Impact of Digital Marketing in Restaurant Industry: A Case Study of Select Restaurants in Delhi - NCR

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Abstract

The arrival of social media in the hospitality sector has brought a revolution, as a medium to engage and entice the potential customers in a big way and has now become an inevitable part of running a successful business. The untapped popularity of social media platforms, being the most influential factor as the word-of-mouth, has called-for a study of the market effectiveness of digital marketing media such as Facebook, Instagram, Twitter, Snapchat, Pinterest, YouTube, LinkedIn, Tripadvisor, Zomato, etc.

The study attempts to investigate factors responsible for digital brand awareness, their influence on customer perception and the optimum utilization of such tools to leave a long lasting impact on the millennial consumer through customer generated content. Google scholar was used as a search engine to get the literature from different articles and other data sources available. The observations resulting as a part of primary data, accumulated through online survey, supported the coherent sets of literature already present.

The research suggests that social media has a direct positive impact, thereby changing the face of expanding business and engaging all possible resources in revenue generation.

Keywords: Restaurant, Digital Marketing, Social Media, Brands, Customers

Introduction

Digitization has changed several aspects of restaurant operation, including marketing promotions, customer relations as well as methods of hiring new employees, opening a new set
of opportunities along with challenges for the restaurant operators. Digital marketing is an impactful tool, though not relatively new, but with abundant advantages of being affordable and viral. It carries the potential of spreading brand awareness quickly, without any cultural or social barriers, thereby developing attention amongst massive amount of traffic. The benefits of social media marketing is supposed to be ranging from functional, hedonic and monetary to social and psychological factors, based on several research performed earlier. With specific reference to restaurant industry, this tool holds the key to engaging consumers in virtual experiences and recognizing their needs, thereby positively influencing their participation. By engaging with a potential customer online, a company might be able to bring that individual to a sale, increasing revenues. Digital marketing mediums like Facebook, Instagram, LinkedIn, Pinterest or YouTube, can help Hotels in understanding customer’s preferences before, during and after their vacation experience.

The dynamic industry must integrate the potential of attitude-towards-the-ad and concept of attitude-towards-social-media-page to enhance the marketing effectiveness thereby resulting in the generation of potential customers through brand awareness. With the restaurants flourishing next to each other, to thrive in this smaller world, the incorporation of social media marketing strategies to engage and lure customers via virtual relationship seems to be an apt shift, in different formats such as wikis, blogs, social networks, online channels and reviews, etc. It is also significant to state that social media marketing requires a different approach than the traditional techniques, wherein listening is just as important as responding or posting.

Brand-building identifies itself to be a set of three stages including cognition, relationship building and business generation. It is imperative for today’s business managers to stay up-to-date on technology, customers and social media, in order to direct business and marketing efforts towards meeting and exceeding guest expectations, alongside resolving consumer complaints. It is important for all businesses dealing with vulnerability, to have a strong online presence. Having an aesthetically pleasing portal with useful content relevant to the general audience, colorful images or virtual tours, attracts the online visitors and gets them interested in staying at a facility satisfying their needs.
Based on its flexibility and reach among masses, Facebook is considered as the place to start with a social media strategy by both independent and chain restaurant owners, as it is the most popular tool. Though, implementing a well thought and aptly planned digital marketing program is essential in the ever changing industry. Presence on just one vertical is not enough; it takes time, effort and professional guidance to open the door of business towards digital marketing strategies, specifically aiming promotions, news updates and guest interaction. The traffic coming from mobile devices has been on a rise. Having a mobile friendly website can make a huge difference in getting a reservation as a means of revenue generation.

Digital marketing trends have been changing rapidly, making it difficult for the hospitality businesses to stay on top. Only a specialist with industry knowledge and marketing background can divert traffic to the site and convert mere visitors taking virtual tours to consumers enjoying actual services. Since there are several strategies for various segments of customers, based on objectives and targets, a variety of digital marketing spheres should be integrated and looped together.

**Statement of Purpose**

The main objectives of this study are as stated:-

To explore the impact of digital marketing through social media and other platforms, on potential customers and revenue.

To identify the various social media tools for digital marketing, their effectiveness and the frequency of their usage for client engagement.

To summarize the information regarding the main trends in digital marketing while comprehending the literature.
Research Design & Methodology
Qualitative interviews were undertaken with a specific group of senior restaurant executives from 10 significant restaurants, of Delhi-NCR, to gauge their understanding of the digital marketing strategies, in order to support the literature findings. Their viewpoints were explored towards the return on investment of restaurant’s online presence, through fact finding enquiries.

Present study also attempts to reveal the perceptions of customer’s digital experiences that influenced their attitude and intention towards a hotel brand, by data collected through a structured questionnaire, circulated amongst 150 learned population of Delhi-NCR, via e-mail, considering convenience sampling technique. This generated useful information from 90 respondents. Because of the relatively small sample size we recommend the results to be viewed as informative rather than definitive.

The secondary data was gathered from books, newspapers, journals, e-journals and articles from trusted sources, related to the field of study. The theoretical part of the research discusses the basics of digital marketing and the influence of social media.

Literature Review
Digital marketing today has become an indispensable part of every business irrespective of its size and type. The increasing role of digital marketing has affected the way businesses promote their offerings to existing as well as new customers. The need for digital marketing has affected the way businesses promote their offerings to existing as well as new customers. This has been felt like never before in the food business wherein customers have instant access to all kinds of information on the latest offers and best prices. With the launch of internet technology, the rules of marketing have been redefined all over the world. Edelman quoted in 2010 that for marketers, the old way of doing business is unsustainable. It started as a mode of communication and has evolved not just into another source of additional revenue but most importantly, to develop and maintain long-term relationships with the various parties in the market. Every campaign launched digitally can be tracked in terms of its reach, engagement and conversion. This has given a whole new meaning to the marketing research to understand the needs of the customers
like never before. Digital Marketing, the promotion of products or brands via one or more forms of electronic media, differs from traditional marketing in that it uses channels and methods that enable an organization to analyze marketing campaigns and understand what is working and what isn't—typically in real time. In order to compete and succeed digitally, the most relevant digital marketing activities include:

- Quality website
- Strong social media presence
- Search engine optimization
- Email marketing
- Content usefulness
- Mobile friendly

Digital marketing today is all about using the internet technologies to reach out to existing and newer audiences and engage with them. The main difference between traditional and digital marketing is the latter's ability to track data about user behavior and campaign performance in real time.

It is important for all businesses to have a strong online presence. Maintaining an effective website and implementing strong internet marketing techniques, including social media, are great ways to bring in more leads. Since there are many strategies that can be pursued, set your objectives and integrate a variety of measurement systems.

Our living environment is a combination of online and offline spaces that co-exist together, defining our everyday habitat. The rapidly increasing popularity of online offers requires quick and user-friendly tourism product development from the industry. The development of digital services requires the identification of the user, information on their individual preferences and a decision based calibration (by Artificial Intelligence).

Google alerts is the most commonly used alert tool, followed by searching the restaurant’s name or other related term on a search engine such as google. The two primary goals or purposes of
monitoring online activity were to be informed of activity regarding the restaurant and to know when a customer needed response. Those who did link additional revenues to the use of social media did so by monitoring the following:

- New customers on a customer relationship management system.
- Promotions and coupons from social networking sites and
- The frequency of visits by existing customers.

While social media is a generic term covering different online platforms with various attributes, communication formats and sociability functions, there are certain characteristics that all social applications fundamentally share. In 2008, May field identified five specific characteristics that he believed underline the operations of all social media:

1. Participation
2. Openness
3. Conversation
4. Communities
5. Connectedness

In terms of advertising on social media, in 2009 Bernoff found that almost 4 out of 5 marketing professionals believe that social media advertising is likely to become more effective than traditional advertising using print and other media. The most pressing challenge however comes in the justification of time and money spent on it versus its effectiveness. Fans have a greater propensity to purchase, share and engage when they are targeted with marketing offers on social media.

Several studies also contribute to the understanding of consumer behavior in social media. “The Indian Pizza market is worth approximately Rs 1300-1400 crore out of the Rs 8000 crore organized food sector of India, as per Euromonitor data last year” as found quoted on the internet.

Dominos launched their online ordering system in April 2011 and has been a huge success. They have almost 1 million Facebook fans, referred to as “Dominicons”, hence encashing a high
degree of engagement with consumers at its convenience. Chief digital officer, Jubliant Foodworks, Mr. Anand Thakur’s quote stated “We are delighted to announce that we have selected WATConsult as our digital media partner after a rigorous selection process. We believe their innovative approach will take the brand to the next level. Through this collaboration, we look at harnessing their rich experience in digital space to strengthen and expand our digital outreach” The inclination of such business organizations, towards hiring a specialized firm for digital marketing shows and upsurging trend in the current scenario.

In 2013, Van Djick mentioned that the rise of social media with the dawn of the new millennium has provided new ways for exchanging feedback on products and services. Such event has driven a huge increase in customer empowerment, with customers now having a vast number of instantaneous tools to influence others with their opinions, recommendations or complaints. A brand (name, term, sign, symbol, design) is intended to identify the goods or services of sellers and to differentiate them from those of competitors as shared by Kotler and Keller in 2016. Whereas brand management involves the analysis and planning on how a brand is perceived in the market, a branding strategy identifies which brand elements a company chooses to apply across its various products. A distinct branding perspective is brand building, which has been widely studied with a particular emphasis on the specific case of assessing the impact of social media. Back and Parks in 2003 affirmed that brand building stages are known to have a direct impact on customer relationship in the hospitality industry. In 2014, the relevance of social media communities for managing brands was assessed by Davis et al. Their study identified five drivers of brand consumption in social media- Functional, emotional, self-oriented, social and relational.

Brand managers need to adapt each brand strategy to benefit the most from social media trends while keeping pace with each company's strategic guidelines. Engagement in social media brand communities leads to positive increase in purchase expenditures and interestingly user generated content exhibits a stronger impact than marketer generated content on consumer purchase behavior. Moreover, the emergence of social media has changed the consumer's role in story telling from that of a passive listener to a more active participant. In the last few years, social
media has proven to have a profound impact on brands worldwide. The hospitality industry is no exception for the following rule of thumb: - brands need to incorporate communication through social media and consider the effect that viral e-word-of-mouth has on each individual brand.

The business environment and marketing strategies have gone through big changes due to digitization. As for digital marketing, it is an essential tool for any business. The branding and positioning plays an important role in digital marketing. Online presence gives endless opportunities and ways to share content and attract new customers. The main reason why digital marketing is being used in businesses is the lower cost and reachability compared to traditional marketing. The term digital marketing comes from using an electronic device (smartphones, computers, tablets, game consoles) to reach customers. In other words, digital marketing means using one or more digital channels to promote a product or a brand. There are 3 ways to make social sharing work for better rankings:-

- Clicking the link to interesting content.
- Social Presence.
- People engagement through campaigns.

As worded by Konrath in 2006, the key in digital marketing is to have a strong value proposition, that attracts customers and differentiates from competitors.

**Data Analysis & Findings**

The findings of this study provide significant insights for the researchers and marketers, with the common perception that social media platforms are more frequently used by young individuals. Though, the senior executives, interviewed to retrieve useful data to support coherent sets of literature already present, used social media platforms and considered it to be important for both - engagement & advertising.

The resulting pie charts of the survey are shown in the figures and described as under:-
As interpreted from the results, while traditional marketing forms a miniscule part of the entire digital marketing domain in the present scenario, more focus (around 96%) is on channelizing the resources through social media.

To further our claim, maximum numbers of respondents (around 80%) believe that restaurants marketing their products and services through digital mediums are generating better consumer feedback and revenue thereof. This clearly indicates that digital marketing is the preferred mode
of reaching to potential customers by majority of the restaurant chains, as it provides a quick chance to rectify issues.

![Pie chart showing the most influential digital medium for promoting the restaurant and QSRs](image)

The study highlighted that marketing through social media has been effective with more respondents asserting it to be the preferential mode. Therefore more emphasis should be given to develop and design campaigns around these platforms. The findings suggest FACEBOOK to be the most liked platform for digital marketing. Some of the other mediums mentioned were Youtube, Instagram and other social sites which can be used to promote the restaurants.
Perhaps the most noteworthy finding stated that offers on the digital platforms are an effective way of reaching out to prospective customers. Restaurants offer coupons or discounted rates through DIGITAL MEDIA platform, in order to propel sale of their products and services. This also influences the perception and inclination of the customer towards the brand.
More than 63% respondents believe that promotions through social network will fetch good results and therefore should be available as frequent as per week. This tactic would enhance brand loyalty among customers.

![6. Potential Customers get influenced to buy a menu item based on the information provided by social media platform](image1)

Interestingly, as expected, more than 50% of the respondents are of the opinion that social media is the most important way of marketing the articles and services provided by a facility. This shows the influence of digital marketing on consumer insight turning into sales.

![7. The reviews and the feedback received by social media can change or build a brand image of a restaurant chain](image2)
As is evident from the diagram, more than 90% respondents were found stating that online reviews and feedbacks affect the brand image of any restaurant chain, thereby assessing and monitoring when a customer needed response becomes vital for their existence.

Favouring the popular belief of degrading business through online reviews and feedbacks, strategizing online activity and presence would give opportunities to redeem service failures and convince the guest to visit again.

9. Which market segment is most influenced by the use of Social Media to promote the restaurant and QSRs in Delhi and NCR?
Surprisingly the result reflects the increasing popularity and market penetration of the social media marketing tools amongst the Youth. Though teenagers and individuals above 30 years of age share a common platform in terms of such online interactions.

Social media marketing needs to be approached differently, hence limited creativity to make a distinctive impact on the consumers, seems to be a limiting factor for the restaurant business owners, thereby not being able to engage a potential customer in a concrete manner.

**Conclusion**

The research investigated that the impact of digital marketing on the consumers of culinary segment, specifically restaurants in Delhi-NCR, has increased by leaps and bounds. Social media has revolutionized brand cognition among the various cross sections of society and has definitely led to growth and visibility of sales. The brand interpretation and loyalty has gone from marginal to main stream as the organizations have accepted the relevance of online presence. The research identified that a significant number of guests get engaged and interact about their experience considering social media marketing as the most influential factor. Email marketing and Search engine optimization have been consistently portrayed as vital constructs for content marketing. The capacity of new-age mediums has created a stir in terms of brand recognition resulting in
tremendous increase of revenue earned by the existing restaurant business owners, providing consistent quality services. A pool of consumer visits and interactions on digital mediums identifies different components starting from brand image, products, service, ambience and total experience, thereby helping business owners, investors, managers and staff members, as an advantage over competitors & being a guideline for future expansion. The restaurant operators were supportive of the use of social media & other e-word-of-mouth techniques in increasing customer loyalty, bringing in new customers and boosting revenues. Though it was evident during the study, following face-to-face interactions, that the restaurers need to reevaluate their digital media approaches to ensure that they are strategically designed and executed.

**Scope of Study**

The study explores the impact of marketing activity on potential online visits converting to reservations, thereby generating revenue for restaurants in Delhi-NCR. It also attempts to learn the influence of social media platforms and e-word-of-mouth strategies, on the thinking pattern, perception and attitude of the customer towards a restaurant.

**Future Research Directions**

The study calls for specialized research, eventually leading to the other vibrant issues surrounding the topic. This shall help identify the main trends and gaps in research, contributing to the exploration of such an innovative domain of brand building.

**Limitations**

Time being a constraint, the limited number of respondents might have answered without giving much emphasis to the importance of question.

Sample size represents only a part of the universe and therefore should not be taken as
representation of the whole population. 

The literature review was focused only on the tourism and hospitality sector, thereby neglecting any relevant findings reported in broader journals covering management and technology titles.

**Recommendations**

This exploratory study raised certain important recommendations-

With the advent of online platforms, brand positioning calls for a detailed study as it is a highly dynamic subject.

Brand strategy differentiation on the online portals and social media platforms, can guide restaurants to adopt distinct approaches of marketing their product.

The constant involvement of new marketing tools and channels deserve a closer study to be at pace with the future of this fast paced industry.

**References**


