analysis, especially when evaluating the internal environment of the company. The interview done for the marketing personnel of the company has also been part of the analysis. Results of the SWOT analysis can be seen in a table below followed by a more detailed explanation.



FIGURE 22. SWOT analysis of case company's social media marketing.

Strengths of using social media as a marketing tool is especially the fact, that social media is quick and efficient to use. Most of social media channels are free to use, so marketers does not end up paying any extra. As the case company especially wanted to reach customers from Finland, social media is an effective way to reach customers from the other side of the World as the company can reach masses of people in a target segment at once. (Albarran 2013, 10.)

The case company employs young travellers, who are willing to work while staying in the hostel. The travellers get to stay in the hostel for free, if they work for the company during their stay. For that reason the workforce of the company is young. Based on the research done by Pew Research Centre (2014), nearly 90 % of active Internet users aged between 18 and 29 are using social media. Among people in an age group of 30-49, the use of social media was nearly as popular as among younger, 82 %. The following chart illustrates the results of the survey about the popularity of social media in different age groups. (Duggan, Ellison, Lampe, Lenhart & Madden 2015.)

TABLE 4. Age Distribution of Social Media Users. (Duggan, Ellison, Lampe, Lenhart & Madden 2014.)

Age group	% of Internet users who uses social media sites
18-29	89
30-49	82
50-64	65
65+	49

The research clearly states that the use of social media is more popular among young people than among middle-aged people. As social media is so commonly used among young people, it can be assumed that young people are familiar with the concept of social media and know how to use it. For that reason a young structure of the workforce in a case company is seen as strength. Young employees' can update social media channels as they are digital natives.

The case hostel employs entertainment managers, front desk managers and people working for administrative jobs (Interview of the personnel 2015). As the hostel is fairly small, there are enough employees' also for updating social media. All in all, human resources of the company are seen as strength for marketing on a social media.

Weaknesses of the company in order to carry out an effective marketing on social media, is the activity of updates. Based on benchmarking done on company's social media accounts revealed that the company is not actively posting updates. Ebrand executed a research for consumers about social behaviour of companies and found out that 68 % of social media users expect companies to update their social media channels once or twice per day. 19 % of the users said that they would be happy to

receive 3 to 5 updates per day. Consumers are expecting the company to update its social media channels actively. If the company is not active enough, consumers will quit following them, which can affect on their buying habits as well. (Ebrand 2015.)

Related to the lack of activity on social media, the case company also faces difficulties in using social media channels on full potential. The company has only posted few photos on Instagram and done their latest Facebook update weeks ago, which is not beneficial for the company. Also the use of different social media channels is not versatile enough. For example blogs and YouTube are not being used as marketing channels, which gives lead to competitors.

The last weakness the company has, is the lack of advertising on social media. As the marketing potential of social media is tremendous (Tuten 2008, 5-7), the company should take a full advantage of it. Advertising campaigns are a big part of marketing in social media. Promoting products, advertising events and organizing online competitions in order the engage customers are all great ways to build brand awareness. (Blakeman 2011, 39.)

One of the biggest opportunities for the case company is that the target segment is using social media a lot. That provides a possibility for the company to reach the target customers via social media. Based on the empirical research done for this thesis, all 134 respondents are using social media. Most respondent's use social media up to 2 hours per day, but nearly as many tell they are using social media 3 to 6 hours every day. 7 people replied they are using social media more than 7 hours per day.

Mobile market is going through a big expansion and social media is mostly used with a mobile device. Writing and reading with a mobile device can be difficult, but sharing posts, photos and videos is easy and for that reason so popular among mobile device users. The transfer to mobile markets is not just a passing trend, it is here to stay. Expansion of a mobile market is seen as an opportunity for the case company, as it

makes reaching customers even easier than before. (Kurio 2015.) The popularity of mobile marketing is growing more rapid than any other form of marketing in Finland. Nearly 50 % of Finns use the Internet via their mobile devices daily. (Talouselämä 2015.)

The use of social media as a marketing tool improves the communication between the company and the consumer (Hajli 2015). Social media provides an opportunity to improve the interaction with customers and to receive feedback and learn from it (Tuten & Solomon 2013, 4-7). For the case company the improvement of communication with customers is beneficial and for that reason social media as a marketing form is an opportunity for the company.

Reviews and rates are an important part of social media marketing and creating value both for customers and for the company. Positive reviews about the product or service does affect positively on the overall image of the brand and that way encourage consumer to purchase the product. (Sema 2013.) With the help of positive reviews, the company gets free advertising. Customer rating sites and reviews done by consumers are a great opportunity for the company when relying on social media as a form of marketing.

As businesses are facing threats from the outside as well, those need to be taken into account too when planning a SWOT analyses. One of the biggest threats is the competitors. Competitors are often going after the same customers and using similar marketing efforts on social media. Standing out from the competitors is important in order to win over customers. (O'Leary, Sheehan & Letnz 2011, 149-150.)

One of the opportunities for the company was positive reviews on rating sites. The other side of the coin is negative reviews. Social media is cannot be controlled as people are sharing their opinions about products and services all the time. Negative reviews are harmful for the company's reputation and that is why those reviews are one of the factors threathing the case company. However, negative reviews are not as bad as

companies usually expect. Companies should take part to the conversation happening online in order to show customers that they are interested in the feedback and ready to change things for the better. (Evans 2010.)

The last threat the case company can face in the future is the attractiveness of social media. A big question is: for how long will social media attract people? Although the concept of social media will continue to attract people for long time (Moutinho, Bigne & Manrai 2014, 247), it is unsure how different channels of social media adapt with the constant change. New forms of social media appears all the time and old, more traditional channels, slowly disappears. Based on the survey done among social media marketing professionals, conducted by Kurio, Facebook is one of the channels in danger to lose its attractiveness among young people. (Kurio 2015.)

7.2 Action plan for the case company

The goal of the thesis was to implement an action plan for the case company, focused on their social media marketing in order to reach more customers from Finland. As the theoretical research is now done and empirical research is completed, it is time to make suggestions for the case hostel. The suggestions are based on the former research done for this thesis. Also the SWOT analysis is used as one of the tools to complete the implementation plan. The following chapters are going through different phases in traveller's information search process and decision-making process and how customers can be reached in each phase via social media. The last chapter is focusing on reaching Finnish people via social media.

7.2.1 Reaching customers during the information search process

Understanding how customers search for information is an important factor for a business as it help the company to improve their presence at a right

place on a right time. The research done so far has established that the external information is the type of information people search when they are planning on purchasing something. (Chiang, King & Nguyen 2011.)

External information can be divided into two categories, which are formal and informal sources of information. Formal sources are magazines, TV commercials and travel brochures, whereas informal sources includes reviews and recommendations from other travellers or family members. (Wall & Mathieson 2006, 48.) Information can also be static or dynamic. The difference between these two is that static information stays the same, whereas dynamic information changes quickly. Social media is a dynamic source of information as it changes fast and the information is mostly user generated. (Benckendorf, Sheldon & Fesenmaier 2014, 8.)

Social media is used during all phases of the information search process. Before the trip travellers are searching for information about destinations, prices and accommodation, during the trip the social media and mobile apps are the most common sources of information and after trip travellers are often sharing their experiences about the holiday. (Benckendorf, Sheldon & Fesenmaier 2014, 8.)

Managing the online reputation is important for the hostel and for that reason encouraging guests to write more reviews on social media is recommended. Online review sites, such as TripAdvisor is an important source of information for many travellers and by using that effectively, the company can benefit from customer reviews. Facebook, Instagram, Twitter and Blogs are good channels for the case company to market their hostel as the target group is actively using those channels during their information search process.

7.2.2 Reaching customers during customers decision-making process

The decision-making journey is seen as a circle, where different elements interact with each other. The circle is formed by different touch point,

which are points where customers are open for influence. Marketers must focus their marketing actions to these touch points in order to reach customers and make them their clients. (Court, Elzinga, Mulder & Vetvik 2009.)

Before the customer is going through a decision-making journey, he will have to recognize the problem, which is the very first step. As the case company is working on a hospitality sector, the problems their customers mostly face are the need for a holiday or finding a suitable accommodation (Wall & Mathieson 2006, 45). At this phase the company can already enter to the competition and try to reach the customer. Forms of social media affecting to customer at this point are for example shared holiday experiences and photos of friends or ad on social networking sites. (Tuten & Solomon 2013, 175.) User generated content is in a key role at this point, because the aim is to reach people who does not yet know they want to travel. As the case company is operating on Facebook and Instagram, encouraging guests to share photos and experiences online would be a good idea, as it could trigger someone's willingness to travel and to choose the same hostel where their friend stayed at. Photo competitions organized on social media are a good way to reach people on Instagram or Facebook. The competition would not have to be only about hostel, but the competition could be about whole Sydney. For example, asking guests to share their favorite spot in the city would be a good photo competition topic. Prizes would encourage people to take part and at the same time the information about the hostel and destination would reach thousands of people on social media.

After the problem recognition, the journey in the actual circle starts. The very first touch point is brand evaluation. Consumers are going through brands suitable for purchase, based on their earlier experiences and how well known the brand is. On this stage new brands can enter into the competition and interrupt the decision-making process. The second touch point allows customers to add or reduce the amount of brands they are evaluating. (Court, Elzinga, Mulder & Vetvik 2009.) The first two touch

points are affected by social media as in these phase people are evaluating possibilities, selecting suitable options and comparing offerings. People are reading reviews, ratings and watching photos and videos other guests has shared. (Tuten & Solomon 2013, 175.)

The case company has received reviews and ratings on TripAdvisor, but has not replied to any of the comments. Replying to comments is beneficial for the company as it indicates to the customer that the company is interested in the feedback received and is taking the customer service seriously (TripAdvisor 2013). In December 2013 TripAdvisor conducted a survey about companies leaving comments to their customers and found out that 77 % of the respondents believe that a company leaving comments cares about their customers more than a hotel that does not reply to their comments. The same study revealed that 62 % of the respondents would more likely book a room from a hotel that has responded to its customers than from a hotel that has not. (TripAdvisor 2013.)

Medallia researched the relation between responsiveness to social media reviews and occupancy rate and found out that the relation does exist. Hotels that did respond to over 50 % of social reviews grew occupancy rates by 6.4 percentage points, more than twice the rate of properties that largely ignored social media reviews. The hospitality industry as a whole achieved a 4.3 percent occupancy growth rate during the same period. (Medallia 2015.) Based on these two studies, it can be seen that it is important to reply on the reviews on social media. The case company should respond both to negative and positive reviews to make their customers satisfied. Responding with a name, title and a photo would create a good impression and make the customers feel special. In this point the content both created by the hostel and hostel guests is equally important as people are searching the information from various places. It is important the social media profiles and accounts are up-to-date and being updated frequently enough. One of the problems in the case company is, that their Facebook page, Instagram account and Twitter account are not

beign updated daily or even monthly. The company should share posts daily, including photos, stories, status updates, videos and all sorts of material. As already mentioned earlier, the Company X should also share photos and videos of Sydney and Australia as it could attract people to travel and choose the hostel for their place to stay in. Original, funny and current updates do reach people and usually rewards the hostel with a booking.

At the third touch point the consumer selects the products and the purchase is done. The final touch point is one of the most important ones when it comes to power of social media. After sales- operations defines if the traveler will come back or not. In the final step the tourist also writes reviews of his experience and possibly shares them on social media, providing important information to other travelers as well. (Ivanovic 2008, 275.) At this point TripAdvisor plays a big role again. Also shared photos and videos are an important part of the after holiday actions.

At the moment the case company is asking their guests to mention the name of the hostel on Facebook and providing free washing powder to all who have done that (Interview of the personnel 2015). The empirical survey revealed that, social media presence for a hostel is very important and for that reason motivating guests to use social media and to promote the hostel is a top priority. The hostel could provide more motivators for social media users and for guests who mention the hostel on social media. Based on the interview done for the person part of the personnel, the researcher found out that Internet connection in a hostel is not free. Guests have a free access to wireless internet when they have paid a certain amount of money. The guests can choose to buy an internet connection only for one day or for 7 days. (Interview of the personnel 2015.) A good motivator for people to start mentioning the hostel on social media would be a one day free internet access.

Also different competitions arranged on social media are a great way to gain more publicity. (Tuten & Solomon 2013, 69.) The case company

could ask visitors to share a photo of the best moment in the hostel with a certain hashtag and offer a prize for the winner. Via a campaign like that the company would gain free publicity and attract people on a same demographic segment.

The case hostel should also be active on their own social media profiles and accounts. Sharing good quality photos and videos is important in order to attract customers. Photos should concentrate on showing the facilities of the hostel, the rooms of the hostel and events of the hostel. Also Australia and Sydney as a destination should be advertised on photos and updates. The hostel should also give away promotion codes, discount deals and other benefits for people who choose to become their customer.

7.3 Reaching Finns via social media

The goal of the research was to found out how the case company could improve their marketing activities on social media in order to reach more customers from Finland. For that reason this chapter is focusing entirely on reaching Finnish people via social media. The empirical survey and former findings from different phases of decision-making process and social media are used as a base. Also previous chapters about segmentation are an important part of this chapter.

The first step is to understand what the target market is by using different segmentation methods. Three different ways to segment the market are *geographical segmentation*, *demographical segmentation* and *psychographic segmentation*. *Geographic Segmentation* refers to a situation where the market is segmented by region, country or climate. *Demographic Segmentation* segments market by age, gender, income or occupation and the idea of *psychographic segmentation* is to slice up the market based on personality, motives and lifestyles. (Tuten & Solomon 2013, 68-70.)

As in the case the target segment is Finnish youth, the segment is a combination of all three mentioned above. The main goal of chapter 7 is to provide suggestions for the case company how to reach more Finnish customers. It all starts with segmenting.

Finland and Australia are located on the other ends of the World and for that reason summer months in Australia are from December to February and winter months from June to August. (Australian Government 2015.) In Finland winter months are from December to February (Ilmatieteenlaitos 2015). As climate is one of the variables of geographic segmentation, it can be taken into a consideration when trying to reach people from Finland. The case company could target marketing campaigns to Finnish autumn and winter months as the climate of Finland turns cold and dark and Australia is enjoying their summer. The company could advertise Australia as a holiday destination and their hostel as a place where to start the experience. Great places for such advertising would be Facebook and Instagram as both forms of social media allows photo sharing. Photos of famous landmarks, such as Sydney Opera house and Bondi beach would attract Finns to start planning their escape from cold Finland. Also promotions and deals targeted to Australian summer months would attract Finns and encourage them to book accommodation.

Geographic segmentation examines the customer from the point of view of age, income or occupation (Tuten & Solomon 2013, 69). In this case the customer is a young traveller from Finland, often someone who has already been travelling the World or is on a longer journey than just a regular holiday. Guests of the hostel are seeking for a low cost accommodation and other young people to spend time with. (Interview of the personnel 2015.) In order to reach a targeted group, the hostel could arrange sales campaign on social media and offer promotions or discount codes for guests making their next reservation in the hostel. People like to feel special and offering special deals and exclusive offers makes them feel special (Mangold & Faulds 2009). The most effective social media channels in order to reach Finns, are Facebook, Instagram and Blogs.

The last mode of segmentation is psychographic segmentation. It helps the marketer to get to know the real person making the buying decisions. The idea is to research the market and offer the product to people who are willing to buy it. (Tuten & Solomon 2013, 70.) As the guests of the case hostel are searching for an inexpensive accommodation from Sydney, it can be assumed that they are more willing to spend their money on something else than lodging. The hostel is offering free time activities for their guests, such as a trip to Blue Mountains or a visit to vineyards. (Interview of the personnel 2015.) Advertising the experiences offered by the hostel would reach people who are willing to experience and spend money on things rather than on accommodation.

Based on the empirical research done among 134 Finns being part of the target market, the mostly used social media channels when searching for information about lodging options are TripAdvisor, Facebook, Blogs and Instagram. Based on the result, the case company should focus their social media marketing to these social media channels in order to reach more customers from Finland at the information search process.

The company has not done any co-operation with bloggers before (Interview of the personnel 2015). As blogs are a great way to boost marketing, the researcher recommends the case company to contact travel bloggers and offer them a free night in the hostel and ask them to write a review to their blog about the hostel. As more specifically the company wanted to reach people from Finland, finding a Finnish blogger currently travelling in Australia would be beneficial for the company. The company could also consider starting their own blog online. The manager could write posts and tell about the recent events and share photos of the hostel. Also upcoming events and promotion codes could be shared in a blog.

The empirical survey underlined that people are sharing their photos online after the holiday and Instagram and Facebook are used for that a lot. The case company should ask their guests to share photos with a

same hashtag on Instagram or ask them to mention the name of the hostel on Facebook when publishing photos. Guests should also be invited to like the Facebook page in order to make the page seem more popular.

The survey also revealed that nearly 75 Finns out of 100 are using TripAdvisor when searching for information and activity on the site would affect positively on the customers. For that reason, when trying to reach Finnish travellers, it is important to focus marketing also on TripAdvisor. As the former findings about decision making process and social media marketing stated, it is important for the company to be active on TripAdvisor and reply to all comments, both negative and positive. Finns actively read the reviews written by other travellers and view photos shared by other guests. However, Finns are not actively writing reviews of their own. Almost 100 % of the respondents of the survey said that the content generated by other users does have an effect on the final decision. The results of the survey underlined, that customer reviews and generated information must be taken seriously in order to make the customers choose the hostel as their lodging destination.

The following table will illustrate the actions that are suggested for the case company in order to improve their social media marketing and reaching customers from Finland. The suggestions are based on the theoretical data collected for this thesis and on the empirical data collected from the interview of the personnel of the case company and on the survey conducted among the students of Lahti University of Applied Sciences.

TABLE 5. Suggestions for the Company X.

Suggestion	Actions
Activity on social media	Several updates on social media per day or at least weekly updates
Responses to customer reviews	Responses to customer reviews on TripAdvisor, both to negative and positive reviews with a name and title
Co-operation with bloggers	Offering a free weekend in the hostel for travel bloggers and asking them to write a review
Own corporation blog	Own blog for the hostel, written by some of the managers or other employees'
Advertising campaigns	Advertising campaigns on social media
Promotion codes	Promotion codes and exclusive offers for customers
Competitions	Competitions on social media, such as a photo sharing competition on Instagram
Motivators for guests to mention the hostel on social media	Offerings for guests already staying in the hostel if they mention the company on social media, such as one day free Wi-fi code
Segmentation as part of the marketing	Taking into account the segmentation clusters when promoting the hostel for Finns

Suggestions for the case hostel are collected to a table seen above. The hostel needs to improve their activeness on social media and start updating their channels and profiles more often. New updates and photos must be shared preferably daily, but at least weekly. The updates can include photos and videos about the events hosted in the hostel or about the personnel of the hostel. Also photos about the preparation of some certain event would be good material for social media. As Finns are using social media a lot, it is important, that the hostel seems active and takes into account its customers.

Another important activity- related factor is that the company must start replying on their customer's reviews on social media. The replies should come with a name and title of the hostel staff so the customer would feel that his feedback has been taken seriously. Finns read a lot customer reviews on TripAdvisor and in order to reach customers from Finland, it is important to polish the company brand on rating sites.

Third suggestion is to start a co-operation with travel bloggers. Simply by asking a blogger to stay over a weekend and asking she to write a review on her blog about the experience would be beneficial for the company. The importance of blogs for Finns decision-making was notable, so why not take advantage of that too? Also starting a blog of hostel's own would be a good idea in order to reach customers from Finland. Blogs of managers would bring a lot of goodwill for the company.

Advertising campaigns and promotion codes on social media would attract customers to choose the hostel for their place to stay over the holiday. The advertising campaign could be advertising some big event or party or just the hostel itself. Promotion codes and exclusive offers would be a good way to reach people from Finland, as the flights to Sydney are expensive. If the lodging is cheap, it is more likely that people choose to stay in the case hostel. Promotions such as 4 nights stay only for the price of 3 nights would be a good place to start.

Competitions on social media are a good example of user generated content, which especially Finns are strongly relying on when searching for information about holiday accommodation. Photo sharing competitions on Instagram and Facebook would attract people and more visitors to come and join the fun the visitors of the case hostel have. The company should motivate the guests to mention the hostel on social media. The hashtags that the hostel wants its guests to use on Instagram should be visible around the hostel. Competitions are a good way to motivate people. The hostel could award the best photo of the week every Friday with a free dinner voucher. Motivator like that would boost the photo sharing on social media.

Also the segmentation should be taken into account when improving social media presence. Finns live on the other side of the World, so taking into account the climate and seasons of the country would be beneficial for the hostel. Also the fact that travellers from Finland are young and looking for a budget accommodation should be taken into consideration. Advertising events and trips organized to different destination would reach backpackers and people who are more willing to spend money on experiences than on lodging.

8 CONCLUSION

This chapter gathers together the information collected during the research and the findings based on the information. Also the answers to research questions are presented in this chapter. Second part of the chapter is focusing on the reliability and validity of this study, followed by a suggestion for further research.

8.1 Answers for Research Questions

The research focused on social media marketing and reaching Finns by using social media. The case company wanted to reach more customers from Finland via social media and that is why the main research question was: **How should the case company improve their social media marketing in order to reach more customers from Finland?** The research question is answered later on in this chapter, but first the researcher chose to answer on the sub-questions. Sub-questions are presented and answered below.

What is social media?

Social media is a form of media that people use to be social. It is an online community that people use to share their interest with like-minded people. On social media people are sharing their opinions, reviews, photos and other content created by themselves. Social media has quickly become a crucial part of marketing as well, as people are spending more and more time on social media. Marketers want to reach people so steadily they have transferred their presence from traditional media to social media.

How can social media be used in marketing activities in the tourism and hospitality sector?

Social media has changed marketing world, including the tourism and hospitality sector. The marketing power of social media is almost entirely relying on sharing content, commenting and reviewing. The dialogue

between the marketer and the consumer is profitable for both parts. The company is receiving important information and feedback directly from the user and the users are sharing ratings and opinions on the product with other social media users. Consumers receive opinions of the product from other users, which makes the decision making easier. For tourism and hospitality sector marketing on social media is beneficial as people are using social media during the whole holiday. Social communities, such as Facebook and Instagram are widely used among marketers operating on a tourism and hospitality sector. Travellers are sharing their experiences on social media on a customer review sites, such as TripAdvisor. Photos and videos shared on social media are a big part of tourism and hospitality marketing. Content generated by other users of social media are an important source of information for both marketers and other tourists.

All in all, social media can be used on a tourism and hospitality sector as a tool to generate information for customers and for marketers. Social media can also be used for advertising, promoting and boosting for sales.

How is social media part of the decision making process of Finnish youth, when selecting a holiday accommodation?

The empirical survey conducted for this research revealed that Finnish youth does use a lot social media. Most of the respondent said that they use social media up to 6 hours per day. The researcher found out, that Finnish youth does use social media in their information search process and the information gained from social media does affect on their final decision making. Finns read reviews published on social media sites, such as TripAdvisor and view photos shared by other users. Reviews read from social media have an effect on their decision making.

Finns also find it important that the hotel or hostel can be found from different channels of social media, such as from Facebook, Instagram, Blogs and TripAdvisor.

Now, when the sub-questions are presented and answered, it is time to answer to the actual research question, which was:

How should the case company improve their social media marketing in order to reach more customers from Finland?

The interview of the personnel of the case company revealed that social media is used in marketing actions already in the case company. Channels such as Facebook, Instagram and Twitter are being used. However, the benchmarking done by the researcher stated that social media is not used on its full potential in the case company. The Hostel X is not using social media actively enough. The company should post more updates and share more photos in order to reach more customers, also from Finland. The activity level can be improved by posting more updates, organizing competitions, sharing deals and offers and by asking guests to share their photos or to mention the name of the company on social media.

The empirical survey for the thesis was conducted among 134 students of Lahti University of Applied Sciences and the researcher found out that Finns use social media a lot, when searching for information on their lodging options. The most popular channels of social media used for accommodation search were TripAdvisor, Facebook, Instagram and Blogs. The researcher suggests that the case company focuses their marketing on these channels in order to reach more customers from Finland. Finns are reading a lot of reviews written by other tourists and using a lot of TripAdvisor on their holiday planning. For that reason hostels activity level on TripAdvisor should be improved and the company should reply to comments left on their TripAdvisor page.

Also the company should focus on getting to know who their customer is. The target customer is a young Finnish traveller. By learning about segmentation and geographics of customers, the company would improve their marketing. For example, the seasonal marketing should be taken into a consideration.

8.2 Validity and Reliability

The main purpose of a research is to find answers to all research questions. In this research, the objectives were met as the answers to research questions were found. The information for the research was gathered both from secondary and primary sources. Secondary information was gathered from literature, such as from official books, journals and internet sources. The primary data was collected from an interview with the personnel of the case company and from a survey, where the aim was to find out how the target group is using social media. The number of respondents to the survey was 134, which is enough to draw conclusions and which makes the research reliable. According to these facts, the research is valid and reliable.

8.3 Suggestions on Further Research

As mentioned in the beginning of the research, this study focused only on reaching customers from Finland. In order to gain more comprehensive results, further research on social media marketing covering also other nationalities is suggested. A broader study would be interesting and offer useful information for the case company.

9 SUMMARY

The aim of the research was to provide a deeper understanding on how social media can be used as part of marketing. The final goal was to implement a development plan for the case company and to answer the research question of how the case company could improve their social media marketing in order to reach more customers from Finland.

At the beginning of the study, the researcher introduced basic concepts of marketing and social media and combined those chapters into a chapter concerning social media marketing. As the final goal was to find out, how Finnish people can be reached as customers by using social media, a customer information search and decision-making behaviour were investigated.

The researcher wanted to find out how are Finns using social media as part of their information search about holiday accommodation and for that reason, an empirical survey was conducted on the target group of the case company. The survey revealed that social media is used as part of information search process.

The final part of the research was to conduct a development plan for the case company and provide suggestions on how the company could improve their social media marketing in order to reach more Finnish customers. By using both theoretical data collected from literature and internet sources and empirical data gathered from the survey, the development plan was conducted.

The findings of the study stated, that activity on social media is in a key role when trying to reach more customers by using social media. Also selecting the right channels, the channels that are mostly used by Finns, is an important factor when reaching customers from Finland.

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Interviews

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APPENDICES

APPENDIX 1. Survey

1. Ikä

- Alle 18 vuotta
- 18-24 vuotta
- 25-30 vuotta
- Yli 30 vuotta

2. Sukupuoli

- Nainen
- Mies

3. Kuinka paljon sosiaalista mediaa käytät päivittäin?

- 0-2 tuntia
- 3-6 tuntia
- Yli 7 tuntia
- En käytä sosiaalista mediaa

4. Mitä sosiaalisen median kanavia käytät lomamatkan majoitusta suunnitellessasi? Voit valita useita vaihtoehtoja.

- Facebook
- Instagram
- TripAdvisor
- YouTube
- Twitter
- Blogit
- Muu, mikä?
- En käytä sosiaalista mediaa

5. Valitse sinuun sopivat väittämät. Voit valita useita vaihtoehtoja. Mikäli mikään väittämistä ei kuvaa sinua, voit kertoa sosiaalisen median käyttötottumuksistasi majoitusta valitessa vapaamuotoisesti.

- Luen muiden matkailijoiden kokemuksia hotelleista tai hostelleista ennen majoituksen valitsemista
- Selaan muiden matkailijoiden julkaisemia kuvia tai videoita hotelleista tai hostelleista ennen majoituksen valitsemista
- Kirjoitan itse kokemuksistani majoituksen suhteen loman jälkeen sosiaalisessa mediassa
- Julkaisen itse kuvia tai videoita matkaltani sosiaalisessa mediassa
- Muu aktiviteetti, mikä?

6. Kun suunnittelet matkasi majoitusvaihtoehtoja, vaikuttaako sosiaalisessa mediassa julkaistut mielipiteet, arvostelut ja kuvat lopulliseen päätökseesi?

- Eivät vaikuta
- Vaikuttavat jonkun verran
- Vaikuttavat paljon

7. Kuinka tärkeänä pidät hotellin tai hostellin näkyvyyttä seuraavissa sosiaalisen median kanavissa?

	Ei lainkaan tärkeää	Jokseenkin tärkeää	Hyvin tärkeää
Facebook	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Instagram	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Twitter	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
YouTube	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
TripAdvisor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Blogit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

APPENDIX 2. Interview with the personnel of the case company.

1. Tell freely about the company, personnel and customers of the hostel?
2. Who is the target customer of the company?
3. How is social media already used in marketing?
4. Are customers encouraged to mention the hostel on social media?
How?
5. Is wifi connection for customers provided?
6. Has the hostel done any co-operation with bloggers before?
7. What activities are offered for guests?