



The missing link: Creating value with Social Media use in hotels

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ABSTRACT

Social Media has transformed the way firms relate to their markets. Hotels all over the world are increasingly using these tools, integrating them into their Customer Relationship Management (CRM) strategies to engage customers in active conversations. The use of Social Networking and Review Sites, like TripAdvisor, has become all pervasive, and hotels are investing large sums of money in engaging customers via Social Media. However, there is a certain degree of skepticism about how these technologies can help to create value. To shed light on the topic, based on a sample of 222 Spanish hotels, this study examines the real impact of Social Media use, showing the key role played by Social CRM Capabilities in the process of value creation with these tools. By building on the Resource-Based theory, the proposed model shows the pathway between Social Media use and organizational performance, in terms of profitability, sales and customer retention.

1. Introduction

Social Media use is revolutionizing the way we communicate, collaborate, share and consume (Aral et al., 2013). Social Media refers to a “set of online tools that supports social interaction between users, facilitating the creation and sharing of knowledge, and transforming monologue (company to customer) into dialog” (Hansen et al., 2011, p. 12). It includes diverse Internet-based applications based on the ideological and technological foundations of Web 2.0 (Kaplan and Haenlein, 2010). They appeared as “game changer” tools, placing the customer at the center of the organization. Platforms such as Facebook, Twitter, YouTube, Instagram, Pinterest and Flickr have many millions of daily users and are said to capture the “wisdom of the crowd” (Luo et al., 2013). Social Media has transformed how firms relate to the market, creating a new array of possibilities and challenges (Kaplan and Haenlein, 2010). Initiatives based on Social Media use are becoming increasingly popular among organizations as they allow firms to better understand their customers, facilitating increased revenue generation and service personalization (Baird and Parasnis, 2011).

In this new 2.0 environment, traditional Customer Relationship Management (CRM) strategies are morphing into Social CRM. The latest trend in CRM is to integrate Social Media tools in these initiatives, taking advantage of their relational properties to nurture customer interactions (Harrigan et al., 2015). Social CRM can be defined as a business strategy, sustained by technological tools, designed to engage

customers in collaborative conversations that provide both parties with beneficial value in a trusted and transparent environment (Greenberg, 2010). Social Media allows firms to contact customers in a personal way, capturing their individual preferences and needs, to reinvent customer relationships.

Nevertheless, despite the eagerness on the part of firms to embrace Social Media tools to connect with customers, there is much skepticism about their efficacy (Rishika et al., 2013). In this regard, a study conducted by Aluri et al. (2015) revealed that the use of Social Media tools by hotels did not significantly increase customer satisfaction or purchase intention. Although how to measure the effectiveness of Social Media use is one of the most relevant research questions in the management arena (Hoffman and Fodor, 2010), few academic studies have examined it in a quantitative way (Leung et al., 2013). More specifically, the concerns regarding real impact arise because the precise mechanism through which Social Media use transforms into real value creation has not been clarified (Rishika et al., 2013).

On the other hand, hospitality is one of the industries that has been greatly transformed by the emergence of Social Media. The use of Social Media tools has become increasingly relevant as part of the tourism experience, because it has changed the way that information about travel and tourism disseminated and shared (Munar and Jacobsen, 2014). More than one third of online travelers are somewhat influenced by Social Media, with Facebook and TripAdvisor being the main platforms, being used by millions of visitors each day (Cabiddu et al., 2014).

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In spite of the widespread popularity of these tools, limited research has been undertaken, from an organisational perspective, examining the impact of Social Media use on hotel performance (Anderson, 2012; Kim et al., 2015a). Diverse authors suggest that there is a requirement for additional insight into how hotels can leverage these tools for effectively improving customer relationships, thereby creating value for the firm (Chan and Guillet, 2011; Jung et al., 2013).

This paper directly addresses this literature gap by empirically investigating Social Media use in a sample of 222 Spanish hotels. We address two research objectives: (1) Examining if the use of Social Media tools (Social Networking and Review Sites) is directly related to value creation; (2) Analyzing the role of Social CRM Capabilities, related to customer knowledge, as a relevant mediator in this process of value creation. We built on the Resource-Based View (RBV) to analyze if Social Media use can be a source of competitive advantage and how it can enhance firm capabilities for customer relationship management.

This study uniquely contributes to existing literature in hospitality by advancing our understanding of the real impact of Social Media use on value creation in hotels. Results emphasize the moderating role played by Social CRM Capabilities in this process. These Social CRM Capabilities, reflecting the hotel's ability to improve customer relationships based on knowledge captured via Social Media tools, emerges as the "missing link" connecting Social Media use with firm performance. Findings enrich the literature and provide valuable implications for hotel managers to guide their Social Media strategy to boost their business performance.

The remainder of the paper is organized as follows. In the next section, based on the literature review we propose the theoretical framework, our research hypotheses and describe the conceptual model. Then, we describe the methodology, data analysis and discussion of the results. We close the paper with concluding remarks and implications for future research.

2. Theoretical framework

2.1. Social Media use and performance

Social Media use has grown exponentially in recent years, and its impact in the business world and particularly in the tourism industry has become noteworthy (Kim et al., 2015a). Social Media platforms are the most appropriate tools for tourism firms for communicating with customers and building effective relationships with them, enabling the capture of real knowledge from the market (Escobar-Rodríguez and Carvajal-Trujillo, 2013). In view of the increasing importance of Social Media tools in hospitality in recent years, some literature reviews have been published deepening understanding of the topic (Leung et al., 2013; Zeng and Gerritsen, 2014). These studies highlight an increased attention on Social Media in tourism and hospitality, however some topics remain under researched. For example, there are no specific studies examining the effectiveness of these tools (Leung et al., 2013). And there have been few quantitative studies analyzing the impact of Social Media use on firm performance (Zeng and Gerritsen, 2014).

In order to summarize recent research on the topic, we have conducted a systematic review of the literature, using the following databases: Web of Science, Emerald, Science Direct, Scopus and Wiley. We ran several searches in them, looking for refereed papers online published from 2010 to 2016. To select relevant papers, we used as search terms combing several different items related to Social Media (Social Networking, Social Networks, Review Sites, Facebook, TripAdvisor) and firm value (performance, impact, value creation) in the hotel sector. With an initial sample of papers, we analyzed their content, methodology and results achieved. After a filtering phase, we eliminated several papers because they were non-empirical or because their central topic or focus was not the analysis of the examined phenomenon. Finally, 12 papers met all the mentioned criteria and were included in Table 1.

A deeper analysis of the studies included in Table 1 enabled us to detect the main gaps in the literature. First, most studies focused specifically on the use of Social Networks or on Review Sites, such as TripAdvisor, but did not analyze Social Media use in a comprehensive way. Second, another research gap emerged regarding how to consistently measure value creation. Most of the studies focused on specific measures like customer satisfaction, purchase intention or sales revenue without using an integrative scale including items related to both customer and business performance. Third, we have found that, although Spain is one of the largest tourist destinations in the world and Social Media has a strong presence in hospitality enterprises (Palacios-Marqués et al., 2015), there is limited empirical research on the topic in this country. Finally, most of the papers (with the exception of Palacios-Marqués et al., 2015) lacked a solid theoretical framework to consistently assess value creation with Social Media. Our study is intended to consistently address all the mentioned research gaps and expand the specific knowledge on the subject.

2.2. Social Media use and performance from the Resource-based view

The Resource-Based View (RBV) constitutes the theoretical foundation of this research. This theory has been widely used in management research as it provides a valuable tool for researchers to explore how Information Systems (IS) relate to firm performance (Melville et al., 2004; Wade and Hulland, 2004). Moreover, Keramati et al. (2010), building on a wide literature review, conclude that the attributes of the RBV make it an especially appropriate and useful framework to be applied in the context of customer management technologies. Consequently, literature from the fields of CRM, Social CRM and Social Media has fundamentally drawn on the RBV to investigate how resources impact customer-related capabilities and business performance.

First, focusing on CRM literature, several studies (Chuang and Lin, 2013; Rapp et al., 2010; Wang and Feng, 2012) have built on the RBV to empirically examine the relationships among firm resources (considering technology use as fundamental resource), capabilities and performance. Additionally, in the domain of Social CRM, diverse studies like Trainor (2012), Trainor et al. (2014) and Küpper (2015) used the resource approach to empirically analyze both the impact of technology use on Social CRM Capabilities and the contribution of these capabilities on business performance. In the same vein, Palacios-Marqués et al. (2015) drew on the RBV premises to assess if Social Media use can be a source of competitive advantage, enhancing relevant customer-based capabilities. Recently, Ahani et al. (2017) based on a review of the literature asserted that the RBV can not only help to explain the role of Social Media technologies as part of a CRM strategy, but it can be used to understand how those tools can impact organizational performance. Consequently, building on this evidence we have chosen the resource approach as an ideal lens to examine value creation via Social Media use.

This theory argues that performance is derived from the firm's resource endowment and how effective the firm is in transforming these resources into effective capabilities (Barney, 1991; Day, 1994; Denicolai et al., 2010). Therefore, the concept of capabilities plays a key role in the RBV. Capabilities are defined as the firm's ability to assemble, integrate and deploy valuable resources in combination to achieve superior performance (Day, 1994; Rapp et al., 2010). The RBV holds that the necessary condition for a firm success lies on its ability to create distinctive capabilities (Teece et al., 1997).

In the context of a Social CRM initiative, the ability to properly use these technologies to identify customers' needs and requirements to build durable relationships with them can be viewed as a distinctive capability (Rapp et al., 2010). Day (1994) emphasizes that these customer-linking capabilities, based on customer information, are among the most valuable for any organization, as they are difficult to replicate. In our study, we will conceptualize them as "Social CRM Capabilities"

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