PART IV

INFORMATION SYSTEMS AND TECHNOLOGIES FOR TOURISM

POWER IN PRAISE: EXPLORING ONLINE COMPLIMENTS ON LUXURY HOTELS

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ABSTRACT

Compliments are not only an indication of satisfaction but a broader range of motives relating to consumer behavior. They represent a potent form of feedback to businesses and their potential for helping to shape both organizational and individual behaviors may be greater than that of customer complaints. Despite the constantly increasing number of published work on the use of internet in hospitality literature, relatively little has been written on how guests use internet to share their positive experiences. Keeping this in mind, present research to examine the compliments posted by guests who have stayed at five-star hotels in Kuala Lumpur, Malaysia. This paper identifies, through a qualitative analysis of 220 scripts, the kinds of compliments given and provides importing implications to the hoteliers. The results show 'rooms', 'staff', 'food', 'services' and 'location' are the top five factors that guests applause. Discussion of these findings and implications of the results are also provided.

Key Words: Online compliments, 5-star hotels, TripAdvisor, Malaysia.

INTRODUCTION

In order to not only to be successful and profitable but just to survive in today's vibrant and viciously competitive business environment companies forced to provide exceptional services with value for money and they must do it better than competitors (Kotler, Bowen and Makens, 2010). However, along the way mistakes - service failures - do happen through no fault of the customer or service provider (Zemke and Bell, 2000). In the quest to provide high-quality, cutting-edge, customer-pleasing services, measuring guest satisfaction and understanding their behavior are important steps each manager has to go in order to meet guest expectations, recognize guests' needs, wants and desires (Kandampully, 2002). Getting feedback from the guest is an effective and inexpensive means of gaining insight into their psyche, hence provide the managers to opportunity to minimize the problems and maximize the satisfactory experiences (Hart, Heskett and Sasser, 1990;).

In order to understand of consumer behavior both industry practitioners and academics have been conducting research for the last five decades (Heung, Kucukusta and Ekiz, 2010). They tried to probe customers expectations and perceptions to have a better insight in the 'customers' black box' (Kandampully, 2002). This black box contains what customers expect during the initial service offering (what they pay for and what they want to get if everything goes fine) as well as secondary service offering (what company provide in order to fix any problems that may occur). If customers' expectations are not met this creates dissatisfaction and possible complaint however, if met they are tend to be satisfied and have positive feelings about the service and service provider (Kotler et al., 2010). These positive feelings are usually expressed in form of positive word of mouth and compliments (Zemke and Anderson, 2007).

A quick search through the post-purchase behavior literature shows that research on consumer complaints far outnumbers that on compliments. In contrast, issues pertaining to consumer compliments have received far less attention in the literature (Kraft and Martin, 2001). Except for a handful of studies, like Martin and Smart (1988), research on customer compliments have received far less attention compared to customer complaints. This could be due in part to human psyche and tradition where people talk about bad things more than good ones (Otto et al., 2005). Post-consumer behavior is not an exception to this generalization, as research indicates that unhappy consumers tend to share their experiences with 10 times more people than happy consumers do.

Perhaps for this reason, there is a dearth of knowledge on customer compliments. Lerman (2006) however, pointed out that compliments constitute extremely valuable feedback particularly for service companies. Customer compliments represent a potent form of feedback to businesses and their potential for helping to shape both organizational and individual behaviors may be greater than that of customer complaints. This makes sense, because an understanding of the factors underlying customer satisfaction will give companies a more competitive edge. In fact, Kraft and Martin (2001) argue that customer compliments are not only an indication of satisfaction but a broader range of motives relating to consumer behavior. For this reason, they call for more investigation into customer compliments. This research is as an answer to their call and aims to examine the compliments posted by guests who have stayed at five-star hotels in Kuala Lumpur, Malaysia.

More specifically, using the Internet as a channel for reporting positive and negative service experiences is getting very popular nowadays due to rapid technological development (Au, Law and Buhalis, 2010). Many online feedback/review forums emerged as a result of word-of-month communications regarding experienced products or services. According to Hennig-Thurau, Gwinner, Walsh and Gremler (2004) following are the three major motives of online compliment behavior; 'potential to enhance their own worthiness within a virtual world', 'economic incentives' and 'desiring social interactions'. These motives have been contributing to the significant increases in the number of comments/feedback posted on the forms/blogs or relevant websites (Hoffman and Bateson, 2006). Indeed, the literature has suggested that potential guests rely on online feedback to a great extent when considering online shopping (Goetzinger, Park and Widdows, 2006). Prior studies also show that buyers seriously consider online feedback when making purchasing decisions on accommodation services (Kotler et al., 2010). Thus, this research uses online compliments since consumers (of service industries in general and hospitality industry in particular) tend to rely on the comments posted on feedback and review platforms (Au et al., 2010) and may even be willing to pay more for products with good reputations (Pan and Fesenmaier, 2006). However, despite the constantly increasing number of published work on the use of internet in hospitality literature, relatively little has been written on how guests use internet to share their positive experiences via the World Wide Web.

It must be noted that accommodation is one of the main components of the tourists' holiday experience and guests are satisfied with this core component it sure puts them in a positive mood (Ekiz, 2009). In this sense, the importance of hospitality establishments in general and luxury/5-star hotels in particular is well documented (Heung and Lam, 2003). The case of 5-star hotels in Malaysia is not so different. In other words, they are vitally important in Malaysian hospitality industry and Malaysian economy (Economic Planning Unit, 2009). More precisely, earning from tourism and hospitality industry contributed to the expansion of the Malaysian economy with an average of 9.5% for the last 10 years (Economic Planning Unit, 2009). Poon and Low (2005) noted that the growth of the industry has significantly contributed to growth in other related activities, such as food and beverage, entertainment and shopping in Malaysia. According to Malaysia Tourism Promotion Board (2010) a total of 61,363,396 hotel guests were hosted in 2009, corresponding 60.9% occupancy rate. Hotels and restaurants alone provided employment for 1.7 million people, equivalent to 16% of the total employment in 2009 (Economic Planning Unit, 2010). Given the importance of luxury hotels, this paper aims to study the complaints posted by luxury hotel guests in Kuala Lumpur, the capital city and the most visited tourist destination in Malaysia (Malaysia Tourism Promotion Board, 2010). Studying guest compliments is extremely important in learning from the well-received and appreciated services (Zemke and Bell, 2000) so the hotel managers keep providing same, if not improved, level of service (Zeithaml, Bitner and Gremler, 2006). By only doing so, hoteliers may ensure the revisit intention and creation of positive word of mouth referral (Ekiz and Arasli, 2007; Holloway and Beatty, 2003). Keeping this in mind, following sections present a brief review of the relevant literature, methodological steps followed and discussion of the finding, as well as discussion and implications of these findings.

BRIEF LITERATURE REVIEW

Pizam and Ellis (1999) stated that some attributes - satisfiers - and unusual performances create satisfaction and elicit compliments. Research on these attributes and satisfactory performances may provide invaluable directions to the managers. Yet, compared to the consumers' complaining behavior little is known about consumer compliments (Kraft and Martin, 2001; Manrai and Manrai, 1993). Payne et al. (2002, p. 128) claimed that "…almost all our attention has focused on complaining behavior to the total exclusion of complimenting behavior". They also highlighted that consumers probably hear as many complimenting communications as they hear complaining communications (Kraft and Martin, 2001). Consumers hear about good hotels, great holiday destinations, and exceptional airlines yet very little is researched and written about these positive, complimenting communications (Payne et al., 2002).

Robinson and Berl (1980) posited that compliments can be very useful to management in the way of marketing and promotion. When customer compliment the content they provide is most often specific on an exceptionally well performed service. Compliment information usually includes specific benefits which suit their needs and make them extremely delighted (Manrai and Manrai, 1993). Otto et al. (2005) suggested that the most frequent compliments can be taken as a theme and used for promotion of the company. Since the compliments represent that customers' expectations for the services provided have been surpassed, future marketing promotion effort can focus on the aspects that customers value (Kotler et al., 2010; Payne et al., 2002).

Research on consumer complimenting behavior mostly were only presented overview and exploration of the situation but never been utilized fully (Otto et al., 2005). Martin and Smart's (1988) study was one of the first empirical study published on complimenting behavior. They investigated how manufacturing businesses respond to complaints and complaints, rather than focussing on the how and why of compliments are given (Payne et al., 2002). Kraft and Martin (2001) revealed eight motivations for complimenting behaviour and shed some light on reasons why customers offer praises. According to them customers compliment because of "…delight or great satisfaction, dissonance reduction, reciprocity/social norms, improve relationship with a service person, high involvement with product or service, voting behavior to continue special services or products, to buffer complaints and increase effectiveness and flattery to get a tangible reward" (Kraft and Martin, 2001, p. 12). Otto et al. (2005) argued that Kraft and Martin's (2001) research was in exploratory in nature, had a small sample size and "…utilized researcher-administered Likert-type questions rather than the customers' own compliments" (p. 3). Given that the researcher-generated questions may not reveal true reflections of customers' actual compliments, a more qualitative approach is recommended to study costumer compliments (Goetzinger et al., 2006; et al., 2005). Keeping their recommendations in mind, this research utilized a qualitative methodology where the compliments made by 5-star hotel guests were used as data.

As can be seen from the figures noted above, hospitality industry is very important for Malaysian economy (Economic Planning Unit, 2009). Moreover, 5-star hotels play an important role in generating considerable income (Malaysia Tourism Promotion Board, 2010). However, so far the service quality and guest satisfaction in Malaysian hotels are researched hardly ever (with exception of few handful of research such as Poon and Low (2005), more specifically to the best of the researchers' knowledge no research focused on guest compliments in Malaysian hotels.

METHODOLOGY

The dataset for this paper included hotel reviews that were collected from the popular travel review website, TripAdvisor (www.tripadvisor.com), from November 2010 to January 2011. Tripadvisor.com was selected because it is the largest and most popular websites for travel destinations and accommodation reviews (Law, 2006). Increasing number of potential hotel visitors seek advice and assistance from TridAdvisor before making their hotel selection decision (Au et al., 2010a). TripAdvisor indexes almost all the hotels in a particular destination and publishes reviews written by guests who stayed in hotels and voluntarily share their positive and/or negative experiences without expecting any kind of financial benefit (TripAdvisor, 2010).

There are 3 criteria for choosing the compliment scripts for this study. Firstly, only compliments from guests who have stayed in luxury hotels located in Kuala Lumpur territory were selected. This criterion was chosen because it was felt that Kuala Lumpur, as the capital city of Malaysia, has the most concentration of luxury hotels. Secondly, only five-star Kuala Lumpur luxury hotel reviews in TripAdvisor were chosen. This criterion was chosen as it falls into the definition of luxury hotel characteristics. Lastly, as TripAdvisor allows customers to rate their overall experiences with hospitality service providers on a 5- point Likert scale (1 = terrible, 2 = okay, but some problems, 3 = neutral/ average, 4 = above average, 5 = excellent), only online comments with rating of 5-point were chosen for the analysis. This criterion was chosen because 5 points well describe "compliments", while 1 point describe "complaints".

From TripAdvisor, a total of 12 hotels in Kuala Lumpur were identified as five star hotels. Of the twelve, one hotel was eliminated from this study because it was an apartment-based hotel. It was felt that the facilities and room type would differ greatly compared to the eleven hence only eleven hotels were included in this study. From these, the first 20 compliment scripts in every hotel were selected for analysis. This makes a total of 220 scripts. Data was first read literally in order to assess whether there were particular words and expressions that the respondents tended to use in their compliment scripts. This also allowed the researchers to become familiar with the information collected. Data was then manually coded for constructs. This is to identify the type and frequency of online compliments. After this, the scripts were re-read and constructs coded earlier were categorized under recurring themes that led into the findings for this study. This methodology and selection criteria are consistent with Au et al.'s (2010) recent research conducted on Hong Kong hotels.

The study employed a qualitative data analysis. As Mason (2002, p.148) suggested, data was read "literally, interpretively and reflexively". Data was first read literally in order to assess whether there were particular words and expressions that the respondents tended to use when they posted their complaints online. A thematic analysis was used in order to identify emergent themes (Patton, 1990), which were explored and discussed in relation to the existing literature on complaining behavior as well as the aims of the study. Thematic analysis was chosen due to the fact that "it offers an accessible and theoretically flexible approach to analyzing qualitative data" (Braun and Clarke, 2006, p. 77). The six phases of analysis (familiarizing oneself with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, producing the report) outlined by Braun and Clarke (2006) was used to guide data analysis.

FINDINGS, DISCUSSION and CONCLUSION

Not all 220 guests provided full demographic details but an analysis of the posted reviews provide some information on the type of guests staying at luxury hotels in Kuala Lumpur. Analysis of the demographic details revealed that the guests - stayed in 5-star hotels, shared their satisfactory experiences - are between the ages of 25-49 (58.1%), mostly females (42.5%), are Australian or British (18.2% and 14.9% respectively) and had traveled with their partners/spouses (42.6%).

Analysis of the 220 scripts produced a total of 2070 different incidents. Results of the thematic analysis (Braun and Clarke, 2006) produced initial 318 different constructs out of this large pool of compliment incidents. An independent coder went through a random selection of a quarter of these constructs to ensure data reliability (Mason (2002), she meticulously questioned each coded construct to ensure that it was interpreted accurately with evidence found in the actual statements of the complimenting guests (Patton, 1990). These constructs were then categorized into 18 themes. A frequency analysis conducted to rank these constructs in terms of how frequently they are stated. Some of the extracted themes and their frequency are as follows; 'rooms and room amenities' (548 times), 'staff' (305 times), 'food' (211 times), 'services' (184 times), 'location' (151 times) and so on. In the interest of brevity, only the themes with a frequency count of 150 and above will be discussed in further detail here. The following section provides review of these two themes as well as links them to the existing literature. This section is followed by conclusion and implication section, which provides a road map for the hotel managers.

Rooms

Rooms - where the accommodation one of the core components of hospitality - are very important in overall holiday experience (Kotler et al., 2010). Although, hotels provide supplementary services and facilities, improve the main offering and create convenience, guests mainly pay for the core service - accommodation in guest rooms (Kandampully, 2002). Results of the thematic analysis supported this argument by indicating the 'rooms and room amenities' to be the most frequently mentioned theme that generates compliments. The number of compliments given for this aspect of guests' stay experience far exceeds others in the list. This theme is made up of 37 constructs ranging from spacious rooms to modern rooms and well-ventilated rooms. Interestingly, although guests express satisfaction on several attributes in their rooms, the most significant compliment was on the view from their rooms. More specifically, guests describe "awesome view(s)" to be "views over the park", "view of the Petronas Towers", "panoramic views of the city", "view of the lake gardens", and "overlooking the pool". This is followed respectively by space, comfort, great beds and cleanliness. Upon the revelation of this finding, researchers asked to their colleagues with industry experience what they thought would be the number one compliment guests usually give to management. Their answers consistently echo that of staff and staff friendliness, hence they were surprised and enlightened by this finding. This finding, consistent with those of guest satisfaction studies (Martin and Smart, 1988; Zeithaml, Bitner and Gremler, 2006), highlights the importance of tangible factors in hotels services. More specifically, given the service related, intangibility characteristic of the industry, tangible clues and provisions play an important role in enhancing the guests' overall experience (Ekiz, 2009). In the light of this result, hoteliers should use the 'view' as a potential promotion point, if they possess a good one. Moreover, during reservation and/or check-in processes guests may be reminded of the view which can result last minute changes and perhaps upgrades - generating more income.

Staff

Hospitality industry is known as being a 'people business' which considered creating challenges as well as presenting opportunities in creating satisfaction and revisit intention (Kandampully, 2002). Importance of staff delivering the hospitality services makes the industry different than any other. In same vein, Dawson, Abbott and Shoemaker (in press. p. xx) very recently noted that "…it is the manner in which the hospitality employee provides the service as opposed to the service itself - which is critical to the customer's overall enjoyment of the product or 'experience' being purchased". Moreover, relationship between front-line hospitality staff and the guest greatly influences customer satisfaction and loyalty (Kotler et al., 2010). In the light of this argument, the findings of the analysis indicating that guests comment on the friendliness, helpfulness, attentiveness, professionalism, capability and orientation to service. This finding fosters the significance of finding, recruiting and training 'right staff' with devotion and expertise in delivering an outstanding service each time (Pizam and Ellis, 1999). Managers are already often reminded of the importance of having a good team and the industry may well know that guests who take the time to write compliments often praise outstanding staff members. What is surprising however if that, the frequency of which staff is mentioned by complimenting guests is only almost half of the compliments given on rooms. This suggests that hotelier should never forget that investments the make in their manpower is as important as the tangible factors. There for hotel managers should keep their employees happy and satisfied if they want them to provide satisfactory service which in return not only generate increase business and revisit intention but also result in receiving compliments from the guests.

Food

Food - as the main component of hospitality industry - play an important role in enhancing tourist satisfaction. Sparks, Bowen and Klag (2003) noted that food and beverage can be an important factor in the choice of a holiday destination for some tourists, furthermore, can enhance the guests' overall satisfaction with the destination. Their findings provide support Pizam and Ellis's (1999) claims on how food, as part of the destination's cultural heritage, can add on the existing service offerings of the hospitality establishments. In the same vein, results of this study show that food is an important component and if well planned, prepared, served, can enhance the overall hotel experience. More specifically, results indicate that the most significant commendation on food is first on the availability of a large selection. Some of the statements posted by guests include, "there were more than enough foods to choose from", "various types of fresh fruit juices, you name it they have it", "a great display of food items", "breakfast is the best spread I have ever seen" and "huge variety of food for breakfast". This list is not exhaustive as guests also applauded specific food items such as egg stations, buffet type breakfast, fresh baking, chocolate fountain and food presentation. In the light of these statements, it is safe to recommend that hoteliers should provide a wide variety of selection when it comes to the food.

Services

The primary objectives of hotels are to develop and provide offerings that satisfy their guests' needs and expectations, in doing so ensuring their own economic survival. In order to acquire and retain a pool of loyal and profitable guests, many hotels centered their attention on providing a flawless high-quality service to their guests (Kotler et al., 2010). As service providers hotels are expected not only to a good service but an outstanding one just to ensure the satisfaction and repeat business of their guests (Pizam and Ellis, 1999). However, it is the hotels that go extra mile in serving their guests are chosen to be revisited and complimented. This is consistent with the findings of this research. At first glance, this theme could be categorized under "Staff" but it must be highlighted that "services" here does not refer to the performance or assistance of hotel staff. Rather, the term "services" cover that of facilities, amenities and conveniences offered by hotels. More specifically, guests commend on "room upgrade(s)", "late check out(s)", "umbrellas", "butler service", "limousine pick up(s)", "special gifts", "in-room massage" and "free shuttle service". All these, seemingly small details are seen as the 'extra mile' and being applauded by the guests. Thus, hoteliers should invest not only in the core services but also they should provide small yet tailor-made value enhancing services. Only then, they are to be considered as worthy of repeat business and compliments.

Location

Location is a vital ingredient in the tourism product in general and hospitality services in particular. Location can be a powerful factor that pulls tourists to a destination and/or establishment. Baloglu and Uysal (1996) listed some of the location related pull factors as; wilderness, outstanding scenery, major natural and manmade attractions, shopping malls, stations so on. When location is considered, transportation often comes to mind. A hotel should not only be located conveniently (according to the needs of its target market) but also should be easily accessible (Kotler et al., 2010). Lack of transportation support make accessibility to other destinations difficult and costly (Pizam and Ellis, 1999), hence create dissatisfaction. Findings of the present research are also consistent with above statements. More specifically, the location mentioned to play an important role in the satisfaction level of guests as this theme was observed to appear 151 times in the review scripts of 220 guests. What a good location means can be subjective considering different people prefers close proximity to different amenities. This study explores the variety of location or the different facets of guest experience with location. A great location, as expressed by guests, means being able to walk to "shopping malls", "monorail station(s)" and "major attractions". Hotel marketers should take note that a great location means being in "walking distance" rather than "driving distance" to amenities. This is important because overselling a hotel's positive attribute could result in an under-delivery of expectations and subsequently, dissatisfaction. Incorporating the different variety of location into future research would add value because locations may not mean the same to all guests and not all views may motivate all guests in the same way. This result indicates that hoteliers should use their location as an advantage and promote their hotels' proximity to tourist attractions and terminals/stations. Moreover, they should invest in providing and maintaining easy access to and from their hotels. If they can achieve this their guests are likely to praise them and reward with their revisit and positive word of mouth.

This research draws attention to the gap in service research – virtually every study on service looked at complaints and complaining behaviour. This study extends the literature by investigating the compliments guests give to the hospitality industry. As a result, this study contributes to the understanding of guest needs and wants by mapping out specific items that guests value and see as exceptional service, an area of research which appears to have been neglected in the literature to date. The practical implications of the findings from this study cross several domains. An appreciation of what guests appreciate when they stay with a hotel is advantageous to hoteliers in predicting accurate and specific points for improvement. In addition, Robinson and Berl (1980) suggest that compliments be used as criteria to reward staff. Positive feedback (compliments) can be used to encourage and reward customer contact employees and managers who are given the compliments. Part of the bonus participation for staff could be based on the number of compliments received. These rewards may act as an incentive and for desired performance which will lead to more customers' compliments in the future.

For five star hotels in and outside Malaysia, the findings in this study have provided specific points for improvement and/or the maintenance of continuous excellence in guest satisfaction and word of mouth advertising through e-channels. However, the findings in this study could also benefit non five star hotels as the findings provide areas that have contributed to guest satisfaction. In other words, these are the winning strategies of five star hotels that have not yet been uncovered until this present study. Successful general managers in the hotel industry may well already understand this but this paper raises questions for future research, for instance, if more research is required to determine practitioners' understanding of the most compelling reasons for why guests praise. After all, Robinson and Berl (1980) has indicated that there is power in praise, particularly in the direction of how hotels can be marketed and promoted.

The findings of this paper should be considered in the light of the following limitations. This paper only focused on the 5-star hotels. Inclusion of other hotels can provide a more realistic and wider perspective to the study. Hotels with 20 or more compliments written in English are used in this research, future studies may lower the minimum number of compliment requirement as well as consider analyzing comments made in other languages. Finally, investigating the compliments surely provides valuable guidelines for the hoteliers to modify/change and update their service offerings. However, future studies may consider investigating the guest complaints as another set of essential guidelines, this time providing points to be avoided.

REFERENCES

Please contact authors for references.

TOURISM DESTINATION MARKETING IN GLOBALIZATION ERA: POTENTIAL CONTRIBUTION OF E-MARKETING AND CLUSTERING APPROACH

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ABSTRACT

The aim of this paper is to investigate the potential contribution of e-marketing and clustering in promoting tourism destinations. Thus, in the first section the context of tourism destination marketing is outlined and the value-chain approach is briefly presented. The next section addresses two issues of special interest of destination marketing; the strategic marketing approach and electronic marketing, highlighting the appropriate approach and use of Information and Communication Technologies (ICTs). The third section analyses and highlights the main aspects of clustering at destination level. The factors influencing e-marketing and clustering are highlighted and a set of recommendations are presented in the last section.

Key Words: Tourism destination, destination marketing organization, electronic marketing, clustering & networking.

INTRODUCTION

Within a global and much-demanding tourism market, the aim of improving a destination's marketing effectiveness and efficiency involves adopting the appropriate approaches and using the adequate tools and techniques by Destination Management Organisations (DMOs). Tourism destinations today face a set of new challenges arising from changes in consumers and the environment. It is estimated that only those destinations, which recognize the changes occurring in the marketplace and proactively respond to them, will continue to be successful in the future. Thus, strategies are necessary in order to address the more demanding competitive environment; DMOs need to be more forward thinking than ever before. The aim of this paper is to investigate the potential contribution of e-marketing and clustering approach in promoting tourism destinations.

TOURISM DESTINATION MARKETING: CONTEXT AND VALUE-CHAIN APPROACH

For visitors, the tourism product is the total experience, covering the entire amalgam of all aspects and components of the product, including attitudes and expectations (Scott et al., 2000). Hence, destination is a provider of experiences. Destinations can increasingly be seen as 'clusters' or aggregations of businesses, consisting of mainly Small Medium-sized Tourism Enterprises (SMTEs). According to Poon (2002) tourists generally perceive and evaluate their visit as a whole package, an 'experience', even though the various services are offered by different operators. The value-chain of a destination illustrates the number of various actors involved in offering all tourism services; and it is a structured series of businesses, interactions, resources and knowledge streams involved in the creation and delivery of value to the end-consumer. This creates the need for integration of supply chain activities, from determination of consumer needs through product development, production and distribution. It is exactly because of this fragmentation that all actors taking part in the value-chain should deal with issues such as integration, collaboration, networking of their activities (Poon, 2002). Nowadays tourists desire and expect a series of services that allow multiple options and experiences involving many interconnected actors in a destination. These enterprises offer a series of services: transportation, accommodation, shopping, entertainment, etc. The destination's value-chain is thus reflected in all its elements. Destinations are among the most difficult entities to manage and market, owing to the complexity of relationships between stakeholders (Buhalis, 2002; Pike, 2004). Virtually all DMOs and tourism industry enterprises have recognized their interdependence, and work together in some form or other to market tourism to their home countries. Complexity and interdependency among stakeholders have resulted in the creation of many local tourism marketing alliances and partnerships between the private and public sectors (Palmer & Bejou 1995). There is an increased demand for destination marketing, due to rising customer expectations and growing competition between destinations (Pike, 2004; Scott et al., 2000). Destination marketing partnerships are important because most destinations have to compete on a global level. The preponderance of SMTEs in destinations and the diversity of objectives in larger organizations is an impediment to the implementation of strategic destination marketing. Scholars stressed the crucial role that knowledge management and ICT could play in these partnerships and other joint schemes in the field of destination marketing (Pyo et al., 2002; Riege et al., 2002; Mistilis & Daniele, 2005). The strategic marketing approach makes the coordinated marketing of all actors involved feasible; and his includes inter-relating the tourist attractions, activities, facilities and services and the various and increasingly fragmented tourist markets.

STRATEGIC MARKETING APPROACH AND ELECTRONIC MARKETING

Tourism takes place in a complex, dynamic and constantly changing environment that must be monitored and adapted to by all tourism enterprises. The industry today faces a set of new and increasing challenges arising from changing tourist behaviour and environment conditions (Middleton et al., 2009). These challenges include (i) the reconciliation of the need to consolidate the industry's service offerings to the consumer and maintain a market position with the need to remain flexible enough to respond to changes in its operational environment; and (ii) to design and properly deliver products and experiences corresponding to the needs of the various markets. These tasks require a strategic marketing approach, as well as more reliable information. Edgell et al. (1999) proposed a new approach to strategic marketing planning in the tourism industry, emphasizing quality, efficiency and effectiveness in the marketing process. It is worth noting the following issues: (i) Segmentation is a valuable marketing strategy; benefit segmentation has extensive use in tourism research, and seems to receive wide approval by academics and practitioners alike (Frochot & Morrison, 2000); and (ii) Over the past two decades, tourism destinations have implemented product differentiation and branding strategies in response to their own maturation. Within this framework, it seems that DMOs could benefit from ICTs by adopting a strategic approach. The rapid advancement of ICTs, notably the Internet and the World Wide Web, has created challenges and opportunities for the tourism industry (Hitz et al., 2006). A rapidly changing business environment, largely brought about by the Internet, requires DMOs to implement new business methods, develop new networks and alliances, and be creative in their marketing. Evidence shows that ICTs influence nearly every aspect of marketing and the main stages in the marketing mix (Kotler, 2003; Siegel, 2003). The digital marketplace not only brings rapid proliferation of new products and services, but also new ways of marketing. ICT is slashing marketing cost, removing intermediaries, and redefining marketing relationships (Siegel, 2003). The introduction of the Internet as a commercial tool has provided the supply side with an alternative channel for communication, marketing, and distribution. At the regional level, the appropriate approach and use of ICTs could considerably contribute to various fields / areas: marketing facilitation, regional networking; establishment of a destination management system (DMS); SMTE cooperative marketing. These topics are briefly presented hereafter. The virtual marketplace is an ideal tool for all DMOs that can implement marketing facilitation strategies, by using Websites (B2B) simultaneously for information, promotion, distribution, relationship marketing and marketing research, offering many advantages to DMOs with restricted budgets. Facilitation strategies are particularly valuable for SMTEs that lack the resources to undertake marketing activities. Doolin et al. (2002: 557) note that 'commercial web site development typically begins simply and evolves over time with the addition of more functionality and complexity'. Middleton et al (2009) reported on two examples of B2B Websites, indicating the way that DMOs develop their facilitation services for the businesses that deliver tourism services at the destination. Second, the tourism industry exists as a network of interconnected subsectors, and consequently, networking is very beneficial in destination marketing. The Internet allows the creation of virtual enterprises in which ICT provides the linkages for micro-businesses (Braun, 2002; Palmer & McCole, 2000). SMTEs would benefit from increased information flow through regional networking, to enhance market visibility, global positioning, and strategic leverage. The development of the tourism portal www.purenz.com is a good example of the multilateral alliances and cooperative effort required in order to market New Zealand as a tourism destination (Bhat, 2004). Third, destinations have to enhance interconnectivity among suppliers at the destination, interactivity with customers, and DMOs. In this way, e-commerce and e-business activities throughout the network will be facilitated. In several cases, DMSs have been used to integrate the entire tourism supply at the destination. Their contribution to strategic management and marketing is demonstrated by their ability to integrate all stakeholders at destinations and to reach a global market at a fairly affordable cost (Buhalis, 2002). Hence, these systems establish a flexible and profitable communication bridge and a strategic management tool at the destination level. Finally, in the field of SMTEs cooperative marketing, such arrangements are quite common and offer clear advantages. A cooperative B2B portal has the potential to emulate all the benefits of a traditional cooperative and achieve competitive advantage through niche marketing, e-commerce procurement, and information exchange (WTO, 2001; Braun, 2002). As with joint marketing schemes and support for new products, a B2B Website offers the most cost-effective means of communication for members and a DMO Website offers the most cost-effective means for communication and distribution to visitors. Scott et al. (2000) argue that destination level cooperation can provide mutual benefits harnessing the self-interests of operators with disparate objectives and operational styles, but point out that the efficiency of cooperative marketing depends on effective leadership. ICTs empower tourism destination marketing as they provide cost-effective tools for destinations to target appropriate market segments and to develop strategic tools. However, it should be recognised that ICTs are not a panacea; they require a restructuring of several management practices to ensure that DMOs achieve their strategic objectives (WTO, 2001). It is obvious that marketing in the digital age requires dynamic and innovative strategies. It has been suggested that it is necessary to adopt a strategic approach to electronic marketing as a medium to accomplish organizational objectives. Such an approach allows DMOs to overcome the challenges and exploit the opportunities presented by ICT (Porter, 2001; Soteriades et al., 2004).

CLUSTERING APPROACH

The tourism industry is continuously faced with a highly competitive environment; and the global market does not longer involve single businesses, but it rather consists of geographical or thematic destinations composed by a network or cluster of tourism related operations (Lazzeretti and Petrillo, 2006). Research suggests that networks and clusters can be used as framework providing SMTEs - which do not posses either the resources or organizational capabilities to survive on their own - with opportunities to operate in a competitive tourism environment. Last years, attention has been increasingly focused on the contribution of clusters/networks as a means of generating positive economies for tourism businesses and regional competitiveness (Porter, 1998; Poon, 2002). Clusters and networks are becoming increasingly important as destinations and regions are becoming more competitive in the tourism market for a market share. The linkages within the whole tourism industry at destination level are important because of the nature of overall tourism products which are an amalgam of multiple components supplied by a range of businesses. The more mature the market the greater the incentive for the individual actors at destinations to seek the benefits of partnership synergy. Porter defines clusters as 'geographic concentrations of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions (for example, universities and trade associations) in particular fields that compete but also co-operate' (Porter, 1998: 197). Clustering is a process that enables the participants to exploit their synergies and the complementarities between their outputs, involving several benefits In essence, clusters are characterised by a variety of participants that transcend organisational boundaries and structures, and involve commitment by cluster members to a set of common goals and, quite possibly, the sharing of worldviews. Clusters and networks are vital for regional development increasing the performance, innovative capacity and local businesses' critical mass (European Commission, 2003).

***Clusters and Networks in Tourism Industry**:* Clusters and networks are said to involve several benefits including economies of scale; a focus on cooperation and innovation; increased synergies and productivity; knowledge transfer; joint marketing; increased competitiveness and sustainable competitive advantage. All these create opportunities for synergy and mutual reinforcement to achieve the main aim of a destination that is a rewarding holiday experience for its visitors (Michael, 2003; Poon, 2002; Saxena, 2005). It has been stressed that, given the inevitable structural diversity of the tourism industry and its domination by small businesses, there is no logical alternative to the development of local partnership involving local tourism businesses and other local stakeholders. Scholars (e.g. Hall, 2005; Michael, 2003; Novelli et al., 2006; Saxena, 2005; Tinsley and Lynch, 2007) address in more depth the implications of clusters and networks formations in tourism industry. Michael (2003) highlights the importance of the 'structure' and the 'scale' of clusters, especially when applied to the tourism context. Hence, clusters and networks are considered as being efficient management and marketing tools for destinations. These tools however, must be used in appropriate manner in order to contribute at achieving sustainable tourism development and related business objectives (Kokkonen and Tuohino, 2007; Tinsley and Lynch, 2007). Considering that through a cluster, a group of SMEs can compete globally by co-operating locally, networks and clusters in tourism have experienced a dramatic growth, bringing benefits such as share of valuable marketing information, innovation, opportunity to enter other alliances, resource development and knowledge transfer between stakeholders (Saxena, 2005). As it has been already stressed the value-chain approach requires cooperation and networking between the key components at destination level. Lemmetyinen and Go (2009) suggested that the development of tourism business networks might be considered as a system in which every participant contribute with its own capabilities. The choice of a cluster approach is justified by the fact that this can be one of the best tools available in fostering tourism development. Another study (Kokkonen and Tuohino, 2007) analysed SMTEs innovation processes and networking dynamics. It was confirmed that innovation in SMTE networks was a synthetic process consisting of product, process and resource innovation. It should be noted that destination is considered being the 'appropriate spatial unit' for cluster formation and activation, both in management and marketing areas. (i) Management: Clustering contributes to strengthen backward economic linkages to reduce leakage; to enhance collaboration; to develop local understanding of tourism; knowledge management; to share information and expertise; to innovate; and to monitor the results achieved and adapt accordingly management techniques. (ii) Marketing: All variables marketing mix and communication tools would be positively influenced by the synergy created through coordinating them within one management team: product development and formulation (value-chain and innovation); market and customer research; market segmentation; branding; communication program; promotion and information services; and relationship marketing.

Tourism clusters' contribution. The valuable contribution of tourism clusters has been investigated and stressed in several contexts. Firstly, in regional and virtual networking; the tourism industry exists as a network of interconnected subsectors, and consequently, networking is very beneficial in destination marketing (Soteriades and Avgeli, 2007). ICTs support the effectiveness of business networks and encourage closer collaboration. Networking is experienced within organizations, between organizations and their partners as well as between the entire world of individuals and enterprises. It is suggested that SMTEs benefit from increased information flow through regional networking, to enhance market visibility, global positioning, and strategic leverage (Hitz et al., 2006). The development of the tourism portal www.purenz.com is a good example of the multilateral alliances and cooperative effort required in order to market New Zealand as a tourism destination (Bhat, 2004). Secondly, literature on event management has acknowledged the importance of building relationships with other actors within the context of event tourism (e.g. Getz et al., 2007) and convention tourism (Bernini, 2009). Wine tourism is another context that has been cited as an example of successful development of clusters (e.g., Hall, 2005; Wickens and Soteriades, 2009)). According to Getz and Brown (2006) collaboration is needed to facilitate the wine tourism experience, involving destination marketing/management organizations, the wine and tourism industries, recreational suppliers, catering and local producers. Finally, a cluster in health tourism has been investigated by Novelli et al. (2006). The UK 'Healthy Lifestyle Tourism Cluster' experience was employed to analyse the process and the implication of network and cluster development in tourism. Their study suggested that consideration should be given to the process rather than to the outcomes. Moreover, Mackellar (2006) suggested that (i) in a network having stable, long-term, and trustworthy relationships the operational uncertainty decreases and, consequently, the internal efficiency increase; (ii) a network operating without collaboration, it results in internal inefficiency. The benefits resulting from clustering are: knowledge transfer through expertise and resources exchange; experience exchange and joint marketing actions; skills enhancement; establishing inter-linkages; synergies; efficient marketing; and branding.

CONCLUSIONS AND RECOMMENDATIONS

Tourism marketing represents the systematic, coherent and consistent effort of DMOs to develop, formulate, and implement their strategies in order to achieve their main goal: making the tourism product a successful experience for their visitors. The study has shown that e-marketing and clustering approaches could have a significant contribution in improving the effectiveness of destination marketing. These approaches are very beneficial, especially for mature destinations, under certain conditions: (i) taking seriously into account all determining and influencing factors; (ii) adopting the appropriate approaches; and (iii) using adequately the available tools and techniques. It is estimated that factors which are considered as influencing the effectiveness and efficiency of e-marketing and clusters at destination level are as follows. A clear partnership structure (members' roles and responsibilities) is required and a common platform of interests should be developed. Participation of both public and private parties / sectors is essential. The characteristics of partners, in terms of their expertise, professionalism and networking ability have important ramifications for the cohesiveness of the cluster and the development of shared views. Shared commitment, collective action, and continuity must be strong features of the alliance. Cluster's geographical qualities have significant implications for collaboration, harmony and leadership in the partnership. It is suggested that a theme (e.g. wine or other distinct local produce) may be the driving force to attain improved outcomes. Thus, building up a portfolio of tourism theme experiences aiming at creating value-added for visitors is an efficient strategy. There is also need for efficient management of local clusters. It is suggested that e-marketing and clustering are tools providing with opportunities for energy, innovation, and clustering activities should be a prerequisite for destination tourism marketing. If these tools are appropriately implemented, taking into account all the above-mentioned factors, they would have a significant contribution into destination competitiveness and tourism marketing effectiveness. These business alliances could operate more efficiently at local destination level, having a comprehensive approach: consider the local economic development components / factors (Hall, 2005), e.g. maximum of local stakeholders must be connected up (i.e. local marketing networks and management clusters) and attract external resources (i.e. finance, skills and technology) and reach the customers outside the region (i.e. use of ICTs). Consequently, it is imperative to adopt a strategic approach to clustering in order to consistently ensure higher standards of experience at destinations and to appeal to ever more demanding visitors. It is highly recommended to adopt a strategic approach to e-marketing as a medium to accomplish destination's objectives. Such an approach allows DMOs to overcome the challenges and exploit the opportunities presented by ICTs. This approach is indispensable in order to integrate e-commerce strategy and plans (marketing and commerce activities) into organizational operations as a medium serving the destination strategy. The main aim is "Build-up a partnership at local level aiming at attaining a competitive advantage in a global market"; the challenge remains to be adapted in a global and over-requiring/demanding market. These issues should be addressed and appropriate approaches implemented by DMOs in order to render marketing activities more efficient and effective.

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INNOVATION, TERRITORY AND DIFFERENTIATION IN TOURISM

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ABSTRACT

The sustainability of touristic development should be based on the differentiation of destinations through the integration of cultural and natural characteristics into the touristic supply. The hypothesis to be discussed is whether the destinations where elements of attractiveness related to heritage and natural conditions are successfully incorporate in the tourism supply are able to sustain their levels of regional attractiveness. A regional tourism demand function is developed, based on a panel data model, where determinants related to innovation and others generally related to the tourism activities are used to explain the attractiveness of tourism destinations in southwest Europe.

Key Words: Tourism, Innovation, Differentiation, Nature, Heritage, Region

INTRODUCTION

The sustainability of touristic development should be based on the local differentiation of the touristic supply, through the integration of specific cultural and natural characteristics of each destination into the touristic supply, as is assumed by the recent political orientations at the European level for the touristic sector. The hypothesis to be discussed in this work is whether the regions where elements of attractiveness related to heritage and natural conditions are successfully incorporate in the tourism supply are able to sustain their levels of regional attractiveness in order to postpone or prevent the entry into the declining period of the life cycle of their touristic products. A regional tourism demand function is developed, based on a panel data model, where determinants related to innovation and others generally related to the tourism activities are used to explain the attractiveness of tourism destinations in southwest Europe (measured by the number of nights spent in hotel accommodation in each region). The variables related to innovation measure the regional efforts in innovative activities and the regional specific resources related to natural and cultural heritage that may be used to develop products and services that contribute to the differentiation of tourism destinations. As the region is the basic unit for this study, the work starts with an analysis of the regional touristic systems and the factors that influence innovation in tourism. Market dynamics and the science and technology systems will be taken into consideration at the regional level (NUTS 2). This territorial unit is important for administrative and political purposes, for the creation of regional networks, for the concept of touristic experience as a result of a large set of products and services locally provided and the availability of relevant statistical data. We will discuss the local and regional specific elements that may characterise the differentiation of tourism destinations, such as those related to natural resources and cultural heritage, with their particular limits and sensitiveness. Finally, the methodology, the results of the panel data model and the conclusions will be presented.

Tourism is an increasingly important economic activity with major impacts on regional economic development, employment and society. From 25 million in 1950, international tourist arrivals reached 935 million in 2010, according to UNWTO (2010). A previous report refers that "*over the past six decades, tourism has experienced continued growth and diversification to become one of the largest and fastest growing economic sectors in the world. (...) By 2020 international arrivals are expected to reach 1.6 billion*" (UNWTO, 2009). The European Union appears as "*the number one tourism destination in the world (...) With approximately 380 million*

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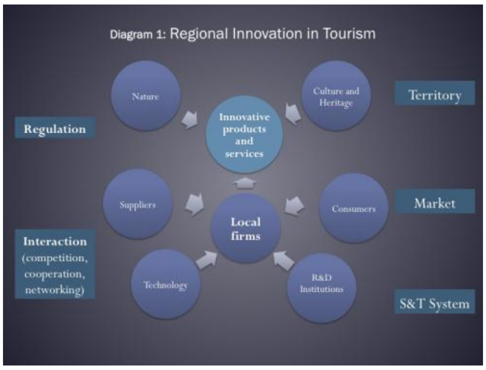
international tourist arrivals in 2007, the EU received 42% of the total number of international arrivals in the world" (European Commission, 2009). According to the Eurostat, the 27 countries integrating the European Union registered 1.578 million nights spent in hotels and similar establishments in 2007, when the group of countries being analysed in this study was responsible for almost one half of this number: Spain (272 million), Italy (254 million), France (204 million), and Portugal (40 million) represented 48,8% of nights in hotels and similar establishments of the European Union. The strong growth of tourism since the middle of the XX century is explained by the generalization of the right to paid holidays (allowing the massification of tourism, with positive impacts on local economies but often negative impacts on natural and cultural assets), reduction of work time, increasing revenues, globalization, improvements in transport systems, technological innovations (namely those related to information and communication) or demographic changes. Nevertheless, economic crisis, fuel crisis (or relevant fluctuation in the fuel prices), insecurity (at local or global levels) or pandemics can have a strong negative impact in the development of touristic activities (Andraz, Gouveia and Rodrigues, 2009) and then on local economies, mostly if we take into consideration that touristic products and services are largely provided by small companies, less protected against long periods of recession (European Commission, 2006). The definition of "tourism" evolved along the last decades (Vanhove, 2005) and it is now commonly accepted that it includes a dynamic element (temporary travel), a static element (staying in a specific destination outside the tourist's normal place of work and residence) and economic consequences (facilities and services provided). A comprehensive approach has been recently adopted by UNWTO (2003): tourists are "*people who travel to and stay in places outside their usual environment for more than twenty-four hours and not more than one consecutive year for leisure, business and other purposes not related to the exercise of an activity remunerated from within the place visited*".

Tourism services are provided by a large quantity and variety of companies, like tour operators, travel agencies or airline companies. Most of these services are now available on the internet (allowing tourists to collect information, organize travels, make reservations and pay for the services using websites) and implying a more sophisticated production of information and interaction with costumers, who became increasingly more autonomous. Accommodation (in different kinds and categories), restaurants, night-life and mobility services play a decisive role in each tourism destination, although they are not the most important determinants of attractiveness of a place. Other services that are not exclusively oriented for tourism can play a determinant role on the attractiveness of a tourism destination, including those related to natural resources, heritage sites, tangible or intangible cultural elements, cultural or sportive events, recreational or educational activities, infra-structures or other attractions. A comprehensive approach to the tourism system (Richie and Crouch, 2005) includes "competitive (micro) environment" and "global (macro) environment" conditions in five different levels: "Supporting factors and resources", "Core resources and attractors", "Destination Management", "Destination Policy, Planning and Development" and "Qualifying and Amplifying Determinants". In the last years, the concept of tourism destination came to the centre of analysis: even if touristic services are provided by a large number of companies, tourists perceive destinations as an integrated experience (Buhalis, 2000). This systematic approach and its evolution have important implications on the image, marketing and promotion, because each destination has its own history and evolution, which also leads to the relation between the tourism destination and the characteristics of the territory, which is central in this work (Formica and Kothari, 2008; Kozak and Rimmington, 1999). On the other hand, the heterogeneity of contemporary tourist preferences is accomplished by the heterogeneity of tourism destinations (Hassan, 2000). As tourism destinations compete with rivals all over the world in order to attract consumers who are distributed globally, questions relating to positioning and branding tourism products and services become increasingly important, implying place audits, definition of visions and goals and strategic market plans that also take in consideration the past evolution of the touristic destinations (Kotler et al, 2005). Tourism destinations are multiproduct areas for multi-segment markets, with multi-clients from multi-origins and their multi-motivations. Big international companies (like tour operators or airlines) interact with local small product and service providers (accommodation, restaurants, bars, cultural activities, organized tours, etc) and increasingly interact with costumers from all over the world. The coordination of promotional activities and control over limited or sensitive assets require an active intervention from Destination Management Organizations and interaction with other institutions.

INNOVATION IN TOURISM

As the concept of tourism destination relies on the idea of a network of services cooperatively provided at the local level in order to satisfy the needs and expectations of the visitors (Daskalopoulou *et al.*, 2009), innovation in tourism results from all interactions between companies (large and small, with different purposes), among firms and costumers (taking benefits from the increasing interactivity) and from technological developments resulting from the cooperation between tourism companies and R&D institutions or even from outside tourism (like the developments of information and communication technologies). These processes of innovation tend to spread faster when there is more interaction between local firms and R&D institutions but, considering the global character of tourism activities, the importance of international companies and the possibility for the innovative services to be shared or known on the internet, they can easily spread from a touristic region to others. Nevertheless, the processes of innovation related to the development of products and services based on local specific resources cannot be imitated and they definitely can contribute to the differentiation of a tourism destination.



The processes of innovation in tourism depend on the creation of regional networks for common learning (European Commission, 2006). The concept "learning-area" as a network is reinforced by the idea that technological developments in information and communication have a relevant impact on innovation, namely in the tourism sector, where the overall product is delivered in a fragmented way by multiple small providers (Davie *et al.*, 2002). The fact that tourism is one of the most globalized economic activities does not reduce the importance of local networks (Asheim and Coenen, 2006). Nevertheless, the processes of regional innovation do not rely only on the technological conditions of each place but also on other conditions that can stimulate the processes of communication, cooperation and co-learning in each region (Pinto *et al*., 2010). Innovation is a path-dependence process, where "history matters" (Malakauskaite, 2010), and an evolutionary process where institutions are, themselves, subject to evolution (Steiner, 2006), combining continuity (existing elements) and radical change (new combination) (Lundvall *et al.*, 2002).

Clusters and regional networks have relevant impacts on productivity, innovation and creation of new businesses related to touristic activities and reinforce the mechanisms of transformation of knowledge into innovative products and services, which can be embedded, tacit, localised or research based, in order to create new products or services, new processes, new managerial practices, new management methods or new institutional solutions (Hjalager, 2010). Tacit knowledge is the most difficult to incorporate in an organization but also the most difficult to imitate and it has favourable conditions in tourism, given the co-terminality (interaction between consumers and providers), spatiality (consumption and production occur in the same place) and temporality (consumption and production occur at the same time) of touristic services. These characteristics also show the systematic character of innovation in tourism (Hall *et al*., 2008; Williams *et al*., 2011): a tourism destination includes a large group of products and services, provided by different enterprises and public institutions, most of the times related not only with tourists but also with local communities. This characteristic of tourism implies a bigger effort to coordinate networks of different kind of institutions, with different purposes: a strong regional coordination and cooperation among stakeholders is a particular aspect to facilitate the processes of innovation, namely those that can contribute to the reinforcement of the uniqueness of each destination.

The extraordinary evolution of information and communication technologies over the last three decades also had profound implications on tourism activities, which have a very intensive use of information on services and destinations. These implications are even more relevant if we consider the importance of making decisions on travelling to distant places that costumers, most of the times, do not know. Finally, travelling decisions are mostly taken much time before the travel occurs, which implies the necessary reservations of transports, accommodation and other services before the services are actually used. Consequently, innovations like Computer Reservation Systems (CRSs), Global Distribution Systems (GDSs) and internet, originated important transformations in the organization of tourism activities and organizations, allowing the circulation of safe and reliable information and creating new possibilities of direct interaction between consumers and producers. Inter-operability, multimedia, wireless and web design are technologies that registered a significant evolution over the last decades, with major impacts on tourism, opening new possibilities for communication between local providers and specific groups or individual consumers distributed worldwide (Buhalis, 2008). These advantages are particularly relevant for small companies, allowing its exposition to global markets with an effective, efficient and cheap mean of communication, allowing an important reduction in the promotion costs (Karanasios et al, 2008).

TERRITORY AND DIFFERENTIATION

These technological developments are opening new opportunities for tourism development in many regions of the world. The possibility to provide precise and attractive information about the characteristics of each territory, namely on their cultural traditions, heritage sites and natural resources, contribute to create specialized products for specific visitors: technological developments are a very important tool in order to create differentiated markets, adjusted to the local characteristics, in order to attract specific segments of a global market. Nevertheless, it is also necessary to take in consideration that local specific resources related to natural or cultural aspects of the territory are generally very sensitive to the excess of usage, implying some measures that ensure an adequate number of visitors, considering the "carrying capacity" of each site and the costs for its preservation: a level of utilization that ensures economic benefits in the short and long run, allowing the destination to keep the original characteristics that makes it attractive.

This question can be seen in a broader perspective, considering the relationship between natural resources and international trade and the pressure to avoid costs related to the protection of the environment, with very negative consequences in the long-run (Huybers and Bennett, 2002). In order to promote cooperative behaviours between firms and coordination in the exploitation of local natural or cultural resources, the activity of the Destination Management Organizations and the institutions that, at local level, have the responsibility for the preservation and management of these sensitive assets becomes crucial. On the other hand, natural and cultural assets contribute to the well-being of local communities with non-market value (Choong, 1997).

The definition of international standards for the touristic utilization of cultural and natural sites, like the inscription/registration of a place as an World Heritage site classified by UNESCO, can promote a better protection and a more sustainable use of resources, but can also have relevant negative impacts, resulting from an excess of usage (UNESCO, 2005) and require a process of planning involving tourism companies and regulatory institutions. Another important question related to cultural heritage is related to the authenticity and commodification of cultural resources and their use for touristic purposes: although it can have an important contribution to preserve traditional activities, heritage is representation of History and this subjective collective memory, permanently under discussion and reconstruction, is a result of political and ideological conflictive perspectives (Harrison, 2005). Heritage must be accessible to enrich the touristic experiences of visitors but also connected with the values of local communities. Consequently, it is highly desirable that local stakeholders can have an active participation in the processes of planning, development and implementation of tourism activities (Evans, 2005).

The differentiation of tourism destinations that ensures the attractiveness of a destination in the long-run depends on the promotion of innovative products and services related to the natural and cultural characteristics of the territory. This kind of development allows the destination to assume a monopolistic competition with other destinations, based on differentiation, instead of a cost-leadership competition, as Porter suggests, with smaller impacts on the local economies and larger impacts on natural and cultural resources. In a different perspective, but with similar conclusions, we can also assume that this strategy helps the destinations to become a *status area*, instead of a *commodity area*, in the sense defined by Gilbert. Nevertheless, this strategy also requires an attitude of permanent innovation and flexible specialization, as proposed by Poon, which implies multiple interactions between firms, suppliers, consumers and public institutions and requires a strong regional innovation system (Buhalis, 2000).

INNOVATION AND REGIONAL TOURISTIC DEMAND: A PANEL-DATA APPROACH

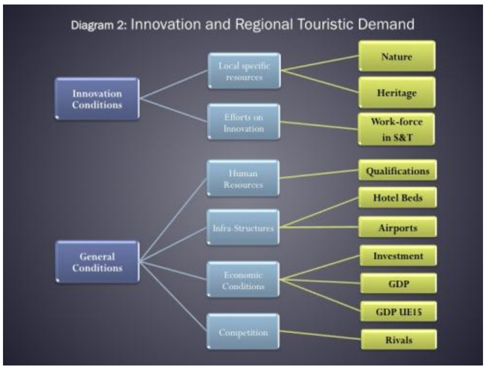
The regional tourism performance in southwestern European countries has been analysed using a panel data model and considering the evolution of tourism demand and its determinants from 2003 to 2008[2]. 67 regions (NUTS 2) were considered: 17 in Spain (not considering Ceuta and Melilla, due to their particular situation and absence of some data), 22 in France (not considering Guadalupe, Martinique, Guyane and Reunion, due to their geographical localization), 21 in Italy and 7 in Portugal. Although tourism destinations can have different geographical limits, for the purposes of this study the "region" (NUTS 2, according to the European classification) has been considered as the unit of analysis. The advantages of this option are related with the availability of statistical information and the existence of relevant administrative and political institutions responsible for the management and promotion of tourism activities at the regional level.

The dependent variable is the number of nights spent by tourists in hotel and similar establishments in each region ("Nights"), which are assumed to be a proxy to the regional touristic attractiveness. It has been possible to observe that: Italy and Spain have each one third of the nights spent by tourists in this area in 2008 (34% for each), France has 27% and Portugal only 4,3%; 50% of the nights spent by tourists were concentrated in 10 regions (5 in Spain, 3 in Italy and 2 in France); 13 regions registered an average growth equal or above 4% per year (8 in Spain, 3 in Portugal and 2 in Italy) and all the capitals from these countries (Rome, Paris, Madrid and Lisbon) belong to regions among this group, suggesting the increasing importance of urban tourism, mostly

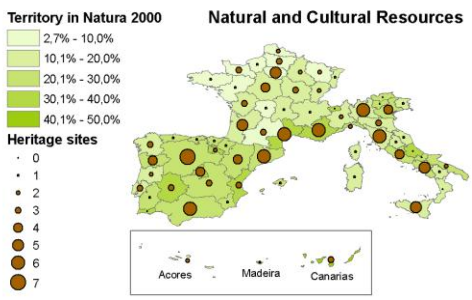
[2] The statistical information used for this work has been collected from official statistics institutions at national or international level: Eurostat; European Commission - Environment DG; UNESCO; Instituto Nacional de Estatística (Portugal); Instituto Nacional de Estadística (Spain); Institut National de la Statistique et des Études Économiques (France); Istituto Nazionale di Statistica (Italy). Calculations were made using R 2.10.1 for Mac OS. Maps were produced with ArcGis 10 for Windows Vista.

related with cultural activities; 14 regions registered a decrease in the number of nights spent by tourists (13 in France and 1 in Italy).

The explanatory variables include data related to some general conditions for the development of tourism: infra-structures available at regional level - "Beds" (number of beds in hotels and similar establishments) and "Air" (existence of international airports); economic conditions – "GDP" and "GDP_UE15" (evolution of GDP at national and EU-15 levels) and "Invest" (investment in hotels and restaurants); demand in rival markets – "Rivals" (number of nights in hotels from Turkey, Greece, Croatia and Cyprus); qualifications – "Educ" (percentage of the regional population with tertiary education). Two dummy variables were included, related with the geographical situation of each region ("GEO": inland, south coast or west coast) and the position in the tourism area life cycle ("TALC": exploitation, development or stagnation). It was possible to observe that: 50% of Inland regions (GEO1) are in exploitation (TALC 1); 56% of west coast regions (GEO 2) are in exploitation (TALC 1); 52% of south coast regions (GEO 3) are in stagnation (TALC 3); 74% of the regions in stagnation (TALC 3) are in the south coast (GEO 3). Finally, three variables related to innovation were considered: general efforts on innovation (measuring the development of the regional systems of innovation) and the availability of cultural and natural assets, which are the basis for the differentiation of tourism destinations according to local characteristics of the territory. It is important to notice that availability of these assets does not necessarily mean that they are not exploited as tourism resources, but it means that there is that potential at regional level.



The general efforts for regional innovation ("ST") were measured using the percentage of the work force involved in Scientific and Technological activities. 17 regions had more than 45% of the active population involved in S&T activities in 2008 (9 in France, 7 in Spain and 1 in Italy) and 16 regions had 35% or less of their active population in S&T activities 2008 (8 in Italy, 2 in Spain and 6 in Portugal, occupying the last six places of the table. This variable is used as a proxy to measure the interactions at regional level between the tourism companies, consumers, suppliers and other entities of the scientific and technological system (diagram 1). The regional cultural assets ("Heritage") that contribute to the identity of touristic destinations have been measured considering the number of heritage sites classified by UNESCO. 11 regions have 5 or more classified sites (3 in Spain, 4 in France, 5 in Italy) and only 7 regions have no heritage site recognized by this organization (Algarve, in Portugal, and 6 Italian regions). It is assumed that the inclusion of classified heritage sites in the regional tourism supply is one of the means to develop innovation activities that can lead to the differentiation of the tourism destinations. In the same sense, the natural resources ("Natura") were evaluated considering the proportion of protected areas included in Natura 2000 in the regional territories. These resources require innovative activities for sustainable touristic exploitation and imply a particular attention to the pressures imposed on the territory, namely those related to number of visitors. 11 regions have more than 30% of its area in Natura 2000 (5 in Spain, 2 in France, 2 in Portugal and 2 in Italy). These variables measure the importance of the characteristics of the territory for regional innovation in tourism (diagram 1).




```
Hausman Test

chisq = 1718.443, df = 9, p-value < 2.2e-16
alternative hypothesis: one model is inconsistent
```

The first step in the application of the model was the computation of a Hausman test, in order to choose between a Fixed Effects or Random Effects Model. Considering the p-value of the test, the Random Effects Model has been chosen. Fitting some alternative regressions, it was possible to observe that the best results were obtained with a "Pooling Effects" Model and applying logarithms to the variables "Nights" (independent variable), "Beds", "Invest", "GDP", "GDP_EU15" and "Rivals". Then it became possible to observe that some of the variables were not statistically relevant: "GDP_EU15 level", "Rivals" and "Educ". The final model was expressed as:

```
Coefficients :
              Estimate Std. Error t-value  Pr(>|t|)
(Intercept) 13.8272172  1.1957688 11.5635 < 2.2e-16 ***
logbeds      0.7068249  0.0282520 25.0186 < 2.2e-16 ***
air          0.1370776  0.0433534  3.1619 0.0016902 **
loginvest    0.2391210  0.0220621 10.8385 < 2.2e-16 ***
logGDPn     -0.9343990  0.1262969 -7.3984 8.531e-13 ***
ST           1.1437415  0.2282968  5.0099 8.272e-07 ***
Heritage     0.0257810  0.0093862  2.7467 0.0062992 **
Natura       0.6880170  0.1977557  3.4791 0.0005598 ***
Geo1        -0.0618231  0.0382251 -1.6173 0.1066126
Geo2        -0.2983047  0.0441556 -6.7558 5.184e-11 ***
TALC1       -0.2751044  0.0435873 -6.3116 7.516e-10 ***
TALC2       -0.2270594  0.0438881 -5.1736 3.681e-07 ***
---
Signif. codes:  0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1
```

Lognights $_t$ = ß0 + ß1 logbeds $_t$ + ß2 air $_t$ + ß3 log GDP $_t$ + ß4 loginvest $_{t-1}$+ ß5 ST $_t$ + ß6 Heritage $_t$ + ß7 Natura +

ß8 GEO1 + ß9 GEO2 + ß10 TALC 1 + ß11 TALC 2

It is possible to observe the relevance of the estimates, even for the variable Geo1 (close to the limit of 10%). The negative correlation between the nights spent in a region and the level of its national GDP shows that countries where tourism is more important are economically less developed and also means that this variable was not relevant to identify the influence of national economies on domestic tourism demand. It has also been possible to identify a positive relation between the attractiveness of the regions, the other basic conditions for the regional touristic attractiveness considered in the model and the three variables used to measure the innovative efforts to differentiate the tourism supply based on local resources: "ST" (regional work force involved in scientific and technologic activities), "Heritage" (number of sites classified by UNESCO) and "Natura" (natural protected areas).

CONCLUSIONS

The most important conclusion that arises from this analysis is that the conditions for innovation in touristic activities play an important role on the attractiveness of tourism destinations of southwest Europe: a positive statistic relation between the efforts on innovation and the regional touristic attractiveness suggests that regions with more developed innovation networks are using this competitive advantage in order to create innovative touristic products and services that reinforce regional attractiveness; local specific natural and cultural resources are used as core elements of touristic attractiveness, contributing to the differentiation of their tourism destinations;

Consequently, it is possible to consider that, as a general tendency, the regions of southwest Europe are successfully integrating the specific characteristics of their territories in order to differentiate the touristic products being offered, contributing to the achievement of *commodity tourism areas* and for a competition more based on differentiation than on cost leadership, creating more benefits for local stakeholders and implying less degradation of local resources. Similarly, it is possible to conclude that these regions tend to compete on the basis of monopolistic competition. This process also implies an effort on the definition of an adequate promotion strategy and a correct positioning of the touristic products, taking in consideration the target markets but also the past evolution of each destination, which is a particularly relevant aspect in regions in the later stages of the life-cycle of touristic products, where mass tourism imposed severe degradation of local resources and requires a re-positioning of the touristic destination. Nevertheless, it must be taken into consideration that the NUTS 2 regions used as the unit of analysis in this work do not clearly show the situation in all the specific touristic destinations, considering that each region can include more that one destination, possibly with very different characteristics. Even if the general observations show a clear link between innovation, differentiation and attractiveness, it is possible that some destinations still base their attractiveness on the massive exploitation of non-differentiated resources, products and services (like sun and sea).

This work also shows the importance of other general conditions for regional touristic attractiveness, namely those related to the availability of touristic infrastructures (accommodation and airports) or the regional investment in the tourism sector. On the other hand, the fact that this analysis does not show a significant impact of the evolution of demand in rival destinations does not mean that these impacts can not occur in the future. Further developments of this work will include the observation of other aspects that can have relevant impact on the performance of tourism destinations, namely those related to prices, origins and characteristics of visitors, destination management and promotion or involvement of local communities in the process of tourism development. The good results of the model also suggest the possibility of enlarging the regions under analysis.

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AN ANALYSIS OF TOURIST INFORMATION PROVIDED FOR CITY MARKETING:

A COMPARATIVE STUDY OF ISTANBUL AND PARIS

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ABSTRACT

The city of Istanbul, with its cosmopolitan structure and eventful life, welcomes millions of domestic and foreign tourists and offers various opportunities and activities. As a "catchy" destination, Istanbul requires to be well explained to the tourists. Some important tools are information offices, sign boards and guiding marks. Direction finding and getting information should really cross the tourists' path through an effective communication system. This paper aims to examine the communication approach and the information provided to tourists about places. Following a short theoretical framework, the case of Paris takes a place to be compared to Istanbul for some implications.

Key Words: tourist information, communication, destination, city marketing, Istanbul

INTRODUCTION

In today's world, ruled by information and communications, travelers are influenced by the information they receive from many varied sources during their vacation planning process. Especially in developed countries, where traveling is no longer a luxury product and tourism related products are seen as a necessity of the daily life. As a result, visitors' expectations change and increase by making them more complex and complicated to satisfy. Destinations offering tourism products conduct various research while developing the products they offer in order to meet better the requirements of their customers. This approach constitutes the basis of marketing understanding.

Tourists, in deciding on the destination to visit, seek and collect the information. There are different stages for tourists in the decision-making process. Firstly, they should be aware of a touristic product and then, like it and prefer in this respect. The information provided appearing in advertisements or news can attract the attention of tourists. Following this stage, they actively start looking for information on the issue and take advantage of the printed and broadcasting media and also, wish to contact to those who knows on or, who has the information. The more information tourists have, the more detailed evaluation in their decision making process and the more satisfactory and reliable outcome eventually.

Basically, the resources that people can gather information from can be analyzed in four categories (Kotler, Haider and Rein, 1993);
- Personal resources: Family, friends, neighbors, and acquaintances
- Commercial resources: Advertisements, sales personnel, trip planners
- Mass Media Resources: Mass media, evaluation companies, experts
- Experimental Resources: In personal experiences of the individual

In making a decision with regard to a destination, the most important sources of information for tourists would be rather personal resources, such as family and friends. As noted on many previous studies (Moutinho 1987; McIntosh and Goeldner,1990; Fodness and Murray,1997), the importance of this resource is evident. However, the choice of the source of information is also related to the purpose and type of journey to be undertaken. Thanks to the information and communications technologies available in today's world, as well as new opportunities arising due to the developments in these technologies, people try to gather the maximum amount of information in the virtual medium before they actually visit their place of interest. In contrast, traveling tourists use tourist information bureaus or travel agencies to obtain information with regard to events/activities at the place they are currently visiting. If traveling by themselves, the information they obtain from tourist information bureaus influences the duration of their stay along with any activities they may be involved during their stay. The visitors, who arrive at their destination, use the employees at their place of accommodation as their source of information, like other tourists. As such, these employees provide guidance for the tourists. On the other hand, the ones that would travel longer distances prefer to use the literature that is specific to the destination of their choice to get more information. The tourists who seek comfort and reliability prefer tour operators and travel agencies (Hyde and Lawson, 2003).

Information bureaus, information panels and directions and signs at tourist centers/destinations are important tools directed to information acquisition by visitors to the specific destination. Although communications at tourist destinations can be different from those used in attracting tourists to such destinations, they should be based on the principle of enhancing existing information about activities at the destination (Bornhorst, Ritchie and Sheehan, 2009).

An effective communications system, when tourists are at a destination, should be in a manner that facilitates their access to such information, avoids any loss of time, and eliminates physical distances and/or efforts needed to obtain such information. Direction finding and obtaining information should be readily available at tourist attraction centers, and even achieve the "No limits in service" understanding. Customizing various elements of services provided in order to create loyal customers of Far East hospitality – and continuing on its path without suffering any adverse affects even during global crisis periods – constitutes a very good example to this point. According to a study carried out by Ortega and Rodriguez (2007) with local and foreign tourists in Spain, booklets displayed at hotels proved to be more effective while at destination compared with searches on the internet, and it was found that although the internet stands out as an effective tool in attracting to the destination, it is not as relevant during travel. This situation may be explained by the phrase "limited time, and many things to do." In sum, the achievement of visitor-destination association is possible with the participation of stakeholders with concrete elements, who get a share in tourism. The hospitality sector can be primarily considered to be realized in this respect.

THEORATICAL FRAMEWORK

For the study, a number of tools used to provide information and to communicate with actual and potential visitors to a destination are considered here. Next, certain observations are mentioned about and some of the findings are drawn from the case of Paris. It is an ongoing research with the intentions to draw some important implications at the end for the city of Istanbul through a comparative approach. This also stands on as a major limitation of the study at this stage.

Information Bureaus

Tourist information bureaus are the most important and vital information sources found in a city. Information in promotion of tourism is usually used with the purpose of providing information about the country or the region. (Walls, Shani and Rompf, 2008) The aim, in the dissemination of such information, is to create a positive image and ensure the influx of more tourists to the country. Information services are generally undertaken through national tourism offices and information bureaus, which operate both within the country and abroad (Morrison, Bruen & Anderson, 1998; Wöber, Fesenmaier & Hwang, 2003)

Tourist information centers can be considered as permanent and/or temporary ones;

- *Permanent Information Centers*: These are tourism information bureaus belonging to public administration. These information centers are usually information bureaus, which provide information for the journeys and travels of those who wish to visit the country or region. These official bureaus, which report to the Ministry of Culture and Tourism, operate within and outside the country. Turkey has 23 tourism information bureaus in 21 countries and a total of 115 tourism information bureaus operating within the country with the purpose of providing services for domestic and foreign tourists.

- *Temporary Information Centers*: These are information and promotion points opened for a limited time due to certain days or events. Stands installed in certain exhibitions generally fall within this category.

Commercial income generation is not among the purposes of such information, and targeted aims on the other hand include, creation of a positive image with respect to a country or a region, to provide advertisement-free information about products and services, to create sympathy, and to establish confidence in consumers.

The main purpose of informing tourists about a destination is to attract them to the destination mentioned, and this is realized by information bureaus of a country, and they ensure the communication process between their own countries and tourists. A tourist needs information in a country or region especially at his/her first arrival and immediately afterwards. In this respect, local information bureaus are at the top of the list forming the first contact point for tourists at the destination, and these bureaus carry the responsibility of providing information to tourists on a wide range of subjects. Information bureaus should be located at strategic points, where they are easily accessible by tourists, rather than at locations where tourists would need to search for them, and they should be equipped in such a manner as to be able to respond to all types of questions. Information officers should also be selected with great care, and they should be experienced in the subjects of communication and tourism. Tourism bureaus have to be placed at the critical centers of a city; that is, they should be assessed with regard to their locations, as well as materials they contain and personnel to be employed.

In this context, the structure and content of tourism bureaus in Paris has been examined. Office du Tourisme et des Congres in Paris is involved in both the coordination of tourism offices in the city as well as attracting large-size congresses to the city. It was established with the joint venture of the Paris Municipality and the Chamber of Industry and Commerce in the year 1971. At this point, it is inevitable to move towards such a structure with the role and necessity of the municipality to assume the initiative and the Chamber of Commerce of the city to provide material and non-cash support, put in other words, the joint venture of both private sector and public sector. There are six information bureaus and six seasonal kiosks (between the months of April and November) in Paris reporting to this office. When considered from the point of view of the locations of permanent bureaus (Anvers, Pyramides, Gard du Nord, Gard de l'Est, Gard de Lyon, and Porte de Versailles), it is observed that these are positioned at strategic centers and tourism centers, as well as at entrance roads to Paris. Access to all types of information tourists may need – especially from the very first moment they arrive and throughout their visit from the first day onwards – is provided by these bureaus. The Pyramides office (In the vicinity of the Louvre Museum), which is the central office, imposes an orderly structure from the moment one steps in. Uniformed personnel on duty inside the office can speak a minimum of one more language in addition to French and English. Brochures of activities under agreement with the office, divided into various categories (accommodation, concerts, theaters, restaurants, etc.) are displayed and reservations are made for the said activities from the office. Besides these, a map of Paris and information booklets, prepared according to regions are also handed out to visitors. These printed materials are made available in the languages of countries that have the most visitor inflow to Paris (in 10 different languages).

<u>Guide signs-boards</u>

Guide signs and boards are tools which facilitate the movement of tourists within the city and also help them in locating places. Equipping a city with such tools in a planned and organized manner, without distorting the architectural style of the city and by avoiding the city becoming a pile of signs, facilitates the locating of places and the movement of tourists while being equally valid for the residents of that city. In particular, certain colours (dark blue, gray and brown that comply with the main pattern of the city) and signs (pedestrian way, bicycle path) make tourists feel more comfortable in a city they are a stranger to.

<u>Web Sites</u>

Web sites and brochure resources directed towards the activity industry, appeal to a wide range of stakeholders, who expect different services from such: participants or visitors need detailed information regarding the activity; those undertaking promotion activities search for historical data, and information related to the facilities and location; media on the other hand research press releases and the sponsors. Masterman and Wood (2006:117) have defined the most important aspect of internet marketing communications as "ensuring presentation in all related web sites of the correct information related to the activity in an easy-to-use and consistent format."

Web sites and brochure resources in today's world are major tools and beneficial communications medium due to the following advantages: a cost-efficient way to reach to the target audience, for example, ease in measuring the activity, such as ease of counting site visitors, or which sites visitors come from, or which sites they navigate to; ease in collecting data regarding visitors thanks to a registration link; providing the means for visitors to access current information through fast content changes; and the ability of web sites to create a substantially more interactive communications medium constitute this distinction.

It is evident that marketing communication activities realized in the field of activity marketing are performed with the intention of reaching out to existing and prospective viewers of the activity, as well as to motivate them to participate in such activities. Web sites are seen as powerful activities due to the multifunctional nature they exhibit. (Gretzel,2004)

The existence and power of the internet is really incontestable. Nowadays, information dissemination has become much more rapid and outreaching, especially with the proliferation of internet use via cell phones, and formations of social networks and forum groups. It is also extremely vital that necessary importance be attached to this subject by cities, and that tourists be informed of current activities besides basic information about a city

(DiPietro, Youcheng, Rompf and Severt, 2007; Wang and Fesenmaier, 2006; Gretzel,Yuan and Fesenmaier, 2000).

Paris, taken as the case, will be evaluated in this study, which is utilized in line with the findings of the research by Choi, Lehto and Oleary (2007), in which they realized the expectations of tourists from web sites.

Table-1 Expectations of tourists from web sites sorted according to level of importance

Prior to travel	During travel
Accommodation	Communication via e-mail (*with site representatives*)
Flights	Air/travel recommendations
Air/travel recommendations	Map/tool orientation
Map/tool orientation	Activities
Attraction centers	Sending e-mail cards
General travel information	General travel information
Activities	Restaurants and bars

The following Table 2 emerges for Paris within the context of this evaluation. Facilities available at the *Parisinfo.com* site have been highlighted with a dark colour. The table underlines the importance of the most of the information provided; with the exception of sending post cards with a city picture via the internet. Furthermore, the site can be viewed in 10 different languages, and provides various activities and travel opportunities, along with ticket purchases to such events.

Table-2 Evaluation of Paris Website (www.parisinfo.com)

Prior to travel	During travel
Accommodation	Communication via e-mail (*with site representatives*)
Flights	Air/travel recommendations
Air/travel recommendations	Map/tool orientation
Map/tool orientation	Activities
Attraction centers	Sending e-mail cards
General travel information	General travel information
Activities	Restaurants and bars

In fact, Paris tourist information bureau contain useful information oriented towards maximum satisfaction of tourist needs in their web sites, which they have prepared in a rather visually-rich manner. They generate revenues for tourism bureaus, especially through ticket sales. Hotels, activities and museums etc. operations, which also appear on the sites for a fee, form yet another income source for the bureaus in sustaining their existence.

Currently, Istanbul is taken into consideration and to be compared with the case drawn in the study.

CONCLUSION

Istanbul has become one the important tourist destinations in recent years. Besides its natural beauty, an increase in the number of events has affected the number of incoming tourists. In this study, although tour operators and travel agencies try to attract as many tourists as possible to destinations, what is provided to tourists as information and communications is so important and even, so vital. However, very little research is carried out on the information provided in cities and particularly, in the case of Istanbul. The importance of DMO's require to be emphasized and the need for in-city information should not be ignored. The three major facilities are; the information offices, the outdoor signs and the website respectively. All facilities require to be well managed and organized in order to facilitate and make life easier for tourists during their stay in destination.

In fact, tourism information is provided at destinations by different tools (such as information offices, sign boards, guiding marks etc.) and, should be considered through an integrative approach. On the other hand, relatively little literature exists on the issue. In most cases, the understanding of communication at the destination is based on extended information about the facilities and activities and, therefore, remains limited. Whereas, an effective communication should provide easy access to information available by preventing tourists from waste of time and the information being obtained without causing too much physical effort. Direction finding and getting information should cross the tourists' path in the touristic centers and probably, through 'diversification' –as the marketing strategy, for better value creation and delivery to tourists. This is also questioned in this research; whether it is possible, if so, what really to be involved, how to be realized and, what outcomes could be as results. Thus, the study also focuses on a demand and supply side analysis which is currently ongoing to enrich the content. The most of the analysis would be completed as the study has already been started in Istanbul and, the results could be shared during the conference.

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LOCATION BASED MARKETING SERVICES IN A TOURISM CONTEXT: THE IMPACT OF PERSONAL TRAVEL INNOVATIVENESS AND PULL VS. PUSH DELIVERY METHOD

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ABSTRACT

As mobile devices amass greater capabilities that include broadband Internet and Global Positioning Systems (GPS), the relevance of location based marketing services has gained increased attention among tourism researchers and marketers alike. This study examined the impact of personal travel innovativeness and the type of delivery method (pull vs. push) on the intention to adopt the location based marketing services. Data was collected from travelers at two large airports in the USA. Findings indicate that personal travel innovativeness has a significant impact on the adoption of these services. Additionally, the pull delivery method was more amenable to customers when compared with the push delivery method. Implications for academics and practitioners are discussed.

Key Words: Location based marketing (LBM), travel innovativeness, delivery method, privacy

INTRODUCTION

In the recent past, the relevance and importance of location based marketing (LBM) services in tourism has gained significant attention (Dickinger & Zins, 2008). Location based services are information services accessible with mobile devices through the mobile network and utilizing the ability to make use of the location of the mobile device (Jagoe, 2003; Unni & Harmon, 2003; Virrantaus *et al*., 2001). They include both promotional and non-promotional components (Unni &Harmon, 2007). Promotional components include mobile couponing and related advertising services, which are Location Based Promotions (LBPs) as opposed to non-promotional services (not of an advertising nature) such as maps, emergency services, traffic updates etc. termed as Location Based Services (LBSs).

Since LBM services involve using a consumer’s location to communicate and engage with tourists, their potential to enhance travel experiences is significant. However, the method of delivery (pull vs. push) becomes important to understand in a tourism context because of consumer concerns over privacy and perceived intrusiveness of marketing messages (Unni & Harmon, 2007). In a pull based context, consumer’s engage with marketing messages based on their demands or needs as opposed to a push context, where firms control the timing and context of messages to consumers.

An important consideration with location based services within the context of the tourism is the ability to help travelers innovate with their travel experiences. This is because of the rich information contexts that LBM services provide, which augment the mobility demanded in travel.

The purpose of this study was to examine the impact of personal travel innovativeness and the relative efficacy of pull vs. push techniques in the delivery of LBP and LBS based services. There are significant implications for both marketers and academics from this study.

CONCEPTUAL BACKGROUND

Location Based Services

LBSs are structured around the provision of information or entertainment using a person’s geographical location (Jagoe, 2003). The value proposition here is location and the context of information surrounding it. For example, a tourist visiting a popular historical market square in a town can be delivered both a podcast on his/her mobile device outlining the importance of the square as well as information pertaining to key antique retailers in the area for the purchase of souvenirs. Needless to say, the growth of LBSs is synonymous with the widespread availability of Global Positioning Systems (GPS) and their integration into handheld communication/computing devices.

The importance of LBSs in a travel experience consumption context is enormous. For consumers, travel is a complex product that demands mobility and is almost always information intensive. These two characteristics outline the symbiotic strength of LBSs and their ability to enhance travel experiences through dissemination of rich and relevant information based on the location of the traveler.

Personal Travel Innovativeness
The dispensation to innovate is a key consumer behavior phenomenon (Hirschmann, 1987, Ross & Robertson, 1991). Typically, consumers who are inclined to innovate are those that demonstrate a strong propensity to adopt novel products and information (Hirschmann, 1987). Travelers typically draw out their emotional energies and exercise imagination about the prospective travel experience. Innovative search is based on a traveler's need to be innovative and creative in their travel experiences (Vogt & Fesenmaier 1998). It reflects the traveler's need based on "how" a destination can be best experienced (Beldona, 2008). Past research has found explicit evidence suggesting that the impacts of attitude and subjective norm on online travelers' shopping intention depend largely on online travelers' innovative predisposition (Lee, Qu, & Kim, 2007). Location based services provide rich information contexts for travelers to innovate with their experiences.

Privacy
To maximize the potential of digital commerce, it is important to understand online consumers' concerns for information privacy (Eastlicka, Lotz, & Warrington, 2006). Information privacy is the extent to which personal information is not known to others (Rust, Kannan, & Peng, 2002). Given that LBSs are based on delivery of services that need extraction of sensitive customer data, the role of privacy becomes more important. Past research pertinent to LBS found that privacy concerns become more salient with the use of intrusive delivery methods, wherein where consumers are likely to experience some loss of control (Unni & Harmon, 2007).

Delivery Method (Push Vs. Pull)
The domain of permission marketing originally set the tone for the effective delivery of marketing messages in the digital era. Originally conceived by Seth Godin (1999), it outlined effective mechanisms for firms to reach consumers based on a tiered set of consumer preferences. Paavalinien (2002) outlines two distinctive approaches to the delivery of location based services, namely pull and push that is architected around the principles of permission marketing. In the pull delivery method, consumers opt-in and LBSs are delivered based on specific requests. In contrast, the push delivery method involves dissemination of LBSs at the discretion of the provider. Apart from message effectiveness, the delivery method also has an impact on consumer perceptions of privacy within a LBS context (Unni & Harmon, 2007).

METHODOLOGY

Data was collected from travelers at two large airports in the United States in July 2009. Travelers were approached in a waiting lounge and a total of 204 responses (58% men, 42% women) were collected. Majority of the participants (65.3%) were under 41 and almost 80% have a bachelor degree (47.3%) and higher (32.5%). In regard to employment status, 20% reported as a student and almost 70% were employed (self-employed 10.7%; employed 59%). Table 1 lists the descriptive statistics of the study sample.

Table 1: Demographic Information of Sample

Gender	**F***	**%***		**Education**	**F**	**%**
Female	119	58.3		High School or Less	41	20.2
Male	85	41.7		Bachelor Degree	96	47.3
				Post Graduate Degree	66	32.5
Age	**F**	**%**				
18-25	47	22.9		**Employment Status**	**F**	**%**
26-33	57	27.8		Student	41	20.0
34-41	30	14.6		Not Employed	6	2.9
42-49	31	15.1		Self-Employed	22	10.7
50-57	27	13.2		Employed	121	59.0
>=58	13	6.3		Retired	6	2.9

*: F = Frequency; % = Percent

An experimental design comprising a 2* 2 factorial design (LBSs-LBPs & Pull-Push) combined with two covariates (personal travel innovativeness and privacy) was used for the study. Therefore, there were four questionnaires (one for each treatment) based on the 2*2 factorial design. Each frame comprised approximately fifty respondents. Each of the four treatments comprised a scenario treatment comprising an introductory paragraph reflecting the appropriate treatment. Below is a sample scenario reflecting the Pull context of LBPs frame. While the second sentence outlines the promotions aspect of the frame, the last three statements reflect the pull context where consumers are in control of the message completely. For reasons of limited space, all four frames are not represented here.

Location Based Promotions – Pull Stimuli Scenario

"*At the primary destination of this trip, you are offered the option of renting a Personal Digital Assistant that is equipped with phone, Internet, text messaging and GPS capabilities. During the course of your trip, you will receive exciting mobile coupons (sales offers on restaurant meals, travel souvenirs, attractions etc.) on your cell phone for brands when you are close to those locations. All the marketing offers you receive will be from categories that you have pre-selected, and are available in nearby locations in the destination. You will not receive offers from a restaurant, souvenir shop, attraction etc. that is outside the scope/preferences of your trip. You will have full control over the maximum number of offers you wish to receive. You may discontinue this service at any time."*

Table 2: Constructs and Reliabilities

Construct (Reliability Alpha)	Loading	EV	Variance
Personal Travel Innovativeness (0. 91)			
1. I like to experience a wide assortment of experiences.	0.87	4.35	62.26%
2. I like to engage in a wide range of different activities and experiences	0.85		
3. I like to be unique and original with my vacation choices	0.82		
4. I always think of new strategies to enhance my travel experience	0.81		
5. I like to identify original places and things to do that few have done	0.80		
6. I ensure that I experience all the highlights of a destination.	0.74		
7. I like to find information about new potential activities or experiences in a destination	0.72		
8. I prefer to be innovative with my travel experiences	0.71		
Privacy (0. 80)			
1. I would be very concerned over how my location data is shared with tourism suppliers and others.	0.85	2.52	62.87%
2. I would not like my location to be tracked	0.82		
3. I am very concerned that cell phone service providers are tracking my location.	0.76		
4. I would NOT be comfortable sharing my interests/preferences with rental service providers.	0.72		
Behavioral Intention (0. 92)			
1. This service can make my travel experience more effective.	0.88	5.00	62.50%
2. For the trouble involved in enrolling for this service, I think this service is very worthwhile	0.87		
3. Signing up for this service will result in saving time on sightseeing and shopping.	0.85		
4. Signing up for this service will result in better choices of what to see and buy.	0.83		
5. Probable that I would consider the above service.	0.82		
6. For what I have to give up, the potential of this service to satisfy my needs is very high.	0.80		

Table 2 outlines the measures, their reliabilities and factor loading properties used for the study. All three measures listed below were measured using a 7 point Likert scales (1=Strongly Disagree and 7=Strongly Agree). While behavioral intention was adapted from Cronin, Brady and Hult (2000), privacy was adopted from Unni and Harmon (2007). Personal travel innovativeness was developed using a synthesis of literature across Vogt and Fesenmaier (1998), Midgely and Dowling (1978), and Ross and Robertson (1991).

FINDINGS

A Univariate General Linear Model (GLM) analysis was conducted to evaluate behavioral intentions of adoption (dependent variable) and the results are highlighted in Table 3. While model was significant ($p<.001$), the adjusted R2 was .146. When it came to differences between promotions and services, there was no statistically significant difference across the four treatments. Findings indicate that personal travel innovativeness is significantly related to the adoption of LBM services at large. While there were no significant differences in the adoption between choices pertinent to LBP and LBS, there were significant differences when it came to the delivery method (pull vs. push) with the pull-based context (M=4.95, SD=1.36) being significantly superior to the push-based context (M=4.42, SD=1.31). Importantly, travel innovativeness reported the strongest significant effect on the intention to adopt LBM programs. Privacy was not significant at the $p<.05$ cutoff level when it came to the behavioral intention to adopt LBM programs. Lastly, the interaction term, LBM * Delivery Method was not significant.

Table 3: Univariate General Linear Model Results

Effect	F	Sig.
LBM (Promotions Vs. Services)	1.53	.217
Delivery Method (Pull Vs. Push)	12.09	.001
Travel Innovativeness	24.79	.000
Privacy	3.31	.070
LBM * Orientation	0.35	.556

R Squared = .167 (Adjusted R Squared = .146)

IMPLICATIONS AND CONCLUSION

There are significant implications for tourism marketers from these findings. Firstly, pull-based methods are less-intrusive and more effective when it comes to the adoption of LBM programs. Marketers need to be cognizant of this fact when it comes to the design and implementation of the programs.

Marketers also need to tap into the potential for travelers' potential to innovate with their travel experiences. This can be done through effective and appropriately architected marketing messages that build on the ability of LBM services to help customers innovate with their travel experiences. This can be done by integrating travel innovativeness as a central theme in the advertising of LBM programs. Note that although privacy was not significant at the $p<.05$ cut-off level, it should still be treated as a potential concern, which needs to be addressed in marketing communications as well.

Future academic research needs to delve further into travel innovativeness within the context of LBM and isolate areas where its impact on travel experiences can be significant. The roles of text and multimedia usage for the delivery of LBM services should be explored and the relative efficacies examined as well (Xu, Oh, &Teo, 2009). The richness of information contexts in LBM can mean that there is potential for a paradigm shift in nature of travel consumption.

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TRAVELERS' PARTICIPATION IN ONLINE COMMUNITIES AFTER FOLLOWING ADVICES FROM THAT COMMUNITY: CONSUMPTION OR CREATION OF CONTENT?

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ABSTRACT

Data collected from a web survey using members of several online travel communities reveal that following advices from an online travel community positively affects both the intention to obtain information in that community and to give information to other community members in the future. As well, a multisample analysis confirms the moderating role of relational capital in the aforementioned relationships. From these results, interesting conclusions and managerial suggestions are widely discussed.

Key Words: Online reviews, equity theory, relational capital

INTRODUCTION

Online communities are an incomparable medium that facilitates the interaction among consumers and the exchange of knowledge and consumer experiences (Wiertz and De Ruyter, 2007). Positive and negative discussions in these communities are increasingly affecting customer spending. In a recent study, 78% of UK customers recognize that online customer reviews influence their purchase decisions, and 56% state that their decisions are based on recommendations in online communities and forums (RightNow, 2010). This is explained by the fact that fellow consumers are considered as more objective information sources (Kozinets, 2002). Focusing on the travel sector, online travel communities represent a great opportunity for travelers since they can find out what other people think about potential destinations and its facilities (e.g. hotels, restaurants and so on). For this reason, there has been a proliferation of these communities where consumers can share their experiences and write reviews about travel products/services (Tripadvisor, TravBuddy, etc.), and thus travelers are continuously turning to computer-mediated communication in order to get this huge amount of information from peers on which to base their decisions.

Travelers' participation in these online communities includes both production (e.g. writing a post) and consumption of content (e.g. reading comments posted by other members). Indeed if nobody produces content and contributes actively to the online community, it would cease to exist (Wasko and Faraj, 2005). Although several works have tried to define the determinant factors of these participation levels in online communities (e.g. Ridings *et al.*, 2002; Casaló *et al.*, 2010), these works mostly focus on individual and group characteristics and motives, forgetting that advices and recommendations are probably one of the main motivations to visit an online community. Therefore, this research introduces an interesting and novelty question in the tourism literature and tries to analyze how travelers will behave in an online community depending on their use of information, advices or recommendations obtained in that community. To be precise, the aim of this work is threefold:

1- To study the link between the use of advices obtained in an online community and the traveler intention to obtain information from the community in the future (that is, to read others' posts and reviews).
2- To study the link between the use of advices obtained in an online community and the traveler intention to give information to other community members in the future (that is, to write product reviews).
3- To study possible differences in the aforementioned relationships depending on relational capital, which refers to the affective nature of relationships within a social group (Wasko and Faraj 2005) and therefore, it may have a strong effect on community members' behavior. Relational capital is evaluated both from the

group (through perceived reciprocity) and the individual side (through commitment to the online community).

To do that, this work is structured as follows: First, we define the conceptual framework and formulate the hypotheses. Second, we describe the methodology we employ. Then, we discuss the main findings, conclusions, managerial implications, and limitations of the work, and outline some possibilities for further research.

CONCEPTUAL FRAMEWORK

Consumers increasingly contribute with product reviews in online communities that can be seen by fellow consumers. These consumers that read reviews are getting too much (for example, information about a product from a similar consumer) in a free manner; but how will they behave in subsequent actions in the community? Will they contribute to the community or just continue reading others' posts? In this context, equity theory (e.g., Adams, 1965) might be seen as an appropriate framework to analyze these relationships inside the community. For instance, not contributing to the community might be seen as an unethical behavior whereas contributing to the community might help not feel guilty. According to Steenhaut and Van Kenhove (2005, p.337), equity theory "deals with two issues: what is perceived as (in)equitable, and how people act upon this perception of in(equity)". In the context of product reviews in online communities, inequity may exist when the consumer reads others' comments. That is, the writer of the review contributes with his/her time, effort and knowledge without obtaining any benefit, whereas the reader obtains advices from product review (which is a very valuable information if the reader is interested in that product) without any effort. That is, the input/output ratio of the writer is much greater than the input/output ration of the reader, so the writer of the review might be considered as under-benefited (Steenhaut and Van Kenhove, 2005). Following equity theory, in subsequent periods, the reader might try to restore equity (especially when s/he follows the advices of the review) by, for example, contributing to the community with other product reviews. Indeed, in a consumer-retailer relationship, several authors have noted that inequity affects consumer behavior in that the consumer tries to restore equity in the relationship (e.g. Ganesan, 1994). Due to all these, we propose that:
H1: Following advices obtained from product reviews in online communities positively affects the consumer intention to write product reviews in that community in the future.

As we have previously noted, online product reviews might be very useful for consumers because they are obtaining information about a product from a peer consumer, which is seen as a more trustworthy information source (e.g., Kozinets, 2002). Indeed, consumers are increasingly relying on information provided by fellow consumers in online communities to base their purchase decisions (e.g., Kozinets, 2002). In this respect, we may note that technology acceptance studies propose that perceived usefulness has a direct effect on the intention to adopt a given system (e.g. Davis, 1989). This is explained by the fact that individuals form their behavioral intentions according to the expected productivity associated to that behavior. Therefore, focusing on the context of online product reviews, consumers that already read these reviews and follow the advices found there may easily see the usefulness of these reviews. As a result, the expected performance of reading these reviews is high so that the consumer intention to continue reading online reviews in the future is enhanced. In other words, it is expected that more useful information may help consumers make better purchase decisions. Therefore, the information obtained in these online product reviews may be seen as a mean to reach an end (e.g., make purchase decisions), so that the intention to read online reviews in the future might be enhanced. Bearing all these ideas in mind, we propose that:
H2: Following advices obtained from product reviews in online communities positively affects the consumer intention to read product reviews in that community in the future.

The moderating effects of relational capital

Product reviews are usually provided by members of online communities, which might be considered as social groups (e.g. Casaló, 2008). However, members in social groups behave and relate each other in different ways, which might thus affect the strength of the aforementioned relationships. One of the most important factors affecting behavior within a social group is relational capital. Relational capital is one of the dimensions of social capital and refers to the affective nature of relationships within a social group (Wasko and Faraj 2005). In the context of online communities, its importance resides in the fact that sustainable communities are based on the development and maintenance of long term relationships among its members (Wiertz and De Ruyter, 2007). To measure relational capital, previous literature have considered different concepts that can be classified in two groups: (1) factors representing the importance for the individual of his/her relationship with the other members and its attachment to the community (e.g. commitment to the community); and (2) factors representing expectations that an individual's efforts within a collective will be reciprocated by other members in the future (e.g. perceived reciprocity in the community). Therefore, we have chosen these two concepts (*perceived reciprocity* and *affective commitment*) to measure relational capital in this work.

First of all, commitment may be defined as the enduring desire to maintain a relationship that is considered important and valuable, and previous literature has noted that commitment and opportunism have a negative correlation (Steenhaut and Van Kenhove, 2005). Therefore, in the case of a consumer committed to a community, s/he will more likely work for the long-term survival of the community by actively contributing on it and avoiding opportunistic behaviors. In this respect, reading posts of other consumers without contributing to the community might be considered as an opportunistic behavior (e.g. Casaló, 2008). Therefore, we propose that:
H3a: If commitment to the community increases, the relationship between following advices obtained in online communities and the consumer intention to write product reviews in that community will be strengthened.

As well, commitment appears as a consequence of trust (e.g. Morgan and Hunt, 1994). That is, a consumer committed to a community will more likely trust on other members, enhancing the probability that the consumer considers others' posts and comments as useful. Therefore, if the consumer sees others' posts and comments as useful, s/he will more likely continue reading product reviews in that community in the future. We thus propose that:
H3b: If commitment to the community increases, the relationship between following advices obtained in online communities and the consumer intention to read product reviews in that community will be strengthened.

In turn, perceived reciprocity refers to the expectations that individual's efforts will be reciprocated (Wasko and Faraj, 2005). In other words, if a high reciprocity in the community is perceived, members are more likely to reciprocate the benefits received from others, ensuring ongoing contribution (in this case, in form of product reviews) to the community. On the other hand, if perceived reciprocity in the community is low, consumers will more likely just read others' posts and comments without contributing to the community since they will not be sure that their efforts would be reciprocated in the future by other members. That is, perceived reciprocity helps rule out opportunistic behaviors in an online community (Ridings *et al.*, 2002). As a result, we propose our last hypotheses:
H4a: If perceived reciprocity in the community increases, the relationship between following advices obtained in online communities and the consumer intention to write product reviews in that community will be strengthened.
H4b: If perceived reciprocity in the community decreases, the relationship between following advices obtained in online communities and the consumer intention to read product reviews in that community will be strengthened.

METHODOLOGY

Data Collection

A web survey, which is a usual method in research practices online (e.g., Steenkamp and Geyskens, 2006), was used to collect data for this study. Specifically, respondents were users of Spanish-speaking online travel communities. We consider this population is especially relevant in our context of analysis since Spain is the second country in Europe with the greatest use of online communities (comScore, 2009). To obtain responses, we included several posts on heavy traffic online websites, email distribution lists and well-known electronic forums. We finally collected 456 valid questionnaires. Following Roberts *et al.* (2003), since our aim is to assess consumer's behaviors, respondents were allowed to choose the online community they analyzed. We required the respondents to have used the online travel community in the last year; we also checked that all communities selected allow consumers to write product/services reviews and read others' reviews. The communities selected (Tripadvisor, Minube.com, etc.) are well-known in the travel sector in Spain and comply with the requirements of the research. Respondents then answered several questions about how frequent do they follow advices from the selected community, their intentions to write product reviews and read others' product reviews in that community, and the levels of relational capital in the community (measured through commitment to the community and perceived reciprocity in the community). These measures use a seven-point Likert type response format, and respondents rated them from 1 ("completely disagree") to 7 ("completely agree").

Measures Validation

The initial set of items proposed to measure the latent constructs was based on an in-depth review of the relevant literature concerning e-marketing and online communities. Our measures are inspired by previous scales regarding the frequency of advices followed previously from an online community (Casaló, 2008), intention to give information (in our case, to write online product reviews) in an online community (Ridings *et al.*, 2002; Casaló *et al.*, 2010), intention ask for information (in our case, to read others' reviews) in an online community (Ridings *et al.*, 2002; Casaló *et al.*, 2010), commitment to the community (Wiertz and De Ruyter, 2007), and perceived reciprocity (Wiertz and De Ruyter, 2007). This review helped guarantee the content validity of the scales. After collecting the responses, we first conducted some exploratory analyses of reliability and dimensionality. To be precise, the Cronbach's alpha indicator, considering a minimum value of .7 (Nunnally, 1978), and principal components analysis were used to assess the initial reliability and dimensionality of the scales. All items were adjusted to the required levels and only one factor was extracted from each proposed scale.

To confirm the dimensional structure of the scales, we used the Confirmatory Factor Analysis and employed the statistical software EQS v.6.1. According to Jöreskog and Sörbom (1993), the weak convergence –which means eliminating indicators that do not show significant factor regression coefficients (t student > 2.58; p= .01)– and strong convergence –which involves eliminating non-substantial indicators; that is, those whose standardized coefficients are lower than .5– criteria were followed in order to depurate the scales. Following these recommendations, no item was eliminated and we obtained acceptable levels of convergence, R^2 and model fit (χ^2 = 143.991, 55 d.f., p < .000; Satorra-Bentler Scaled χ^2 = 72.587, 55 d.f., p = .05672; NFI =.979; NNFI =.993; CFI =.993; IFI =.995; RMSEA =.026; 90% Confidence Interval of RMSEA (.000, .042)). Additionally, we used the composite reliability indicator to asses construct reliability, obtaining values above the minimum suggested of .65 (Steenkamp and Geyskens, 2006). Convergent validity was tested by checking that items that compose a determined scale contain less than 50% error variance and converge on only one construct (Fornell and Larcker, 1981); that is, values for the Average Variance Extracted (AVE) are greater than .5. In turn, discriminant validity, which reveals whether a determined construct is significantly distinct from other constructs, was tested by comparing the square root of the AVE with the correlations among constructs. In other words, we checked that the construct shares more variance with its own measures than the variance it shares with the other constructs in the model (Wiertz and De Ruyter, 2007). Acceptable levels of discriminant validity are achieved since all constructs satisfy this criterion.

RESULTS

To test hypotheses 1 and 2 we developed a structural equation model. Results confirm these hypotheses to a level of .01, as the frequency of advices followed previously from an online community positively affects both the intention to write product reviews in the community (γ = .662, p < .01) and the intention to read others' reviews in the community in the future (γ = .601, p < .01), supporting respectively H1 and H2. In addition, model fit showed also acceptable values (χ^2 = 116.241, 18 d.f., p < .000; Satorra-Bentler Scaled χ^2 = 58.5625, 18 d.f., p < .000; NFI =.972; NNFI =.970; CFI =.980; IFI =.980; RMSEA =.070; 90% Confidence Interval of RMSEA (.051, .091)).

In order to assess H3a and H3b (the moderating role of commitment to the community) a multisample analysis was performed. Following García *et al.* (2008), total sample was divided into two groups according to the arithmetic mean of the moderating construct (commitment to the community) and around this mean we eliminated some cases (± ½ standard deviation). The first group was formed by 105 cases representing the consumers that showed a low commitment to the online community. The second group was formed by 192 cases representing consumers highly committed to the community. Specifically, multisample analysis generates first an individual structural solution for each group and secondly, offers information about the significance of the differences between the coefficients of the two models by using the LMTest. Table 1 suggests that there are significant differences between the groups to a level of .05 for all the relationships considered. To be precise, the effects of following advices previously on both the intention to write a product review and to read others' reviews in the online community were strengthened for individuals with greater commitment to the community, so that hypotheses H3a and H3b were respectively confirmed.

Table 1.
Multisample Analysis (I): Commitment to the Community

CONSTRAINTS	Less commitment	More commitment	D.F.	χ^2 DIFFERENCES	PROBABILITY
Advices followed → Intention to write a review	.617*	1.051*	1	4.425	.035
Advices followed → Intention to read others' reviews	.436*	1.013*	1	7.501	.006

Note: (*) Expresses that coefficients are significant at the level of .01.

In turn, to assess H4a and H4b (the moderating role of perceived reciprocity) we performed a second multisample analysis. Total sample was again divided into two groups. The first group was formed by 137 cases representing the consumers that perceive low levels of reciprocity in the online community. The second group was formed by 174 cases representing consumers that perceive high levels of reciprocity in the community. Results shown in table 2 also suggest that there are significant differences between the groups to a level of .01. In this case, the effect of following advices previously on the intention to write a product review is strengthened for those consumers that perceive high levels of reciprocity in the community, confirming H4a. On the other hand, the effect of following advices previously on the intention to read others' review is strengthened for those consumers that perceive low levels of reciprocity in the community, which confirms H4b.

Table 2.
Multisample Analysis (II): Perceived Reciprocity

CONSTRAINTS	Less reciprocity	More reciprocity	D.F.	χ^2 DIFFERENCES	PROBABILITY
Advices followed → Intention to write a review	.350**	1.057*	1	11.005	.001
Advices followed → Intention to read others' reviews	.790*	.433*	1	7.597	.006

Note: (*) Expresses that coefficients are significant at the level of .01. (**) Express that coefficient is significant at the level of .05.

DISCUSSION

Nowadays, there are several online communities that focus on the review of products and services (e.g., Ciao, Tripadvisor, etc.) and the survival of these communities depends on the contribution of its members. If nobody contributes, the community would cease to exist; however, it is difficult to understand why people contribute to these communities with their time and effort when it would be easier to benefit from others' efforts (Wasko and Faraj, 2005). To add to previous literature, in this work we have investigated how the use of advices obtained in an online community affects future consumer behaviors in that community in terms of writing an online review or reading others' reviews. As well, we have analyzed whether a specific and core feature of the community (relational capital) may moderate the aforementioned relationships. To do that, we have focused on the travel sector since this is one of the sectors where consumers visit more frequently online communities to get information from others' reviews to base their travel decisions (Casaló, 2008).

First of all, we have seen that once a consumer follows advices obtained in an online community, his/her intention to read more product reviews in the future is enhanced. Consumers trust in people like them (such as friends, family or even online peers) and travelers can find in online communities the experiences of others similar to them. Travelers may use this information as a basis to form more precise perceptions and adjust their expectations regarding a travel or a possible destination and its facilities. Therefore, the perceived usefulness of these advices from fellow consumers is very high and, as a result, they are motivated to continue using these advices in the future. However, this may cause inequity because a consumer can benefit much from reading others' reviews without any effort. To restore equity, the reader may thus contribute to the community by sharing his/her experiences in the form of product reviews. As a result, once a consumer follows advices obtained in an online community, his/her intention to write product reviews in the future is also enhanced.

Second, we have seen that specific characteristics of the community may affect the strength of the aforementioned relationships. One of the core features of online communities is relational capital because it refers to the affective nature of relationships within the group (Wasko and Faraj 2005). In this respect, we have seen that both measures of relational capital considered (commitment to the community and perceived reciprocity) strengthened the effect of following advices from an online community on the intention to write product reviews. This is especially relevant because is a way to promote the generation of new content on the community and thus it can serve to attract more people to the community. That is, relational capital may help guarantee the survival and success of the community in the long term. Therefore, community managers should promote the development of affective links in the community by increasing interaction and communication among the community members. For example, it would be a good idea to organize contests (e.g. best picture contest, etc.) or virtual meetings among the members in order to talk and share experiences about a specific destination of interest.

In turn, we have seen that relational capital affects in a different way the relationship between following advices from an online community and the intention to read product reviews. From the group side, if perceived reciprocity decreases, the aforementioned relationship is strengthened. However, from the individual side, that relationship is strengthened when commitment to the community increases. This fact implies that to consume content generated by other members, perceived reciprocity may be a negative factor. The reason behind this may be the fact that reading others' reviews may be seen as an opportunistic behavior and reciprocity may help rule out these behaviors (Ridings *et al.*, 2002). However, this effect may be compensated by commitment to the community; so that the global effect of relational capital on the consumption of content might be low and more research would be needed to clarify this. In any case, relational capital is revealed as a key factor to enhance the creation of content, which is the key to guarantee community success. This is especially relevant because according to the “90-9-1” rule (e.g. Nielsen, 2006), most of the action and new content in these communities is created by very few people (1% of users), so increasing the number of members involved in the generation of posts and reviews is crucial for managers.

In spite of these interesting contributions, this work has some limitations that allow us to establish some lines for future research. First, our survey was answered exclusively by Spanish-speaking individuals. Thus, to generalize our results, we should repeat the study using a wider sample of consumers that represent a greater diversity of cultures. Second, in this paper we have analyzed product reviews related to the travel sector. It would be a good idea to repeat this study focusing on other communities with reviews of different product categories. Last, although this work focuses on a relevant characteristic of communities (relational capital), it would be interesting to analyze the role of other features of communities that could also affect their members’ subsequent behaviors.

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RADIO BROADCASTING IN AN INFORMATION SEEKING SOCIETY TO SUSTAIN TOURISM IN LANGKAWI ISLAND, MALAYSIA

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ABSTRACT

As Langkawi Island tourism industry aspires to move up market, it is coping with saturated resources and the prospect of a limited carrying capacity of the island. The host population, and small businessmen who supplement the tourism industry, are unable to keep up with the pace of development for the lack of skills based knowledge. In this respect, Langkawi*fm* is dedicated radio tourism. Understanding the variety of ways radio content and messages can be 'pushed' and the same accessed by the host population and tourists on the move are invaluable for radio program planning and to provide such actionable information that matches the urgent needs of tourists and the wider economic aspirations of the host population.

Key Words: radio broadcasting, information society, sustaining tourism, Langkawi Island, host population.

INTRODUCTION

A world-class information and communication infrastructure have been developed in Malaysia through the Bill of Guarantees (http://www.mscmalaysia.my) to maximize audience satisfaction. As such, Radio Tourism Langkawi*fm* aims to fill the transformational role required by the information seeking society of Langkawi Island. Tourism in Malaysia has shown a consistent growth for the past 12 years. Positive changes from 5.5 million tourist arrivals in 1998 to 23.6 million tourist arrivals in 2009, has made the tourism sector as Malaysia's second largest foreign exchange-earner (Malaysian Business, 2010). The Tourism Ministry now targets 36 million tourist arrivals and RM168 billion in tourist receipts by 2020 (Kaur & Chong, 2010). However, it is quite unclear if the host population of Langkawi Island is prepared to cope with such large arrivals.

Research Questions

1. What is the nature of information disseminated by Langkawi*fm* and accessed by tourists and the host population of Langkawi Island?
2. What strategies have been exploited to maximize information dissemination?
3. How are facilitation and hosting activities in being managed for the host population?

Statement of Problem

The host population in Langkawi Island stands to benefit from the large influx of tourists from all over the world by seeking information from related sources, including Radio Tourism Langkawi*fm*. Langkawi*fm* is feeding forward a deluge of information for the social transformation of its host population. Innovative strategies are constantly being formulated to communicate Langkawi Island as a favored tourist destination by the local authority. But participation by the host population in the tourism sector is lukewarm. Their ability to engage and derive benefits from the large tourist arrivals is untapped. It is unclear if the tourists' related information accessed by the host population is being operationalised to derive tangible creations, products and services. The gap between information and interventions and consumer of actionable information could be bridged by radio programming and new enabling strategies.

Significant of the Study

Broadcasters must excel beyond the mere dissemination of information gathered from a variety of sources. Information disseminated and the same accessed must essentially bear the qualities of useful, applicable, adaptable knowledge that translate into practices that empower audience and society to act by themselves.

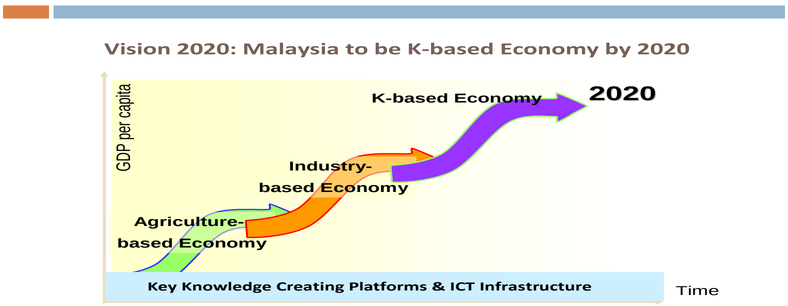
REVIEW OF THE STUDY CONCEPTS

Information Society

An information society (Machlup, 1962) is a prerequisite for the formation of a Knowledge-Based economy that enables a socially and economically empowered society. The society will acquire the ability to transform information to knowledge (Castells, 2000), a transitional progression from an agrarian society to an information society and next to a knowledge society. Touraine (1988) insists that society should cultivate the capacity to create interventionist programs upon themselves to act on the information surrounding them to transform into a knowledge society. Toffler remarked about the post-industrial society encompassing the meaning of "actionable knowledge" Dyson, Gilder, Keyworth & Toffler (1994). This concept of "actionable knowledge" or practical knowledge is somewhat mirrored by "the capacity to take action" (Stehr, 2002) leveraged by the active nature of a networked society (Castells 2000; Van Dijk, 2006).

At the national level, Malaysia is committed to accelerate into a Knowledge-Based economy through the development of knowledge and Information Communication Technology (ICT) infrastructures for an information based society. It is attempting a transformational Vision 2020 that would respond to the opportunities and challenges of a Knowledge-Based economy to be competitive locally and the global market (see Figure 1).

Figure 1: To Accelerate K-based Economy Requires Enhancing of Knowledge Infrastructure



Source: The Malaysian Administrative and Management Planning Unit (MAMPU), The Prime Minister's Department, http://www.smpke.jpm.my/main/vision.htm

Radio Broadcasting

Established by the Council of Ministers on August 25th, 1993, as *Radio Pelancongan Langkawi* or Radio Tourism Langkawi*fm* (http://www.langkawifm.gov.my) continues to broadcasts on the 104.8Hz frequency via a 1 KW transmitter, branding itself as radio tourism. It is a 24 hours digital broadband broadcast in the Malay and English languages (see Table 1), accessible to 95% or 100,000 of the population around the island, serving the equivalent of St.Vincent and the Grenadines islands of the Caribbean.

Table 1
Broadcasting Format as of January 1st 2011

Time Slots	Language	Format
06:00–12:00	Malay	3 Malay songs + 1 English or International song
12:00–18:00	English	2 English or International songs + 1 Malay song
18:00–00:00	Malay	3 Malay songs + 1 English or International song
00:00–06:00	Klasik Nasional Malay	All Malay broadcast

The accessibility of internet radio broadcast, live streaming to personal computers and social communication devices are exploiting the virtual space that Langkawi*fm* has become part of this phenomenal transformation. For instance, http://internet-live-radio.blogspot.com is a website that offers a wide selection of genres to listeners. The versatility evident in Internet radio is the driving force behind Langkawi*fm*'s capacity to promote Langkawi on a global scale. However, to make Langkawi*fm* an ingenious source of information via web 2.0 strategies are yet to bear fruits.

Langkawi Island

Langkawi is an archipelago of 99 islands, also known as the city of tourism, has become Malaysia's most popular tourist destination, spanning some 204sq miles. Its people, mainly indigenous Malay Muslim, were formerly occupied in agrarian activities. Now, majority of its population are directly or indirectly employed in the tourism industry. According to the Director of the Langkawi Development Authority (LADA, Personal Interview Conducted on December 11, 2010), the people of Langkawi or the host population can be categorized into three tiers of engagement with the tourism industry. Tier 1 of the host population (LADA administrators, Broadcasters, Hoteliers) influence the planning and decision making of the industry. Tier 2 of the host population (Tour operators, Taxi drivers, Airport staff, and Langkawi tour guides) come in close contact with tourist and are opinion leaders in the industry. Tier 3 of the host population (local residents, shopping outlet owners, restaurant owners and shoppers) come in contact with tourist but are oblivious to the importance of their role in the industry.

Sustaining Tourism in Langkawi
In line with the nation's goal to achieve the '36:168' equation" (Kaur & Chong, 2010), the people of Langkawi are now actively engaging themselves in government led tourism development activities. Calendar events and major economic activities, seminars, exhibitions and sports have in the past drawn large number of media representatives, travelers and repeat tourists. The Northern Corridor Economic Region (NCER) development program is a Malaysia Government initiative to accelerate economic growth in the north of Peninsular Malaysia. To strengthen Langkawi's position as a world-class tourist destination, the annual tourist expenditure is targeted to increase from RM 9 billion (US$ 2.86 billion) in 2005 to RM 64.5 billion (US$ 20.4 billion) in 2020. Langkawi's master development program has recently included an additional RM 1 billion investment to drive new growth impetus into the economic activities of the host population as part of their Economic Transformation Program (ETP).

METHODOLOGY

The current study is based on a multiple approach, including triangulation of quantitative, qualitative and personal observation methods. The framework was developed from three phases, structured survey, in-depth interviews and personal observation. The sample of the study comprised of 100 (sample-size) locals and tourists (inbound and foreign), and 14 in-depth interviews from among 3 tiers of the host population comprising of top management, broadcasters, tourism industry workers, tourists and locals. The sample was selected based on non-probability judgmental sampling technique (Aaker, Kumar & Day, 1995). Questionnaires were distributed to the sample and collected for analysis. The structured survey was based on two sections, section A was intended to establish the demographic characteristics of respondents and section B was intended to establish the quality of tourist information broadcast and accessed by the audiences (see results section).

Fourteen in-depth interviews were conducted from among the sample of the three tiers (explained above in Langkawi island section, Review of the Study Concepts). Interviews were exclusively recorded and transcribed verbatim for analysis.

A wide range of documents and visual materials were cross-checked for reliability with the relevant authorities during interviews and data from the structured survey following triangulation guidelines (Denzin, 1970). Merriam (1998) makes her point about trustworthiness by citing Kemmis (1983), "what makes a case study scientific is the observer's critical presence in the context of occurrence of a phenomenon, observation, hypothesis-testing, (by confirmation and disconfirmation), and triangulation of participants' perceptions, interpretation and so on" (p.103).

Analysis
The survey results were analyzed using descriptive analysis and tabulated. In-depth interviews and their analysis is a simultaneous process (Merriam, 1988). An iterative process that goes on until data collection arrives at a saturation point. Merriam (1988) refers to Glaser and Strauss' (1967) method of constant comparative analysis for its "continuous comparison of incidents, respondents' remarks, and so on with each other", (p.179). Additionally, the researcher as the instrument of research used his ability to analyze, according to Merriam (1988), the investigator's own creative abilities and his or her own technical expertise. The search for meanings and similarities from among the transcription of the interviews was conducted with Maykut and Morehouse's (1994, p.135) model of inductive coding and constant comparison to yield categories and themes.

FINDINGS
The reporting structure for the findings follows the key issues in the research questions. The structured survey was intended to establish the demographic characteristics of respondents and to establish the quality of tourist information broadcast and accessed by the audience.

Results of Structured Survey
Tables 2 and 3 shows that locals and foreigners are informed by the Langkawi*fm* broadcast, however, some locals who make assumptions are misinformed about the programming and the quality of the broadcast.

Table 2
Demographics Characteristics of the Sample (n=100)

Tourists	Locals	Foreign Tourists	Percentage (%)
Informed of Langkawi*fm*	36	37	73
Misinformed of Langkawi*fm*	19	0	19
Not Informed of Langkawi*fm*	0	8	8
Total	55	45	100

Table 3 below shows about the quality of tourist information broadcast, sources sought and accessed. The locals accessed their tourism related information from diverse sources other than radio Langkawi*fm.* The foreigners too are dependent on more than one source but are more focused at seeking website information like travel advisor tips who are also linked to hotels and tourism service providers.

Table 3
Quality of Tourism Information Sources and Accessed by Audiences

Tourists	Locals	Foreign Tourists	Percentage (%)
On air & Online Broadcast	6	2	8
Targeted Promotions by Hotels and Airlines	12	13	23
Websites and Tourism Promotion Agencies	5	40	45
More than One Source	(28) 4	(30) 20	24
Total	55	45	100

Note: Figure in parenthesis represents more than one source chosen.

Results of In-depth Interviews
Fourteen interviews were conducted from among the 3 tiers of host population (explained above in Langkawi island section, Review of the Study Concepts) and tourists guided by the research questions. Data collected and analyzed have been categorized and tabulated below (Table 4) and the findings follow.

Table 4
Results of In-depth Interviews

Categories	**Themes**	**Findings**
Tourism Management	Interventions	Continuous Human Development
	Accessibility	- Infrastructural Development - Connectivity
	Long term Strategies	- Engage in Up Market Development - High Quality Products and Services
Broadcasters	Accessibility	- Reach: On-Air, Online and Ground Events
	Delivery	- On-air Presentation Appeal, Website Quality
	Content	- Format, Language, Quality of Content - Engaging Information and Entertainment Value
Host population	Accessibility	- Information, Knowledge and Competence
	Capacity	- Participation, to Leverage Support
	Assistance	- Comprehensive Aid
Tourists	Quality	- High Quality Products and Services - Affordable Products and Services - Accessibility of Services

DISCUSSION AND CONCLUSIONS

Tourism Management: ICT for Tourism **Development and sustenance in Langkawi**
The tourism development authority in Langkawi takes its queue from the National Information Technology Agenda (NITA), where it is determined to transform the various communities into an information-rich population. This shall provide the basis for the 3 way corroboration in ICT-based transformation amongst the private sector (hotels and the tourism industry), governmental led organizations (LADA, Langkawi*fm* and others), individual and community organizations' participation (host population).

There is greater potential to be harnessed by the host population from the 3 way cooperation amongst the three groups of organizations. Especially when information rich Langkawi*fm* is effectively enabled by ICT network.

Government led organizations and Langkawi*fm*, can lead this effective linking process that will engage the host population in their access to information via conventional, web and mobile technologies. Radio Langkawi*fm* programming can make the differentiation to the host population when making informed decisions on tourism issues affecting their social and economic wellbeing. That means the transformation of the host population through the utilization of actionable information to improve the quality of tourism products and services on the island.

Broadcasters

It is important to constantly determine the broadcast reach, as this projects the probability of listeners tuning in to Langkawi*fm.* The projected listenership will offer critical understanding for the management on where Langkawi*fm* currently stands. There is even a greater need now to audit the availability of internet connectivity for the island and chart the volume of audience and their geographical locations following the broadcast online. The Langkawi*fm* website home page and contents in Malay and English need updates. This facilitates audience to follow new information; audio interviews with local authorities on current political, economic and social developments and most importantly audience are in touch with a rich and primary source of valuable insights into Langkawi Island. While Langkawi*fm* DJs are well endowed with knowledge, it is imperative that their messages are evaluated for content value prior to broadcast against a meaningful agenda. This realization will help to reduce useless and redundant information and focus more on valuable information that appeals and are actionable to audience.

Web communication platforms would expand Langkawi*fm*'s horizon. Radio broadcasts elsewhere have embraced social networking as part of their means to effectively get across their message. This means to incorporate links with related sites with strong interactive capabilities, enhances Langkawi*fm*'s reach and image.

Host population & Tourist

The text, visuals and mega development reported in the various media on the growth of tourism in Langkawi appears to be oblivious to the needs of the people of Langkawi. It is always mega development involving investors from outside the island. The host population is well connected but has only limited competencies to participate in the mainstream development or lobby for support or acquire assistance and appropriate space for businesses. And thus end up managing small businesses that supplement main concerns of the tourist industry like taxis, boats and food stalls.

Implications for future research

The findings here may not be conclusive for various limitations experienced. However, important implications have emerged for future research. The extent of cooperation among the three groups of private sector, and government led organizations and the host community organizations, which make the host population, is unknown and is important to the further development and sustenance of the tourism industry in Langkawi. It is necessary to audit the participation of the host community in the mainstream tourism industry and the intervention programs organized for them would chart future strategies for the host community.

Further research into the nature of benefits directly derived from information and knowledge disseminated by Langkawi*fm* would provide useful indicators to broadcasters for the design of future programs appropriate for a knowledge based society.

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CRM SYSTEMS EMPLOYED IN THE HOTEL SECTOR: A CASE OF A GREEK 5-STAR HOTEL

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ABSTRACT

There is a relative lack of empirical studies of the adoption of CRM in Greek hotels but, most important of all, there is a complete lack of examples in the Greek hotel sector that have applied CRM methods and have experienced success. This paper employs a case study research to analyze some of the issues associated with the CRM system adopted in a Greek 5-star hotel. The case study illustrates that CRM is a complex concept, and there are some success determinants that are usually ignored. Concluding, determinants of successful application of a hotel CRM system are extracted, thus providing practical guidelines to prospective hotel CRM projects[3].

Key Words: Customer Relationship Management (CRM), hotels, Greece

INTRODUCTION

Effective Customer Relationship Management (CRM) has become a strategic imperative in every business sector. The hotel industry allows no exceptions, since it is very competitive and companies within this industry have to work harder at developing relations with their customers in order to deliver high value to them, build customer loyalty, create satisfaction and retain their existing customers.

The hotel industry, which is one of the most important and dynamic business sectors in Greece, has been affected, to a certain degree, by the aforementioned development. Research studies in Greece, although few in CRM implementation, have shown that hotels shift their focus towards building close relationships with their guests through the employment of Customer Relationship Management systems. Consequently, the number of CRM implementations in hotels has grown in recent years.

Even though CRM systems are proving an incredibly popular choice for implementation, success is proving illusive (Bull, 2003). The CRM project failure rate was estimated to be between 55 percent and 75 percent in 2001 (Zablach et al., 2004). While the findings are disappointing, it is clear that not all firms are facing failure.

There are few studies attempting to examine the adoption of CRM in the hotel sector, and there is a relative lack of research studies of the issues associated with the implementation of CRM in Greek hotels (Sigala, 2004 and 2005; Samanta, 2009, Sarmaniotis et al., 2010), but most important is the complete lack of cases in the Greek hotel sector that have applied CRM methods and have experienced success.

This paper uses case study research to examine hotel CRM in a marketing context. In particular, the purpose of this paper is to address some marketing variables related to the implementation of hotel CRM systems, employed by a 5-star hotel, in Thessaloniki area (named from now on H hotel) and their contribution to hotels CRM effectiveness.

In the rest of the paper an overview of a CRM is presented, in order to analyze some crucial determinants for hotel CRM effectiveness. Next, the research methodology of a descriptive case study is reported and the data extracts from the selected case are presented. Then, through a discussion, empirical data is used to highlight and

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analyze a range of issues associated with H hotel CRM deployment. Concluding, specific determinants of a successful application of a hotel CRM system are extracted, thus, providing practical guidelines to prospective hotel CRM projects as well as some direction for further research is given.

LITERATURE REVIEW

Customer Relationship Management (CRM) has risen to the agenda of many organisational strategies after the increased role of ICT on business processes. CRM evolved from business processes such as relationship marketing and the increased emphasis on improved customer retention through the effective management of customer relationships (Light, 2001). Relationship marketing focuses on customer retention as well as on the management of customer relationships over the lifetime of the customer and aims at building long-term, mutually satisfying relations with customers. Retaining customers and building loyalty have become the key factors in the implementation of relationship marketing for many organizations (Petzer et al., 2009). Company relationships with customers can be greatly improved by employing information technology (IT), which enables companies to attain customization. Thus, companies are realizing that it is more effective to develop customer-specific strategies instead of treating all customers equally. In this way, companies can focus on the "economically valuable" customers and follow a management approach directed towards increasing retention of economically valuable customers (Fjermestad and Romano, 2003). In short, CRM is a cross-functional process for achieving a continuing dialogue with customers, across all their contact and access points, with personalized treatment of the most valuable customers, enabling companies to optimize revenue and increase customer value through understanding and satisfying individual customers' needs (Liu and Yang, 2009).

According to Petzer et al. (2009) the ability of an organization to build positive relationships leads to success in the long run and that CRM is becoming a key issue in hospitality marketing theory and practice. Gilbert et al. (1999) argue that relationship marketing is highly suitable for the hotel industry. Piccoli et al. (2003) stressed that the hotel sector has the greatest potential of all industries with regards to CRM application. Sigala (2005) discussed the integration of CRM in hotel operations. Samanta (2009) underlined that e-CRM system has assisted hotel business to manage more effectively their reservations and serve their customers as fast and as effective as possible. Assimakopoulos et al. (2010) state that, in the hotel sector, CRM systems do not embed efficiently marketing variables like customer satisfaction, loyalty, customer' complaining etc.

All hotels are collecting information about their customers at reservation, check-in, check-out, and sometimes during their stay. The point is the ability of hotels to facilitate the collection of, and access to, customer information and further to exploit data mining capacities of CRM (Min et al., 2002). As customers and businesses interact more frequently, businesses will have to leverage CRM and related technologies to capture and analyze massive amounts of customer information.

Obviously, data collection and maintenance has been identified as a critical component of CRM. However, the key issue for CRM success is not the role of ICT, but marketing variables. Unfortunately, it appears that there has been little consideration of the impact variables, such as satisfaction/dissatisfaction, complaining behavior, behavioral loyalty -including volume and frequency of purchase over time-, could have on hotels CRM strategy (Sarmaniotis et al., 2010). Belou and Andronikidis (2009) state that Greek hotels are not open to messages sent by customers, and, thus, they are not doing their best in order to retain them. Samanta (2009) agrees with the previous authors' finding that hotels did not seem to apply many of the relationship marketing strategies to emphasize customer retention and continual satisfaction because of difficulties in staff training. These are some of the main reasons that CRM success is proving illusive, as we mentioned (Bull, 2003). However, it is strongly argued that CRM applications can assist company management to improve company's profits if some key factors are followed (Sarmaniotis and Stefanou, 2005).

RESEARCH METHOD

A case study approach was adopted as it enables the researchers to pose, in depth, issues such as a hotel's experience with its CRM implementation. A case study facilitates a more multi-dimensional representation of the subject (Money et. al., 1998). The research was descriptive in that the data collected was used to describe events in a given context for the purpose of increasing understanding of the area under investigation . The data for the study was collected over the period of 3 months and via a number of channels including many interviews with members of the H hotel CRM project team and others within the company. More particularly, formal and informal interviews were conducted with the manager of marketing, directors of customer service and CRM project manager. Review meetings were also held with key contacts at the hotel in order to review the case data as it was transcribed from note form. Concluding, focusing on the one hotel gives us the chance to carry out a more detailed analysis and to evaluate a 5-star hotel relationship marketing and CRM efforts.

H HOTEL CRM CASE DATA

The case study was conducted throughout 2010 and raises specific issues of one particular hotel's experience of CRM. It is obvious that, in this context, the case study method permits the detailed observations and leads researchers to explore situations and problems when a CRM system is applied.

The 5-star H Hotel in Thessaloniki is a beautiful Greek hotel located in the heart of the port-city of Thessaloniki. Conveniently positioned, this hotel is within close proximity to Macedonia International Airport, the railway station, and only minutes away from the city's fabulous shopping and entertainment.

Today the hotel allocates 8 floors and offers 177 spacious guest rooms and suites, well appointed to satisfy the needs of both business and leisure travellers alike. The modern conveniences featured in the guest rooms include cable / satellite TV, minibar, CD player, and phone with voicemail. It also serves delicious Mediterranean cuisines while one can also enjoy a fine variety of beverages at the in-house bar. Moreover, the hotel offers a mini gym. Relaxing walks along beautifully beaches located a few minutes drive away from the hotel is a favourite with hotel guests looking to unwind. As an extra indulgence for business travellers, the hotel also features five lavish conference halls together with a Business Centre and many thoughtful services.

The hotel combines the experience and the quality of an international chain of hotels coupled with the astonishing Mediterranean temperament and the famous Greek hospitality, offering to its visitors, the ideal stay. The hotel was set up, as an independent hotel unit, in the 1970. In 2000, the hotel unit was included in a famous brand of international chain of hotels and as a result it has attained a big improvement. Before that, the hotel was facing an intense global competition resulting in the loss of some customers and low levels of turnover. Then, a strategic decision was reached and the hotel joined the famous international group of hotels. Hence, the H hotels' operations were in need of re-engineering. The hotels' new management decided that there was an opportunity to adopt a CRM system in order to maintain its customers and to attract new ones, as well. In the past, the hotel owners had made some effort to adopt a CRM system, but their knowledge about CRM was limited in many areas. Nevertheless, at that time, the hotel had adopted the customer-centric philosophy without deploying any CRM system. When the hotel unit joined the international chain of hotels, it had to devise the deployment of a CRM system. The support and the top management commitment, obviously, was an important prerequisite for this strategic decision. The first major issue to handle was the lack of knowledge to support the implementation of CRM. The management of the group of hotels, having the experience of the CRM project, has assigned a project team for providing support to every hotel unit which belongs to the group. A small project team within the hotel unit was created including a strategic business manager as well as an IT manager and personnel from the marketing and customer service department. They were asked to attend a range of residential courses concerning the CRM philosophy and the corresponding software. The duration of the project was 18 months. It should be noted that, since CRM venture was a strategic decision, there existed a demand for a dramatic change in the company's culture. There was a big problem, however, of how to adopt and assimilate the new culture, the new orientation (Sarmaniotis and Stefanou 2005). This is something that lasts for a long time and depends on the company's capacity to change the embedded structures and processes in the organization and the established mentalities in people's minds. However, changing and customizing the hotel's behavior was an imperative before embarking on the CRM system. Thus, it took quite long to implement the CRM system, because there were many difficulties in reengineering hotel processes and structures related to customers, from customer service to order fulfillment. Technical issues lasted 2 months and the package was viewed as very helpful on the whole.

Microsoft Dynamics CRM package was selected because it helps hospitality companies enhance customer service, earn loyalty, and boost revenues. With Microsoft Dynamics CRM the hotel management wins customer loyalty, refine services, and delivers more value by learning about the entire customer experience. Additionally, the marketing staff target marketing efforts by generating customer profiles and, therefore, they (marketing people) can get rich information about every guest or customer. By using this information, hotel management provide personalized attention to its customers, so that it can deliver a more compelling experience and keep them coming back. Moreover, the hotel's staff found the Microsoft Dynamics CRM offers a familiar interface that is easy to use and the adoption is quick. Furthermore, the IT manager highlighted that this package reduce IT complexity because it provides a flexible infrastructure that renders it possible to integrate CRM with other back-end systems and share customer information across departments.

Service support and marketing staff noticed that even they, themselves, were slow in recognising the significance of the project, while now they are able to gather consistent customer data in a single information repository to better understand each guest's needs and, therefore, enhance and cultivate profitable customer relationships. They create strong relationships with guests in order to build repeat sales and gain loyalty. By capturing every guest interaction, regardless of channel, they add to their knowledge base. With this valuable information, they can better meet guest needs, which is highly appreciated by them. However, this staff found the software fairly limited because they couldn't record and, therefore, handle some marketing variables such as customer satisfaction and complaining. There were no indexes to measure the satisfaction of guests and mainly there was no form for guests complaining. In this way they had no choice of how to receive the feedback from their guests.

IT Manager mentioned that practice was needed for exploiting the capabilities of the software package. The big problem was the conflict between old memory about established work and new knowledge. The software supported a variety of customer touch-point methodologies, but the sales force and the customer service department required significant help as they had been using paper-based systems for several years with little information being shared with the rest of the staff.

Furthermore, after implementing the CRM system, some problems began to occur at the operational level. It was found out that the H hotel should go even further from simply developing and maintaining successful relationships with customers and offering high value services. Instead, it should formulate customer-specific strategies, such as customer-retention strategies and customer-loyalty strategies. The strategic business manager stated that traditional customer strategies were directed towards treating all customers equally. It was really difficult to convince the staff that they had to concentrate on profitable customers, thus, formulating customer-specific strategies.

In the end, it should be noted that they still have little experience as far as the ability to further exploit data mining capacities of CRM is concerned, which will help to optimize the hotel's customer satisfaction, turnover and profitability. Another, critical issue, according to the strategic business manager, was that in the first year of implementation they had not set specific objectives and as of this they could not measure CRM performance.

DISCUSSION

As it has been mentioned in the introduction the failure rates of CRM projects are more than 50 percent. According to the related research findings, the primary reason is the failure to adopt and implement the CRM concept and philosophy (Ernst and Young, 1999; Peppers et al., 1999; Bose, 2002). This process of embedding the philosophy in the company's functions might take years. Hopefully, the specific hotel adopted the customer-centric philosophy years ago, even though they didn't employ a CRM software due to the lack of knowledge about appropriate CRM systems and softwares. In this way, they avoided the most usual pitfall which is to acquire and implement a CRM package before the adoption of customer-centric orientation by hotel management and personnel.

Another important prerequisite, proposed in the literature, is the top management support (Chen and Popovich, 2003; Sarmaniotis and Stefanou, 2005). However, although there was top management support during the first attempt to implement a CRM project some years ago, the venture was terminated during its early planning phase. Apparently, basic reasons were that top management lacked sufficient CRM knowledge and CRM-directed leadership. When, the hotel was acquired by the international chain of hotels, H hotel succeeded in adopting a CRM system, since the new management and leadership were of great value and CRM-directed.

Furthermore, a team of experienced consultants undertook the directorship of the project. Training programs as proposed in the literature (Rigby et al., 2002) were vital to the success of the CRM system implemented. The critical point was that training focused first on the process connected to the CRM system and then to teaching the CRM applications' features and functions. However, there were many difficulties because the staff couldn't change easily the way of doing "its business" and this supports Light's (2001) view that CRM involves business processes change. In this context, changing means reengineering company processes and structures and this explains why the CRM project took such a long time (18 months).

A critical determinant that hasn't been taken into account was the user (hotel's staff) involvement. It should be noted, that user involvement has been found to be a predictor variable for CRM perceived usefulness, influencing CRM acceptance (Avlonitis and Panagopoulos, 2005). For the H hotel this became a problematic activity, because users had, for example, knowledge about guests (customers) that they couldn't record in the specific software. Most specifically, there was an absence of customer satisfaction information recording in the software. Empirical findings suggest that customer satisfaction, which is the underlying notion of relationship marketing, is a critical point in achieving and retaining competitive advantage leading to brand loyalty, repeat sales (Oliver, 1999; Parasuraman and Grewal, 2000) and finally to customer retention. Unfortunately, contrary to the direction of the literature, in our case, there was little consideration of the possible impact customer satisfaction/dissatisfaction, customer complaining behavior and behavioral loyalty could have on H hotel CRM strategy.

Finally, H hotel has attempted to formulate customer-specific strategies, such as customer-retention strategies and customer-loyalty strategies. This is accomplished by upgrading the stay of existing customers through offering, to them, better rooms at the same price; through gathering guest information in order to create a more personalized approach; through creating a home-like and friendly environment and through offering benefits like special room rates and discounted breakfast deals. However, even though the hotel focuses on satisfying the needs of the retaining guests, there are deficiencies in its CRM system.

CONCLUSION

The results of the study are useful, to some extent, in understanding the issues occurring during the introduction and deployment of a CRM project. They refer to the project applied in a hotel, which, in general, can be considered as a successful venture, despite the problems appeared.

There is a relative lack of CRM empirical studies and particularly of cases with successful stories. Hotels managers need to understand the theoretical and practical implications of the organizational perspective of CRM before embarking on a CRM system implementation. The study, demonstrates the necessity for top management commitment and support, CRM-directed leadership, experienced CRM systems consultants, user involvement, reengineering of business processes and specific structures, training programs, customer-centric orientation, customer retention and marketing strategies within CRM strategies. In addition, the study confirms that CRM package implementation and usage must be viewed as, essential parameter but not as the driver in the whole CRM venture. The H Hotel case has managed to succeed and this is due to the fact that more of the success determinants were not ignored. It is an interesting example of how a CRM system can be adopted which can help other potential adopters.

Concluding, we could stress that there is a great need for further empirical research concerning the CRM implementation, especially in the hotel sector. Further work, would, therefore, be useful, which examines such areas as success and failure in CRM system implementation in the hotel sector.

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ROLE OF INFORMATION SYSTEMS IN SUPPLY CHAIN MANAGEMENT AND ITS APPLICATION ON FIVE-STAR HOTELS IN ISTANBUL

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ABSTRACT

Supply chain management has become important in the service sector nowadays, because customer satisfaction is dependent on the efficiency of supply chain activities. Hotels are operations where personal guest satisfaction is a major priority. Aa large and diverse range of supply factors are gathered according to the requirements of guests, and then service is provided. We investigated the relationship of SCM and IS in five-star hotels with open-ended questions directed to senior management and relevant department authorities. Findings were evaluated with descriptive analysis and different conditions of usage information systems in SCM were presented and then issues were determined.

Keywords: Supply Chain Management, Financial Information Systems, Hotel Accounting.

INTRODUCTION

Today, businesses are trying to develop cooperation with the value chain members (supplier, manufacturer, distributor, etc.) to achieve their objectives. These efforts, also known as supply chain management, direct business processes among enterprises to ensure regular coordination and control, reducing costs and accelerating the process to increase profit. In the new concept of business, results such as profitability, productivity and efficiency are dependent on good management of the internal processes of the business. Close cooperation with vendors, suppliers, manufacturers, customers, which are also part of the supply chain is necessary.

Application of information system in business administration provides savings on input costs such as time, labor, and energy, and thus enables realization of profitability and customer satisfaction collectively. Hotels can create safer and more cost-efficient supply chains thanks to efficient usage of information systems in the supply of both fixtures and daily consumables. Especially, it becomes more important to make use of modern information technology in supply chain management in regard to controlling costs of short-life foods.

SUPPLY CHAIN MANAGEMENT IN HOSPITALITY BUSINESS

Supply Chain and Management

Definition of SCM by The Global Supply Chain Forum: "Supply Chain Management is the integration of key business process from end user through original suppliers that provides product, services, and information that add value for customers and other stakeholders." (Croxton, at al. 2001). Supply chain management (SCM) in hotels means information, material and money flow coordination and integration of the network of suppliers, customers, distributors and manufacturers (Lee, 2000). SCM refers more to doing business electronically. SCM mainly consists of five areas. These are: strategic planning, marketing and sales, logistics, information technology and finance (Genç, 2009). Here, the processing load of supply focuses on the logistics process. Logistics, can be understood as the positioning of the resources in the supply chain within a time frame. The supply chain can not be properly addressed by examining separately such factors as purchasing, inventory management, functions like logistics line or distribution channel. This kind of perception slows down the development of supply chain management (Lummus & Vokurka, 1999). The supply chain should not be considered as a single process, it should be regarded as a matrix of components that can be controlled by management. The purpose of each entity in the supply chain is to forward the new information to the chain members and thus provide the perfect balance of supply and demand (Karasu, 2006). Certainly, every business aims first to increase its profits. But the philosophy of supply chain objectives is to increase the value of all the chain members so that ultimately the customer will benefit (Frazelle, 2002).

Information Systems and Supply Chain Relationship

A good decision is based on timely, accurate, relevant and full information. This simple formula, unfortunately, is not very easy to apply. To obtain the desired quality and quantity of information is one of the most complex problems facing the decision-maker. Beyond a good software and system set up, SCM needs personnel with the ability to communicate and establish good relations with suppliers. To be successful in different areas of knowledge it is necessary to utilize supply chain management (Öztüren, 2008).

Information is the connection between all of the activities and operations in a supply chain (Hugos, 2006). Without information integration, few gains can be made in overall supply chain integration (Lee, 2000). Information technology developments that enable sharing of information on demand throughout the entire chain inventory can reduce costs by between 2.2% and 12.1% (Cacho & Fisher, 2000).

In the hospitality sector, the elements of management information systems can be grouped as form, human, information technology and application procedures. When we think of information systems, information technology usually comes to mind. However, in the use of information systems,it is people who are the decision-makers. The human element is far more important for businesses such as hospitality, which gives priority to the quality of service. The human element is the most important factor to ensure the continuity and success of an information system. Besides accommodation management expertise, the human element must be able to work as a group and be willing to share information.

Policies regulating the operation of supply chain processes, standards, resolutions, contracts, performance measures, organizational chart, job descriptions, business contacts and information flow charts and similar documents with an explanation of the data collection and reporting tools and forms of information, are the tools to be considered within the scope of the procedures. Thanks to such procedures the formation of a standard and reliable business model has been provided with different kinds of people. Thus, efficient and effective work environment and controlled processes are simulated.

Supply Chain Information Technology

The basis of the supply chain management approach lies in information and communication technologies. Information and communication technology is a good solution to problems arising from the complexity of buyer - supplier and supplier - supplier systems and supply chain management (Gunasekaran & Ngai, 2004). Information technology is a globally competitive tool for data collection, data processing through a process of conversion of knowledge, information storage and transmission to users, when required. Information technology includes computer-based information system hardware, software, communications and all the interface elements. For healthy management of this process, information technology should be compatible among members of the supply chain; procedures should be determined with each other.

In the supply chain processes, information technologies such as RFID, EDI, barcode are being used. Radio Frequency Identification (RFID) is the common name for technologies used to identify objects with radio waves. A large part of supply chain applications can be traced with RFID technology. The use of barcode and data matrix systems provides convenience in warehouse management systems. The results of a survey show that in supply chain and logistics processes, the use of RFID technology is still low despite the widespread use of EDI and ERP systems (Olorunniwo & Li, 2010).

Electronic Data Interchange (EDI) is transfer of business data from a standard computer to the other partner's computer application. Most importantly, EDI imposes a one-to-many architecture for communications between supply chain members (Kahl&Berquist, 2000). For EDI it is necessary to have EDI standards, the conversion software and the ability to communicate (Genç, 2009). EDI permits the electronic exchange of inventory information, purchase orders, invoices, and funds transfers to settle accounts (Tesone, 2006). Most importantly, EDI, imposes a one-to-many architecture for communications between supply chain members (Kahl & Berquist, 2000).

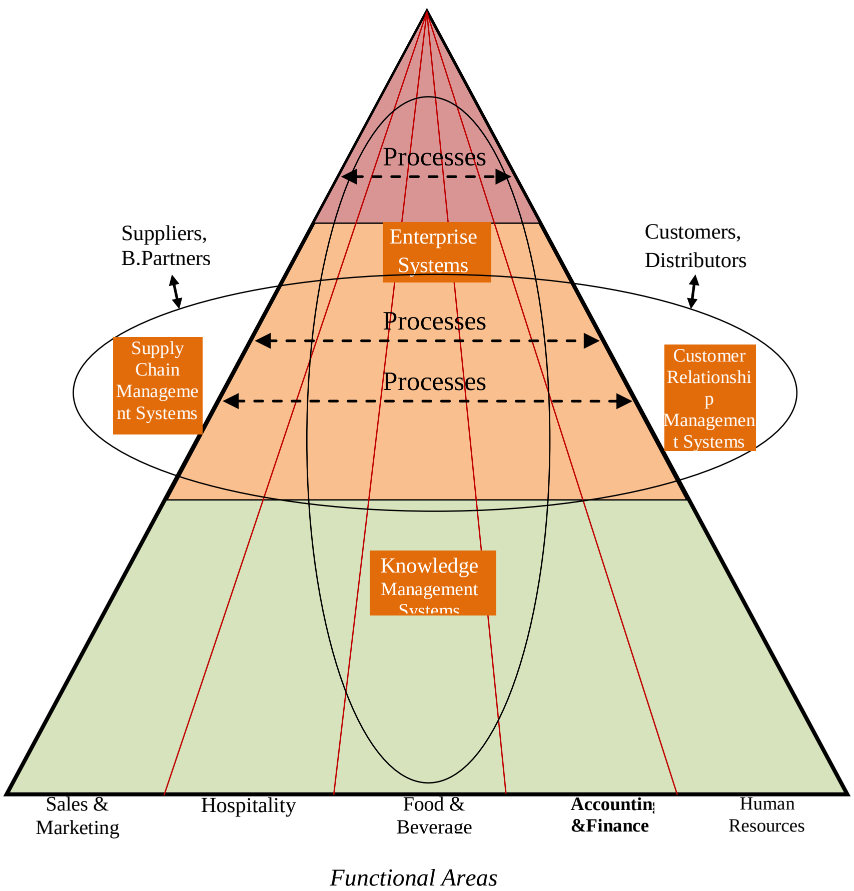
The development of management information systems has created the opportunity for global networking via the internet, intranets, and extranets. There are numerous opportunities to expand the open systems aspect of hotels. The only limitation for current and future hospitality managers is their imaginations (Tesone, 2006). Hospitality organizations that use IT capabilities enhance their competitive edge. Customized solutions, business collaboration, and flexible organization structures all provide what the customer is looking for when doing business with a firm (Tesone, 2006). One thing to always remember is that in order for an information technology system to generate a positive ROI, it must either reduce costs or increase revenue in some quantifiable way. While a hospitality professional may not remembers everything about detailed ROI calculations or information system minutiae, he or she can always fall back on this most basic premise (Nyheim, at al. 2005). Even though the characteristics of information systems and information technology used by businesses are different, nowadays, the internet makes it largely possible to share information among companies. Naturally, supply chain applications become web-based applications.

Enterprise Information Architecture

Functional areas known as a intensive knowledge production and knowledge-based decision-making are the middle management level of these sections. This relationship is shown in Figure 1. As shown in the figure, at the upper management level information within the business are used at the least amount and at the broadest terms of use, and top management focuses on the interaction between business and the outside world. Functional information systems based on the basic business functions can be examined in the form of service production, marketing, human resources, finance and accounting. These are enterprise resource planning, supply chain management, customer relationship management and knowledge management systems. Each of these is configured with the logic of information systems operated by associating with each other.

Figure 1. Enterprise Application Architecture

Source: Laudon&Laudon, 2009. (adapted)



Enterprise system, also known as enterprise resource planning (ERP) system is a software system, which is an integration of activities such as finance, accounting, human resources, customer demand, supply, production, marketing, sales, distribution and allows the flow of information. ERP systems support in general recurring and continuity of the business processes such as supply chain management, order management and payment transactions.

ERP systems give companies the flexibility to respond rapidly to a customer request while producing and stocking inventory only with what is needed to fulfill existing orders. Their ability to increase accurate and on-time shipments, minimize costs, and increase customer satisfaction adds to the firm's profitability (Laudon&Laudon, 2009:61).

Supply chain management (SCM) *systems*, as described previously, help businesses manage relationships with their suppliers. *Customer relationship management* (CRM) *systems*, help firms manage their relationships with customers. CRM systems provide information to coordinate all of the business processes that deal with customers in sales, marketing, and service to optimize revenue, customer satisfaction, and customer retention (Laudon&Laudon, 2009). *Knowledge management systems (KMS)*, enable organizations to better manage processes for capturing and applying knowledge and expertise. These systems collect all relevant knowledge and experience in the firm, and make it available wherever and whenever it is needed to improve business processes and management decisions (Laudon&Laudon, 2009).

The members of the supply chain (supplier, manufacturer, distributor, customer) and those operating in the sub-units (department, section, individuals) must be in contact with each other. This information allows members of the supply chain network to act as a single enterprise. This increases the importance of building a full-time information system. Information on the supply network is common knowledge to all members of the supply chain, and can be accessed at any time. Information sharing on the basis of supply chain management, supply chain and the chain of communication between departments within an enterprise with members of their own communications network is extremely important in terms of supply chain efficiency.

THE ROLE OF FINANCIAL INFORMATION IN SUPPLY CHAIN MANAGEMENT OF HOTELS

An accounting information system is a subsystem concerned with business assets and resources caused by activities and detecting changes that can be measured with money, monitoring, valuing and transmitting results. On many issues such as production and operating costs, pricing, profit planning, customer value, pricing, purchasing, leasing, financial performance and valuation, recovery of investment, support for decision-making is provided with information supplied from the accounting information system. An important part of this information is a base of supply chain planning.

Information from front-end transaction processing is sent to the back office for distribution to the shareholders. At the same time, resources are procured by back-end functions for distribution to the frontline staff members. The majority of back-office functions fall under the jurisdiction of the accounting and finance department. Today all accounting functions are automated through accounting information systems, which consist of computer networks used to report business transactions and economic events that occur within a hotel (Tesone, 2006). For example supply chain transactions occur as part of the procurement processes that are used to acquire material resources for use in the hotels.

The performance evaluation of supply chain management holds together the members of a supply chain, by identifying problems, directing strategic solutions and allowing monitoring of the implementations of the strategies (decisions). Supply chain structure competencies are evaluated with indicators by processes, technology and business structure. Evaluation based on the direct cost and profit performance goals (cost reduction, increasing sales, increasing profits, reducing investment in inventory, accelerate return on investment, and so on.) is used to determine the status of realization of the information produced by the accounting information system.

APPLICATION ON FIVE-STAR HOTELS IN ISTANBUL

Goal and Scope

In this study, the supply chain structure in hotels, and supply chain information systems are being examined through the interactions of the members. To achieve this goal, the relationship between information systems and the supply chain structure has been established and the role of information systems in supply chain management is determined with the help of corporate information systems. In this process, especially the impact of the financial information system is emphasized. Comments, suggestions and findings of the application are based on the information, which is provided by the answers of hotel directors.

Research Method

According to Tourism Ministry statistics (2010) there are 39 licensed five-star hotels operating in Istanbul. The questionnaire was pre-tested by an initial sample. On the pre-test, several items in the questionnaire were redrafted to improve the presentation. The questionnaires were distributed on the internet and by personal visits in January 2011. The survey was sent to all of them but only 21 responded. In total the survey includes 55 questions. Likert-type 25 questions in the first section were answered by the participants. In the second section some of the 20 questions were left unanswered. In the last section some of the 10 questions were also left unanswered.

The findings were evaluated by descriptive analysis method. Because the number of participants is relatively low, statistical analysis does not give meaningful results. Consistency of responses given by participants is tested by the investigation of cross relations between the questions.

Finding and Interpretation

The findings were evaluated in five groups.

1. What is the supply chain structure in hotels?

The first applications and structural decisions related to the supply chain of the business involved in this study are often of recent origin. It has been understood that new decisions on this issue were taken in the last few years. It has been observed that the supply chain process is constrained by the purchase process. Purchasing, inventory management, warehousing, customer relationship and service production processes in these enterprises are mainly being carried out by conventional methods. In these types of decisions, the effect of top management is emphasized.

2. How are information systems (information communication technology, expert support, electronic business processes) used in dealing with suppliers?

It has been mentioned that information communication technology tools are used extensively in dealing with suppliers. For example, "internet is being used instead of fax" as a means of communication in the supply chain. But here, information systems are ldependent on the use of information technology. The responses show that efficient use of information systems facilitates access to information.

3. What is the effect on the supply chain processes of utilising information systems?

Respondents say that the use of information systems is reflected in the speed, reliability, easy access, low cost applications and time saving within the supply chain process. It is also felt that it contributes directly to customer satisfaction. Unfortunately,it has been observed that businesses without effective and extensive supply chain management applications, answer the questions according to what they feel is expectated rather than the real situation.

4. What is the effect of financial information (accounting) systems in supply chain management of hospitality enterprises?

In responses, the importance of accounting in supply chain management has been particularly noted. The importance of accounting has been emphasized in "the processes, which include expenditure and payment". Although different programs are being used, Netsis program is the most frequently used and the advantage of its ERP applications are also being used. Fidelio's Material Control (MC) module, which is common in the hospitality industry, is being used extensively in applications of the supply chain.

Some reponses state that reports are being obtained about accounting systems, purchasing transactions, material consumption, inventory cost, cost of sales, daily summaries of buying and selling, regional sales, cash flows and payments. This type of information is used in various decisions such as purchasing, supplier performance, pricing, logistics and manufacturing processes. Besides the lowering effect on costs of this kind of application, the positive effects on sales and profitability ar also stated.

5. Comment on the relationship between the features of hospitality businesses such as operating time (in organization), bedding / room capacity, capital and shareholding structure, the number of suppliers within the "supply chain structure"?

It has been Inferred from responses to questions in the last section of the survey, that the structure of the supply chain is closely related to the "management approach" of the enterprise and the attitude of top management. In application, some suggest that operating personnel are experiencing difficulties in adapting to rapidly developing and changing information technologies. Some express a lack confidence in e-commerce applications, and this can be an obstacle to development. However, in the near future expectations of e-business supply chain management practices will become widespread.

CONCLUSION

Communication and information sharing among members of the supply chain provides for more effective decisions. To achieve this, businesses should invest in infrastructure and use information technology tools effectively and efficiently on ongoing daily operations. Within an ERP system, each department in the supply chain is inter-dependent, and cannot function if information has not been provided by previous links in the chain. The most important parts in this information process is efficient use of the intranet and internet.

Information system should based on harmony of investment cost - benefit, continuously kept up to date and be developed with understanding of learning. The role of accounting information system is increased when the dimensions of financial information such as information shared within the supply chain profit, cost, rate of return on investment also grows. Thus, hotels and other business areas of supply chain management practices can be performed more efficiently and more profitably. Management trends and preferences are moving in this direction. However, investment and the ability to apply is currently under development. Hospitality Management should develop long-term cooperation and share more information with supply chain members. Supply chain management supported by modern information technology makes it easy to evaluate enhancing practices. The most important result of successful supply chain applications is the decrease in total costs. However, the most important resistance encountered in supply chain applications is that the companies do not want to show their internal structures to other businesses. Modern technology-based information systems in both directions provide a positive contribution to businesses and supply chain management practices.

There are many benefits gained by using modern information systems. The most important ones provided by SCM are improved time management, cost control, profitability, customer satisfaction and increased speed of response to innovations.

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THE IMPACT OF THE E-MARKETING AND E-COMMERCE THROUGH HOTEL'S WEBSITE IN THE EFFECTIVENESS AND PROFITABILITY OF THE HOSPITALITY ENTERPRISES

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ABSTRACT

This paper reviews the impact of electronic commerce through the website of the hotels on their performance and more precisely on their profitability. It is thanks to the progress of information technology and its applications to hotels, that all costs have been reduced, regarding the dissemination of information. Although hotels have long adopted electronic reservation systems, it is observed that many of them use mainly the Internet in an unfriendly, to the end user, way. Hotel Websites should focus on consumers and they should not be designed according only to the advances of technology.

Key Words: intangibility, internet, potential guests, profitability, return of investment (R.O.I.), website.

INTRODUCTION

The tourism product is a unique type of product. The four characteristics that differentiate it from other products, and make it so information intensive, are its intangibility, its perishability, its heterogeneity and its inseparability (Middleton et al., 2009). The intangibility of services will mostly impact the promotion of the tourist product. The international scope of the industry, and the fact that tourism is a service industry, also contribute to its information intensity (Gretzel et al., 2010). This paper will focus on the element of intangibility, since it is closely related to electronic marketing (e-marketing) and to electronic commerce (e-commerce). E-marketing is marketing online, whether via web sites, online ads, e-mail, interactive kiosks, interactive T.V. or mobiles. It involves getting close to customers, understanding them better and maintaining a dialogue with them. It is broader than e-commerce, since it is not limited to transactions between an organisation and its stakeholders, but includes all processes related to marketing (Chaffey & Smith, 2008). E-commerce is a system of conducting business activities using the Internet and other Information Technologies (I.T.) (Zhou, 2004).

Taken into consideration the high degree of intangibility in tourism, hotels need to fully understand the requests of their potential guests and implement all related to the above features, in order to better address these needs. In reference to user attitudes and the importance of choice and the intangibility of tourism products and services, the significance of interactivity and experience for online advertising efforts must be stressed. In the case of e-commerce, guests are by far more active, than in the case of TV advertising or ads in print media (Chaffey et al., 2009).

MARKET TRENDS

In that sense, seeing the Website through the eyes of the consumers helps in determining what content and design should be used. More has to be learned about consumer information processing and decision-making on the Web, in order to be able to achieve the necessary customer focus. Web sites have to offer choices and hoteliers need to take into consideration the recent main market trends, a summary of which would be the following :

- Usage of the Internet is increasing dramatically
- Increasing proportions of Internet users are buying online
- The Internet is having a major impact, relative to other channels, as a source of information for choosing and planning holidays and other forms of travel, and increasing importance as a booking channel.

The use of Internet for tourism purposes has been constantly increasing in the last years, as shown by a survey carried out by the European Commission (Table 1). In terms of use of Internet by travellers, more than 25% of individuals surveyed in various countries, have booked travel or accommodation on the Internet (OECD, 2010).

Table 1. **Use of Internet for online tourism reservations**
Percentage of individuals who ordered travel and holiday accommodation on Internet

Country	2002	2003	2004	2005	2006	2007	2008
Austria	1	3	3	3	7	8	11
Belgium	..	..	..	..	7	8	8
Denmark	8	10	14	18	26	27	30
Finland	2	3	7	10	12	26	31
France	..	..	..	..	8	14	18
Germany	3	5	6	10	21	23	22
Greece	0	0	0	0	1	2	2
Iceland	..	14	24	31	39	40	38
Ireland	..	3	7	10	18	20	21
Italy	..	..	..	2	3	3	4
Luxembourg	5	9	19	17	21	24	27
Netherlands	5	6	2	15	21	25	26
Norway	..	13	25	33	40	41	45
Portugal	0	..	1	1	2	3	4
Spain	..	2	2	5	9	11	12
Sweden	8	12	..	16	18	28	27
Turkey	..	..	0	0	..	..	..
United Kingdom	11	17	18	24	23	24	27

Source: Eurostat.

Concerning the ordering of travel and holiday accommodation via internet we observe four groups of countries (Turkey, Greece, Italy, Portugal, Belgium) 0-8%, (Austria, Spain, France, Ireland, Germany) 11-22%, (Netherlands, Luxembourg, Sweden, United Kingdom) 26-27%, (Denmark, Finland, Iceland, Norway) 30-45%. During the last ten years we observe an important growth rate by one and a half time to ten times.

Understanding the Web and understanding the characteristics and needs of the individual customer is a prerequisite for successful one-to-one marketing. The Web offers a variety of opportunities to collect data from online consumers that can be used for personalised advertising messages.

POTENTIAL GUESTS VS. HOTELIERS

On the one hand, from the point of view of the potential guests, when they are planning a trip to a new destination, they face the problem of making a costly purchase without being able to see the product. The Internet provides them with the means to gain immediate access to relevant information of greater variety and depth, than what has been available previously, about destinations throughout the world and to book quickly and easily. Furthermore, typical tourism information is usually needed by practically all consumers, including among others : destinations, facilities, availabilities, prices, geography, climate (Sigala et al., 2007).

On the other hand, from the point of view of hoteliers, Internet offers the potential to make information and booking facilities available to large numbers of consumers at relatively low cost, it enables hoteliers to make large-scale savings on the production and distribution of print and on other traditional activities (e.g. call centres and information centres) and it provides a tool for communication and relationship development with tourism suppliers and market intermediaries, as well as end-consumers. Given the fact, that the web has become a primary source of information for planning travel and tourism in the major markets, it is critical for hotels to achieve maximum distribution of their online product. The first and most obvious task is to maximise the number of consumers and trade buyers coming direct to the site (W.T.O., 2001).

INTERACTIVITY & ACCESSIBILITY OF INTERNET

The Internet provides many different kinds of information in various forms, ranging from audio-video, or even virtual tours, texts, pictures, to digital transfer of money, without geographical limitation, including, but not limited to, information about hotel facilities, different room types, variety of services offered, reservation and rates information, surrounding area information, company information and affiliations. (Sigala et al., 2007). More recently Websites can support on-line reservations with instant confirmations to guests using the Internet to make hotel reservations. Furthermore, hotels can easily control rates and availability across all channels from one easy-to-use interface. This flexibility and control can be accessed anytime, from any location through Internet access.

The potential guests from their side have many options, concerning access to the Internet some of which are mentioned here below: use of a Personal Computer (P.C.), Interactive or Web T.V., mobile phone or other mobile devices, such as a Portable Digital Assistant (P.D.A.) (W.T.O. 2001, e-business w@tch 2006). With the evolution of applied technology, all these devices are to be found both at home and at the office, and even in a hotel's room (W.T.O. 2001, e-business w@tch, 2006). Potential guests all around the world need to have access to Pre-Trip, In-Trip, and Post-Trip information. Pre-trip information is searched and evaluated during the planning phase of every trip (average duration of 18.1 weeks, 2.6 weeks are spent at the Pre-trip (Restrepo 2009)). This procedure can take place either at home, along with family members or at the office along with colleagues. It can also take place on the way to an already selected destination and it definitely requires the availability of Internet connections, through computers, Interactive T.V. or other means, through which information moves to transactions to the benefit of the businesses. The Internet increasingly will be accessed from different types of equipment - TV, mobile devices, even in-car technology. Taken into consideration, that the cost of access is going down and the speed of access is going up, hotels need to concentrate their efforts towards this direction.

Given the global platform of the Internet and the much wider availability of computers and connectivity, it has become easier for practically any hotel, regardless of its size, to communicate electronically with any other business or consumer. The Internet has radically changed the way tourism information and sales are distributed. It provides tourism destinations and businesses with direct access to end consumers and at the same time it has become the primary channel for business to business communication. Generally speaking, numerous opportunities exist for increased business-to-business (B2B) communication and also for increased direct selling to consumers (B2C), opportunities which are present to enhance the competitiveness of hotels (Middleton, 2009).

PROFITABILITY

Hotels, regardless of their size, increasingly recognize the importance of developing an effective Web presence, in order to be more competitive. Particularly for hotels located in the so called mass tourism destinations, which are usually forced to keep their rates at lower levels by tour operators, Internet offers an additional distribution channel, able to lower costs affecting the hotel and addressed to the intermediaries, such as Tour Operators and Travel Agents, which are no longer an absolute necessity for the market. Due to that fact, higher average daily rates (A.D.R.) can be achieved (O'Fallon & Rutherford, 2010).

It is observed, that over the last years, the preferences and behaviour of tourists have shifted away from standardised packages, designed by tour operators, to individualised products, specifically selected and arranged to meet customer's requirements and interests. Indeed, during the previous years, hotels have had a tendency to sell their rooms in bulk to consolidators. While finding such financial security is tempting in a context of low occupancy rates, the new tendency is to try to resist this tradition, to advertise and sell their rooms by themselves. In addition, many hope to diversify their distribution channels, escaping the bulk sale of rooms to consolidators by concluding transactions directly, thereby performing price discrimination in the same way tour operators achieve it with various packages.

This change leads to a higher involvement of customers directly in the trip planning. Internet offers an enormous growth potential at a much lesser cost than any other type of advertising media.

RETURN OF INVESTMENT (R.O.I.)

Provided that hotels design and operate their web pages from the end user's perspective, unlimited business opportunities can be transformed to revenue. In that sense, hotels will be able to achieve their projected Return of Investment (R.O.I.). The goal for hoteliers is to follow the evolution of Internet marketing strategies for their sector and build R.O.I.-centric, cost-effective Internet marketing strategies to accomplish their goals (Aggarwal, 2003).

Through the interactive relationships with the customers, hoteliers can significantly increase direct online bookings and consequently R.O.I.s. It is their responsibility to select the Internet formats and methods to use in order to reach potential and current guests, which will generate the highest R.O.I. Researchers have demonstrated that investment on electronic presence and distribution through the Internet represents good value for money, as lookers are progressively converted into bookers, and e-business starts to materialise for innovative operators (Aggarwal, 2003).

Year after year the majority of hoteliers believe that "the fundamentals" produce the highest Return of Investment (R.O.I.) : website optimizations (70%), website re-design (61.7%), Search Engine Optimisation (S.E.O.) (58.3%), e-mail marketing (48.3%), followed by paid search and banner advertising. These percentages were measured after a survey conducted in 2010 by "Hospitality eBusiness Strategies (HeBS)" and "New York University's Tisch Center for Hospitality Studies" (www.hospitalityebusiness.com). Some other important industry insights from this 2010 Benchmark Survey are :

- As expected, the economic environment prevailed as a factor when planning budgets. Even so, hoteliers continued to shift budgets from offline to online marketing formats. In the 2010 survey, 51.1% of respondents said they were shifting a portion of their budgets to online because they believe Internet marketing produces the best results (55% vs. 10% that think traditional marketing is more effective).

- Year after year, more and more hoteliers are engaging in social media. Over 50% of respondents said, they were planning on creating profiles on social networks in 2010, a dramatic increase over 2009 (14%).

- In the 2010 survey, we asked hoteliers which mobile initiatives they were planning for 2010. Over one fourth of respondents (25.9%) are planning a mobile-ready website in 2010.

BUSINESS TO BUSINESS (B2B) & BUSINESS TO CONSUMER (B2C)

The specific goal can also be achieved through the thorough research of what the main competitors are doing, either by lowering the rates when there is low demand, or by increasing the rates when the occupancy for a certain period appears to be high. In that context, pricing both from business to consumer (B2C) and also from business to business (B2B) is one of the most important tools. It is worth mentioning, that the sale of travel and tourism services online has become, by far, the leading Business-to-Consumer (B2C) sector on the Internet, representing more than 25% of all consumer purchases online, even higher than stocks trading services, books sales, and computer software and hardware (W.T.O., 2001, Rob L. & All, 2010).

The paper concludes that there are two dimensions: short term gains, such as revenue generated from early booking or last minute offers, and long term gains, such as the hotel's competitiveness. E-commerce is increasingly becoming an opportunity with last minute travellers. Although the various applications discussed so far will become dominant for planned guests arrivals and for those willing to lend their loyalty to hotels, the growth of busy travellers and the premium opportunities they offer should not be overlooked. Interestingly, the needs of last minute travellers will be even easier to satisfy than in the past, thanks to customisation features. With one-touch functionality, consumers can securely, conveniently, and remotely make reservations regardless of locality. Customers are nowadays allowed to view available accommodations, check pricing, and make reservations in real-time. Particularly for this market segment, the necessity for both travel distributors and tourism service providers to adjust their pricing mechanisms very rapidly is highlighted (Beech & Chadwick, 2005).

This is why following a trend of the recent years it is not only the General Managers, the Revenue Managers and the Sales & Marketing Managers who set the targets and form the strategy of each hotel, but also the e-commerce Manager plays the most significant role towards this direction. Through the use of e-commerce, hotels can benefit from automated accommodations booking, reduced operational expenses, and increased channels of business.

CONCLUSION

It is concluded, that despite the enormous growth in the use of Internet, it is not being used to its full potential. In any case hotels have the option to take advantage of a powerful tool, which gives them the possibility to promote their product and services to an audience of millions of potential guests. The minimum target, which can be achieved, is the expansion of the customer base far beyond the level of the local market.

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