



## Chapter 80

# The Effect of Social Media on Hotels' Business Performance in the Lebanese Hotel Sector: Effect of Social Media on Hotels' Business Performance

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### ABSTRACT

*While many studies on social media from users' perspectives have been conducted, less attention has been paid to the effect of social media on organizations' performance, particularly among hotels. The aim of the study is to investigate the effect of social media on hotels' business performance in the Lebanese hotel sector. 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 the positive and significant relationship between social media characteristics (visibility and association but not editability) on hotels' 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 an intention to invest in social media.*

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## **INTRODUCTION**

Social media is transforming the way we communicate, cooperate and engage (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 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 seemed as “game changer” tools, locating the customer at the heart of the organization. Besides, social media has altered how organizations link with the market, generating new opportunities and obstacles (Kaplan & Haenlein, 2010). Social media is considered a useful tool for an organization's business targets and better business performance (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Many organizations are utilizing social media to improve their image and increase brand awareness (Nisar & Whitehead, 2016). On the other hand, the hotel industry is one of the businesses that has been affected by the rise of social media. The use of social media platforms has turn out to be increasingly relevant as part of the tourism experience because it has transformed the way that travel, and tourism info are 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 have considered cost-effectiveness in terms of the interaction and engagement with potential clients (Lim, 2010). Therefore, involvement in social media platforms provides hotels with immediate access to users without the necessity of any additional 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 reply to customers' complaints and employ customer feedback as a rule to enhance their services. According to Seth (2012), hotels that involve with their clients through social media can get their clients to stay and spend more, have increasing in repeated clients, and get more referrals from their clients. In addition, Garrido-Morreno and Lockett (2016) found that social media platforms help hotels to well approach their clients, improve their brand 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, & Daly, 2017). It found that social media can positively affect small organizations' performance in other

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