



# Present and future hotel website marketing activities: Change propensity analysis

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## ABSTRACT

The objective of this study is to examine and predict website marketing activities of US hotels. An online survey is conducted to collect data from members of three major hotel associations located in the US. Change propensity analysis is utilized to evaluate future trends of website marketing activities. The results demonstrate that current website exploitation by the US hotels is relatively limited, with a focus on information dissemination. It is suggested that a number of transaction and relation-building activities will emerge in the near future. Implications based on the results are discussed.

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## 1. Introduction

It is widely acknowledged that the Internet can serve as an effective marketing tool between suppliers and consumers for its capabilities of information dissemination, communication and online transaction (Chiappa, 2013; Law et al., 2010; Ting et al., 2013). The advantages brought by the Internet are numerous, including cost reduction, revenue growth, marketing research and database development, and customer retention (Chiou et al., 2010; Taylor and Strutton, 2010). In order to gain competitive advantage and achieve business goals, organizations are increasingly adopting e-business models. However, how organizations utilize the Internet to achieve organizational goals has undergone a radical change during the last few years. For example, a mere presence of a website in the 1990s for marketing strategies could make a company a pioneer in its industry. Having a website under the current market consideration is no longer an option. Websites and other social media platforms are becoming an integrated part of any company's overall marketing strategies (Schäfer and Kummer, 2013).

The lodging industry, characterized as customer-oriented and information intensive, is in an ideal position to take advantage of the potential the Internet can provide (Baloglu and Pekcan, 2006; Schmidt et al., 2008; Shuai and Wu, 2011; Wu et al., 2013). According to Bui et al. (2014), online hotel sales account for 57% of all sales.

About 65.4% of online booking came from brand websites (e.g., [www.marriott.com](http://www.marriott.com)) (Statistic Brain, 2014). Marketing activities offered on hotel websites significantly influence hotels' business success (Shuai and Wu, 2011). On the one hand, the Internet erases boundaries created by time and distance and makes it dramatically convenient for guests to search for and purchase products and services. On the other hand, the Internet can help hotels identify guests' needs, improve operational efficiency, enhance service quality and thus create great impact on hotel performance (Díaz and Koutra, 2013; Hashim et al., 2010; Schmidt et al., 2008).

Despite the substantial opportunities of e-commerce offered by the Internet, great variations exist in hotels' capabilities in utilizing effective technology features to optimize the marketing potential. Díaz and Koutra (2013) conduct a content analysis on the websites of global hotel chains in different segments: luxury, midscale and economy. Their findings suggest that there are significant differences in the level of website persuasiveness among the three hotel categories. For instance, luxury hotel websites contain more information about history, transaction privacy, security, visual features, and promotion than midscale and economy hotels. In comparison, websites of economy and midscale hotels are easier to navigate. Ting et al. (2013) analyze features of the websites of the top 100 independent hotels in Asia, Europe, America and Africa. The results show significant difference among hotels on the four continents. For example, American hotels lead the performance in Web 2.0 features. However, overall, American hotels lag behind Asian and European hotels in terms of both website features and sophistication. Lee and Morrison (2010) compare the website performance between South Korean and the US upscale hotels and conclude that most upscale hotels in both countries are not effectively implementing marketing activities in their websites.

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As a matter of fact, not all hotels are able to effectively integrate the Internet into their strategic marketing objectives (Schmidt et al., 2008). Without a sound web strategy, some hotels simply took a “me-too” approach to duplicate successful websites or establish websites that serve as “electronic brochures”. Given the limited resources available, most hotels have to make strategic decisions to prioritize resource allocation for different website applications. To adopt the right combination of website applications, hotels need information regarding not only the current usage of website applications but future development trends as well. Therefore, a comprehensive study examining the current nature of website use and predicting future usage pattern appears highly warranted. The objectives of this study are (1) to assess the current status of website marketing activities of the U.S. hotels; and, (2) to foresee the future potential of each of the website marketing activities based on change propensity analysis (CPA), a forecast approach proposed by Wang et al. (2006). It should be noted that the study has no intent to exhaust all kinds of hotel website marketing activities and identify new features. Instead, it attempts to present a methodology to forecast the imminent application of the existing website features and identify future development patterns.

## 2. Literature review

### 2.1. Website marketing activities

As an interactive and many-to-many marketing tool, websites give direct contact between organizations and consumers. Previous studies attempt to identify marketing opportunities on websites. For instance, Merono-Cerdan and Soto-Acosta (2007) introduce three types of website marketing opportunities: e-information, e-communication and e-transaction. Businesses can use their websites to disseminate corporate or commercial information to customers, business partners and other stakeholders. The e-communication offers opportunities for interacting with both internal and external business agents, upon which long-term customer relationships can be built. The e-transaction involves the fulfillment of orders online. On the basis of analyzing a total of 83 articles on website evaluation, Chiou et al. (2010) identify five website marketing functions: product, promotion, price, place, and customer relationship (4PsC). Website marketing activities should be transaction oriented and serve each phase of the transaction process: information, agreement and settlement. The information phase starts when potential customers enter the website and lasts until they decide to make an order or leave the website. The agreement phase deals with negotiations between buyers and sellers, finalized by contracts. The settlement phase involves contract execution, product delivery and after-sale interactions (Chiou et al., 2010). The 4PsC factors have relatively different impact in the three phases.

Dominici (2009) observes two different research approaches regarding the applicability of the traditional marketing mix in the new environment. The “conservatives” insist that the traditional marketing practices of 4Ps (i.e., product, price, place and promotion) are able to adapt and will continue to be effective in the digital marketing environment. However, the “revisionists” argue that website is a fundamentally different marketing environment. Thus, traditional marketing activities need to be transformed and a new marketing paradigm is required. It is also interesting to note that most researchers who argue for radical reconceptualization of the e-marketing mix include the 4Ps in their new models. Hence, it is indicated that the digital technologies bring some changes to each of the four Ps. With some adjustment, the basic construction of the marketing mix is still valid (Dominici, 2009).

As organizations gain experience with the Internet technologies, their website applications evolve (Doolin et al., 2002; Li and Wang, 2010; Merono-Cerdan and Soto-Acosta, 2007; Ting et al., 2013). The eMICA (the extended model of internet commerce adoption) by Burgess and Coopers (Doolin et al., 2002) suggests a hierarchical structure in the development of website marketing strategies, where each stage represents different levels of complexity and functionality. The initial stage is promotion, involving static presentations of data and information to promote and publicize the business offerings. Provision is the second stage, where more dynamic features are provided to enhance the interactivity of the websites. The third stage is processing, which enables companies to execute smooth and secure online transactions. Ting et al. (2013) adopt the eMICA and analyze website features of the top 100 hotels in four continents. They conclude that hotels on all continents have implemented the first stage (promotion) applications. More mature stages (i.e., provision and processing) are making some progress. But compared with the first stage, their implementation rate is still low. Though it is essential to provide rich and up-to-date information on organizations' websites, given the high rate of Internet adoption among organizations, simple and static information presence on the website is considered as the minimum website adoption level and can hardly create competitive advantages for organizations.

In fact, the effectiveness of websites can be improved through adding more functional and interactive features (Li and Wang, 2010). Wang and Russo (2007) argue that “a successful commercial website depends on the integrative application of four components as its major function: (1) up-to-date and accurate information provision; (2) effective and constant communication with consumers; (3) reliable and seamless electronic transaction; and, (4) appropriate and sustainable relationship building programs” (as cited in Li and Wang, 2010, p. 539). The basic function a website must provide is timely, accurate and rich information since consumers visit a company's website for product and service-related information. Communication function should be considered after the company fulfills the information function. The communication function allows immediate and constant information exchange between the company and its customers, through which the company can collect customers' information and understand their preference. The transaction function enables companies to create revenue through online reservation and payment. The relationship function consists of features helping companies retain clients and build up long-term relationships. Due to the degree of technological complexity involved, relationship function is probably the most difficult to implement (Li and Wang, 2011).

The value of their study is two-fold. First, technology adoption by organizations is a dynamic and hierarchical process. As a company gains more experience in an e-business environment, it will be able to develop and implement more sophisticated website features. Second, the study recognizes the relationship-building potential of websites. The website's ubiquitous and multifaceted connectivity increases communication between companies and consumers. Companies can instantly access customer information, gain insights on customer behavior and preferences, and thus create opportunities for one-to-one marketing. As a matter of fact, Chiou et al. (2010) examine 83 articles on website evaluation and identify a total of 13 website features which serve customer relationship management function, such as customer service support, member community and customized offerings. Thus, we decide to analyze current hotel website marketing activities based on the four interrelated functional areas (i.e., information, communication, transaction and relationship) proposed by Wang and Russo (2007).

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