

AN EXPLORATION OF THE ADOPTION AND DRIVERS OF FACEBOOK AS A MARKETING TOOL IN SMALL MEDIUM SIZED ENTERPRISE (SME) HOTELS

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ABSTRACT

The rise of online social networks, and particularly Facebook, are a recognised opportunity for marketing. However, little attention by researchers is given to SME independent hotels and their exploitation of social networks as a marketing channel. Therefore to investigate the Facebook marketing by SMEs, 14 semi-structured, in-depth interviews, specifically with the general managers, were conducted in order to explore the adoption and drivers of Facebook for marketing. This qualitative research approach reveals several interesting findings, highlighting the use of Facebook as a marketing tool. It shows that the role of the general management plays is vital. His perception, personal knowledge and attitude are highly influential to adoption. Other main drivers identified are; the actions of competitors, the managements' perception about guests social media use and the managements' purposeful investment in Facebook as a social tool.

Key Words: SME hotels, Facebook, social media.

INTRODUCTION

Globalisation and the increasing individualism of society are fuelling the rise of online social networks. Among social networks, Facebook is currently one of the most popular with over 850 million worldwide users. Many major businesses are using social media for marketing, communication and service delivery and the major hotel chains have been quick to explore this new media (Dev, Buschman, & Bowen, 2010). However, in Europe hotel chains represent only a minority of the hotel stock and 70-75%, are small to medium sized (SME) and non-branded (Brandt & Kenna, 2010). Therefore independent SME hotels are of great importance not only at micro level but also for the macro level of the destination. Despite this fact, social media research often focuses on large companies/ chains and their customers and research findings are less relevant to their smaller counterparts.

The larger hotels and chains are investing heavily into their social media presence (Dev, Buschman, & Bowen, 2010). However, little attention by researchers is given to SME independent hotels and, particularly their marketing activities on Facebook. This may be because there is conflicting evidence as to whether there is any real competitive advantage in social media use or to the generally, slow adoption of information communication technology (ICT) by the SME sector. Therefore, the main aim of this paper is to explore the adoption and drivers of Facebook as a marketing tool in SME hotels.

LITERATURE REVIEW

The Nature of SME Hotels

SMEs have distinctive characteristics such as “managerial style, independence, ownership, having limited resources and the scale and scope of operations” (O’Dwyer, Gilmore, & Carson, 2009, p47). Other identified characteristics of SME independent hotels are the centralized organizational structure, limited financial capacity, human resources restrictions and a lack of business expertise (Hills & Cairncross, 2011; Moriarty et al., 2008; Gilmore et al., 2001). Within the hotels’ activities, the owner/manager plays a vital role and O’Dwyer et al. (2009) state that “in general, SME marketing activities are driven by the owner/manager and their personalities and are defined in terms of tactics to attract new business, focusing on competitors, customers and the business environment” (p.55).

It has been argued, that the adoption of ICT by SMEs is slower, due to financial limitations and the often related long term investment (Nguyen, 2009), as well as human expertise constraints (Scott et al., 2010). Furthermore, Corso et al. (2001, as stated in Scott et al., 2010) find that generally SMEs do not appreciate the benefits of ICT, which in return results in a delay of ICT adoption. However, existing studies show that this does not always apply to specific internet adoption. Mathies (2010) found that the internet adoption is not

determined by the size of the enterprise. According to Mathies (2010) 93.2% of all hotels handle bookings via email, and mainly use the internet “as a marketing and distribution tool, [...] to collect information, to process purchases and to search for new staff” (p. 269-270). Similarly the internet penetration rate in most OECD countries for SMEs is over 90% (Scott et al., 2010). Gratzer and Winiwater (2003) claim that the internet can help small businesses to overcome their information and communication technology disadvantage by being able to contact their guests directly and bypass third parties. It enables them to have an additional distribution channel and address the individual customer. In their opinion it is vital for hotels to be present on the internet. This is in line with Huang and Lim (2006), who asserts that ICT is “of supreme importance for marketing and distribution of hotels” (p.6).

Scott et al. (2010) find that the internet suits the needs of the tourism industry by providing information to potential customers; it connects users around the world and provides information and opinions to inform purchase decisions. In terms of online strategy, Lim (2010) finds that this is influenced by the perception of “what customers want” and the “decision maker awareness and knowledge” (p.42) of the possibilities and tools available. On the one hand the growing usage of the internet opens up an increasing potential for reaching potential customers. On the other hand, as the internet becomes more widely used, there is the increasing challenge of being visible, particularly in search return pages (SERPs) by the (potential) customer (Green & Warner, 2006). According to Green and Warner’s research, hoteliers’ biggest concern for the future is to maintain online awareness (2006). Hills, & Cairncross (2011) indicate these social media channels, such as Facebook, will be a challenge for SME hotels with their limitations in terms of human resources, lack of time, technology skills and ability to invest social network skills.

SME hotels are also influenced by competitive actions both from larger, affiliated hotels and from their smaller counterparts. Prentice (2010) states that “stiff competition” leads small business owners towards the adoption of social networking sites, either via copy-cat tactics or innovative exploitation of social media. Rockbrigde Associates Inc (2009) found that 50% of SME businesses take their competition as a source for new ideas. Regardless of their reluctance to engage in the internet, the increasing use and presence of social networks forces hotels to act, as people start talking about them, albeit indirectly, online through Tripadvisor, Twitter, Facebook or other user generated content (UGC) sites. Inevitably, hotels intentionally or not, have a social media/ users generated presence and are becoming part of the social media landscape.

Online social networks

There are various definitions of social networks. Scott et al. define them as platforms that “allow the user to connect with friends and like-minded individuals, often on the form of online communities and to develop a network that can be used for social and or business purposes” (Scott et al., 2010, p.4). Similarly Boyd and Ellison (2007) define social network sites

“as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system” (p. 1).

Furthermore they found that social networking sites are often used by rather homogenous populations, for example specific nationalities, age or education levels. This might be also due to the fact that social network sites are often “primarily organized around people, not interests” (Boyd & Ellison, 2007, p. 8). Individuals are in the centre of this, making communities a place to personalize and be individualistic. Clemons (2009) describes online social networks as a kind of “milieux” where “people congregate to exchange information, observe and emulate each other, assess status, and above all entertain themselves” (p. 46). The tendency towards the use of social media by hoteliers is growing and this number has seen a dramatic increase with 45% of marketers planning or being involved in social networks (Yeung, 2010). Facebook is often perceived as the key media channel, due to volume of its membership base (850+ million and growing) and worldwide popularity. It enables hotels and other businesses to engage with customers and/or use it as a marketing tool.

Facebook

Only in the past two years there has been an enormous growth with more than 850 million users in 2011, according to a press release by Facebook in August 2011. This networking effect gives exponential power to Facebook who dominate the social network space in Western Europe. Facebook gives businesses three different marketing options to display themselves:

- as fan-page, where people can “like” the company (show their appreciation of the firm via the “I like”-button)
- as a group-page, where people have to become a member
- as friend-page, where the business is displayed as a person and customers can become “friends” with the business

The fan-page option is the least invasive way for “likers”, to show that they are interested in a firm, whereas the friend-page shares at least some of the information and give access to the personal profile. Facebook’s popularity has not only attracted people but also companies. Hoteliers are increasingly using social networking sites such as Facebook as a means to engage customers and market their hotel (Mintel, 2009). Yet, Prentice (2010) states, that Facebook is more of a communication space and not so much of advertising channel. Similarly, Yeung (2010) describes Facebook as “communication and conversation”, where it is important “to allow fans to connect to the people behind a brand” and let them “feel appreciated” (p. 2). In his opinion the “power behind social networks is the vitality and word of mouth” (p. 3). Social networks are long-term engagements and not just a onetime action. In terms of marketing tactics on Facebook, Hotel News Resource (2010) finds that companies mostly try to drive traffic towards their own homepage by posting status updates and befriending customers.

Consumer habits are also changing, being more individualistic and informed (Hay, 2010; Clemons, 2009). They prefer to share information (Murphy, Centeno Gil, & Schegg, 2010) and profit from the seemingly limitless information that is available (Choi et al., 2007). This wealth of information and lack of trust in commercially motivated communication has changed communication patterns and the UGC web sites are a natural progression from traditional word of mouth.

The structure and characteristics of SME independent hotels, the changing consumer, the competition and the disposition of the owner/manager along with the growth of social web sites not only offer marketing communications opportunities but also give hospitality managers the ability to collect rich qualitative and quantitative information for marketing. Therefore, the overall purpose of this paper is to investigate the specific use of Facebook by SME hotels and to identify their drivers for adoption. The overall research question is:

“What are the drivers for adoption of Facebook as a marketing tool by SME independent hotels?”

METHODS

Given the relatively un-researched topic, and the heterogeneity of SME hotels, an exploratory research approach within the phenomenological paradigm is adopted. A multiple-case study approach is used, more robust than a single-case study, as the use of several cases can strengthen the overall findings (Yin, 2009). An interview guide was constructed and tested in two pilot interviews then modified (hotels A & B, not included here). 14 semi-structured, in-depth interviews with SME hotels (mostly with the general managers) were conducted in order to explore the drivers for adoption of Facebook. The final sample consisted of 14 properties (C- P in tables below), located in Switzerland, Germany and Luxembourg, ranging from 2 to 5 star rating. The number of employees ranged from 9 to 140 and the number of rooms from 25 to 219. There were 8 hotels, located in a city and 6 in rural areas. There were 3 different “types” of respondents, the General Manager (10), the deputy director (2) and the head of marketing (2). Furthermore, 10 hotels have a corporate Facebook profile and 4 hotels do not. The development of the interview guide was guided by previous research (Murphy & Keilgast, 2008; Murphy et al., 2010; Hills & Cairncross, 2011; Lim, 2010) A varied sample was purposively selected to reflect the heterogeneity of SME hotels and each case was contacted and an appointment set for the semi-structured interview. The questions in the interview guide were grouped around the key areas:

- Characteristics of the hotel
- Organizational structure and responsibilities
- Marketing practices (online marketing and online bookings)
- Internet usage
- Owner/manager (if applicable)
- Use of Facebook from a hotel point of view (if applicable)
- Non-use of Facebook (if applicable)
- Competition
- Customers

During the interviews detailed notes were taken and then transcribed immediately after each interview. Results are presented in tables and quotes from the interviews (a full transcription of all interviews is available).

RESULTS AND DISCUSSION

Table 1 –Online Marketing/ Bookings and Facebook

Hotel	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Are they on Facebook?	no	yes	yes	no	yes	yes	yes	yes	yes	yes	no	yes	yes	no
Importance of online marketing	not so much	not so much	increasing	not so much	increasing	very important	increasing	increasing	important for younger segment	very important	very important	very important	very important	very important for hotel and conferences
% of bookings via different channels - internet	5	45	n/a	50	30	20	n/a	75	60	40	52	70	20	34

The differences indicate that there is no connection between being on Facebook and attributing importance to online marketing, nor in relation to the percentage of online bookings

Table 2 – Information on “Hotel” Facebook

Hotel	C	D	E	F	G	H	I	J	K	L	M	N	O	P
What type of page?	none	fan	group	none	fan	fan	friend	fan	fan	group	none	fan	fan	none
How many fans do they have?		108	92		67	60	86	354	176	209		543	82	
When was their last entry? (In days)		35			10	6	1	5	7	12		38	24	
Hotel - on which social media platforms?	blog	Facebook	Facebook	none	Facebook, flickr, twitter	Facebook	Facebook, twitter, blog	Facebook	Facebook	Facebook	none	Facebook	Facebook	none
How long? (in months)		6	12		12	12	12	14	8	18		21	8	
Who takes care of it?		GM+ apprentice	head of marketing		GM	GM	GM	GM assistant	external person	HR person		Nobody	Marketing	
Frequency of visits/updates		daily	once a month (rarely)		daily	daily	weekly	weekly	twice a month	twice a week		weekly	twice a week	

The table reflects the variety of Facebook profiles and activities and the time spent in marketing the hotel via Facebook

Table 3 – Positive and Negative Aspects Driving Facebook Adoption for Marketing

Positive	Negative
<ul style="list-style-type: none"> • increased importance and popularity of Facebook and social media; it is the future • attract the younger generation • promote the F&B Department • alternative to the newsletter • great potential for all marketing • guests are more and more “interactive” 	<ul style="list-style-type: none"> • time constraints • low motivation (not necessary to be more active) • lack of knowledge • other things are more important • guests are not “into it” • need to constantly “keep it rolling” (“no way back-once started- must continue”) • there is nobody who could take care of it • it has to be looked after and resourced

Tables 1 and 2 indicate most (10) use Facebook and have “fans” and groups, though there were various motivations, contexts and drivers for adoption.

The interviews reveal several drivers for the adoption of Facebook for marketing.

“Well, it was kind of peer pressure, because the others did it as well.” (D)

“When we visit other hotels, we always benchmark what they are doing ...this is a source for ideas for us.” (H)

However it is found that some drivers were external,

“We were on an e-marketing day, where they recommended getting on Facebook. So I thought, okay – let’s try it. The aim was or is to inform our customers.” (O)

Also there are specific reasons for SME hotels *not to be on Facebook*. In the case of a medical wellness hotel,

“As social media sites such as Twitter and Facebook, are very short and limited in terms of text, as well as not very long lasting, it’s not the right tool for us. Our product needs too much explanation. That is why we have had a blog for 9 months; here we can give longer explanations.” (C)

As described by other researchers (Niehm et al., 2010), the decision-making process for marketing activities is centralized towards the GM, as he often represents the “marketing department”. The owner/manager is again a major driver in the adoption of any social media.

“The GM has “final word”, but it will be talked about in a team meeting.” (C)

His perception about the market condition and the customers influence all decisions,

“Our customers are rather older, which is a concern of the GM, that there is any interest in Facebook” (M)

As identified in the literature, Facebook can be very time consuming and requires long-term engagement (Kasavana et al., 2010), which is identified to be a possible constraint for using Facebook for marketing. “Time” was cited several times as an issue and a barrier for non-adopters. Case (H) is an enthusiast of Facebook, he comments,

“There are no costs, except the time it takes.” (H)

However it worth noting that several SMEs do not perceive Facebook as time consuming. A possible explanation for this could be found in the low level engagement of some hotels with Facebook! The level of engagement and enthusiasm depends on several factors, such as their experiences with Facebook, the managers’

personal usage and the perception about successfulness and future potential. The cases could be grouped according to the level of enthusiasm towards the adoption of Facebook, ranging from none-adopters or sceptics, to low/medium enthusiasts, to medium/pro enthusiasts, to absolute and committed enthusiasts. Interestingly, none of the respondents mentions issues regarding the fast reaction/ response time which the Facebook environment precipitates. This could either indicate that these cases have low Facebook interaction or they perceive little need to react swiftly to comments or that these SMEs are regularly checking the Facebook profile. This may also reflect the knowledge/ expertise of the manager in managing this media effectively.

Additionally, the results show that Facebook is not only used for marketing, but also, for example, recruitment.

“We use Facebook for our employees and recruitment and not at all to contact or communicate with our guests.” (L)

There are clear indications that many SME hotels in this study are considering future adoption of Facebook (and other social media);

“It is definitely a marketing tool and it will increase its power in the future.” (G)

“No, not a competitive advantage, but will attain a higher level of awareness. Today word-of-mouth is very important and social media helps with that.” (I)

Other main drivers identified during the interviews are the actions of competitors and the limited time available. These cases reflect the specific characteristics of SMEs identified by previous research, such as heterogeneity (Murphy & Kielgast, 2008), centralization towards the owner/manager (Niehm et al., 2010) and rather impulsive marketing activities (Moriarty et al., 2008). Furthermore, the results show that human resource, financial and time constraints (Moriarty et al., 2008; Gilmore et al., 2007) all play a role within the decision-making process of SME hotels.

CONCLUSIONS AND LIMITATIONS

Many of the results reflect the future potential of social media (ITB World Travel Trends Report, 2011) and a customer environment that is interactive and informed (Hay, 2010; Clemons, 2009). As well, it draws the attention to the general constraints SMEs encounter (Gilmore et al., 2007) and illustrates the relationship between Facebook and SMEs marketing activities.

This qualitative research reveals several interesting findings and shows that the general manager's characteristics play a vital role in the adoption process for marketing. His perception, personal knowledge and attitude are highly influential to Facebook adoption, as is, in some cases, the importance to his property of online marketing. These managerial characteristics differentiate SMEs from their larger counter parts and the individuality and heterogeneity of their hotel properties make generalisations from this research a challenge.

Additionally, the sample contains a bias towards SMEs Facebook adopters (which may not be representative of the population at large) which results in a study that has some bias towards adoption and less on barriers to adopting Facebook for marketing purposes. Given that 80 per cent of prospective customers in the Western world use social media to assist in travel choices (Gretzel et al., 2007), further qualitative and quantitative research is required in this relatively under researched, specific trend (SME and Facebook) to build theoretical models to further test empirically and give fuller understanding to this phenomenon.

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