

Chapter 67

Social Media Utilisation and Business Performance of Hotels in Lebanon: Exploring the Moderating Effects of Hotel Classification

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ABSTRACT

Several studies on social media from a users' perspective have been conducted. However, less attention has been paid to the effect of social media on organization performance, particularly among hotels. The aim of the study is to investigate the effect of social media on hotels' business performance as well as assessing the moderating effect of the hotel classification. In this study, a structural equation modelling method has been used for data analysis. The survey data was gathered from a sample of 146 hotels in Lebanon. Data analysis results demonstrate a positive and significant relationship between social media characteristics (visibility and association but not editability) on hotel business performance. The findings present valuable implications for hotel managers to direct their social media strategy and to capitalize on the possible benefits of social media to increase the business performance of hotels. In addition, the findings could also provide useful insights into other business sectors that have the intention to invest in social media.

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INTRODUCTION

Social media is transforming the way we communicate, collaborate, share and consume (Aral, Dellarocas, & Godes, 2013). Social media is defined as a “set of online tools that support social interaction between users, facilitating the creation and sharing of knowledge, and transforming monologue (company to the customer) into dialogue” (Hansen, Shneiderman, & Smith, 2011, p. 12). It contains various Internet-based applications built on the ideological and technological basis of Web 2.0 (Kaplan & Haenlein, 2010). These applications appeared as “game changer” tools, locating the customer at the heart of the organization. Platforms such as “Facebook, Twitter, YouTube, Instagram, Pinterest and Flickr” have millions of users (Luo, Zhang, & Duan, 2013).

Moreover, social media has transformed how organizations relate to the market, generating new opportunities and challenges (Kaplan & Haenlein, 2010). Social media is considered a useful tool for an organization’s business goals and better business performance (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Many organizations are utilizing social media to improve their business brand image and brand awareness (Nisar & Whitehead, 2016). On the other hand, the hotel industry is one of the industries that has been affected by the emergence of social media. The use of social media platforms has become increasingly relevant as part of the tourism experience because it has transformed the way that travel and tourism information is disseminated and shared (Munar & Jacobsen, 2014).

Social Media and the Hotel Industry

The specifications of social media possess various unique implications for hotels, including customers, staff, and management. According to Sigala (2011), social media provides multiple benefits for hotels; these include improving brand image, e-word-of-mouth, customer knowledge and receiving valuable feedback about hotel services. Social media provides visibility, pervasiveness, and searchability. Praise or complaints from customers in social media can spread quickly, and a positive or negative review can have a disproportionate effect on business (Schaupp & Bélanger, 2014).

Hotels involvement in social media has considered cost-effectiveness in terms of interaction and engagement with potential clients (Lim, 2010). Therefore, involvement in social media platforms provides hotels with immediate access to active users without the necessity of adding any further hardware or software (Seth, 2012). The reason is that social media sites enable users to engage in different ways. It is no surprise that numerous hotels have joined the social network space (Seth, 2012). For hotels, online consumer reviews play a primary role in consumers’ decisions today when selecting a hotel. This is particularly true according to Garrido-Moreno and Lockett (2016) who found that hotels have realized the importance of responding to customer reviews since, currently, online reputation is crucial. Consequently, the authors revealed that hotel managers individually respond to customers’ complaints and employ customer feedback as a rule to improve their services. According to Seth (2012), hotels that engage with their customers through social media can get their customers to stay and spend more, have increased repeat clientele, and get more referrals from their clients. In the same line, Garrido-Morreno and Lockett (2016) found that social media platforms help hotels to better approach their customers, improve their image and give them a touch of modernity as well as gain customer knowledge and gather good feedback to evolve new products and personalize services.

In addition, customer engagement with hotels through social media is considered an important reason to enhance hotel business performance (Garrido-Moreno & Lockett, 2016; Harrigan, Evers, Miles, &

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