PRACTICES AND PERCEPTIONS REGARDING ONLINE PROMOTION IN THE HOSPITALITY INDUSTRY: THE CASE OF GUESTHOUSES FROM ROMANIA

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Abstract
Despite the increasing role of the online environment in the accommodation industry, little is known about Romanian small accommodation providers' practices and perceptions regarding online promotion. This paper has the role of partially filling this regional knowledge gap, by investigating, in an exploratory manner, the extent to which Romanian guesthouses use some of the most popular online promotion tools (websites, specialized search engines, social media, blogs), and their perceptions regarding the utility of such tools. An online survey was conducted among managers/owners of 48 guesthouses from Romania, results showing that despite the fact that most of the investigated guesthouses allocate small budgets to promotion, they understand the increasing importance of online promotion, allocating significant parts of their promotion budgets to the online environment.

Key words: *online promotion; accommodation providers; website; Facebook; blogs.*

JEL Classification: *M31; L83.*

I. INTRODUCTION

Choosing an accommodation provider can be a time consuming and, sometimes, stressful task for many travelers, not only because of the intangibility of the purchased "product", but also due to the significant impact the price of accommodation services can have on travelers' budgets. Considering such buying decisions, online sources of information have become extremely important and popular over the last decade. Online sources (websites, search engines, social media, blogs etc.) can be very influential both because they are involved in the information gathering stage, one of the most important stages in the consumer decision process (Kotler and Keller, 2006), but also because they can convey certain long-term consumer attitudes or levels of consumer trust or preference.

Considering travelers' buying decision process in the case of accommodation services, the vast majority of consumers/travelers who purchased such services in Romania, in 2013, did research online before their buying decision (67% online only; 28% both online and offline), the most important information sources in driving the final purchase decision being, in order of importance: travel related websites, search engines, blogs/forums or consumer reviews, comparison websites, word of mouth, travel agencies and, respectively, social media (IAB Europe, TNS Infratest & Google, 2013). A research conducted a few years ago (INSOMAR, 2009) among a representative sample of Romanian travelers revealed that friends and acquaintances' recommendations (in 38.4% of the cases) and, respectively, the Internet (in 26.6% of the cases) represent the most used sources of information when deciding on travel and tourism products and services. A more recent survey conducted among a sample of Romanian customers of accommodation providers revealed that the most used sources of information in their purchase decisions were placed in the online environment being, in order of importance: online websites which integrate various accommodation offers, word of mouth, accommodation providers' own websites, travel agencies, leaflets and booklets, blog entries/articles, online banners and, respectively, social media (Moisescu, 2013).

However, despite the increasing role of the online environment in the accommodation industry, little is known about Romanian small accommodation providers' practices and perceptions regarding online promotion. This paper has the role of partially filling this regional knowledge gap, by investigating, in an exploratory manner, the extent to which Romanian guesthouses use some of the most popular online promotion tools, and their perceptions regarding the utility of such tools.

II. THE IMPORTANCE OF THE INTERNET IN THE HOSPITALITY INDUSTRY

During the last decades, the new information and communication technologies, especially those related to the online environment, have been changing the way in which companies from the hospitality industry conduct their business (Werthner and Klein, 1999; Buhalis and Deimezi, 2004). Some authors go as far as to state that the Internet and word-of-mouth are the most powerful promotional methods used by hospitality-related firms (Stewart and Barr, 2005). On one hand, the online environment enables consumers to search for and purchase customized hospitality products, while, on the other hand, helps suppliers in developing, managing, and distributing their products without any time or geographical constraints (Buhalis and Law, 2008).

The impact of Internet marketing can be felt across all sectors in the hospitality industry, from large to small service providers. Hudson (2008) outlines several key functions of the Internet in the hospitality industry: direct email marketing, advertising, providing information, distribution and sales, customer service, relationship marketing, and marketing research. Moreover, the same author states that online promotion in the hospitality industry holds four distinct advantages: "targetability" (it can be focused on users corresponding to specific profiles), "tracking" (how users interact with their brands and each other, what is of interest to them, their response to certain ads/offers/information etc.), "deliverability" and "flexibility" (permanently available, with fast launching, updating or cancelling), and "interactivity" (consumers can "interact" online with the offer, study it etc.).

Competition within the accommodation industry is very strong, so the manner of setting up a proper Internet marketing strategy in this sector is crucial (Ip, Leung and Law, 2011). E-marketing practices in the hospitality industry are no longer limited to establishing a website, the most important Internet marketing strategy for small and medium-sized accommodation providers being to ensure that their websites are visible and easily found by search engines (Murphy and Kielgast, 2008), including specialized search engines or travel related websites that gather hospitality industry specific offers (for example, bookings.com). Moreover, over the last decade, social media and blogs have also become more important as useful tools in the hospitality industry for reputation management, customer relationship management, new product development, viral marketing etc. (Zehrer, Crotts and Magnini, 2011; Ayeh et al, 2012).

Nevertheless, even though online promotion comes with several advantages, becoming more and more important as consumers access to the Internet increases, in the case of small accommodation providers the adoption of online promotion strategies is rather clumsy. There are a number of barriers and impediments to the uptake of the Internet by such companies, including issues related to the adoption of new technologies, the initial financial costs of uptake, the structural nature of the market, problems with online content and design etc. (Christian, 2001). However, despite the initial barriers of implementing an online promotion strategy in the case of a small accommodation facility, online promotion is one of the least expensive and most efficient ways to become known in this sector (Marinescu and Toma, 2012).

III. METHODOLOGY

The main objective of the paper is to partially fill a regional knowledge gap in what concerns Romanian small accommodation providers' practices and perceptions regarding online promotion. Thus, the paper investigates, in an exploratory manner, the extent to which Romanian guesthouses use some of the most popular online promotion tools, and their perceptions regarding the utility of such tools. More specifically, the research focuses on aspects such as: the annual promotion budgets and the share of these budgets allocated to online promotion, the extent to which the main online promotion tools (websites, specialized search engines, social media, blogs) are used, the perceived utility of each tool, and, respectively, the percentage of guests arrivals generated by online promotion.

We focused our research on guesthouses as they represent a significant proportion of the total accommodation providers in Romania, and the largest part of the small ones. Thus, at the end of 2013, there were approximately 9000 accommodation facilities in Romania (hotels, motels, guesthouses, villas etc.), among which about 7500 with up to 20 rooms. Among these latter small accommodation facilities, approximately 4550 were guesthouses which, according to Romanian regulations, can offer accommodation to up to 40 individuals each (Autoritatea Națională pentru Turism, 2014).

In order to accomplish our research objective, we conducted an online survey among several managers/owners of Romanian guesthouses, using a private database comprising more than 1000 email addresses of such managers/owners, to which we emailed a short description of the research objective, the link to the online questionnaire, as well as a promise to send a short final report of the study, after its completion. We managed to gather valid completed questionnaires from 48 guesthouse managers/owners, which represented about 4% of the targeted and contacted respondents.

The structure of the investigated sample of

guesthouses in what concerns the type of tourism destination in which they are located, and, respectively, their guests' profile, is outlined in Table 1.

Table 1. Guesthouses sample structure – type of destination and guests' profile

Type of guesthouse location	Freq.
Seaside destination	2
Balneal destination	5
Mountain destination	18
Rural tourism destination	16
Urban/city destination	3
Other type of destination	4
Total	48
Most frequent guest staying duration	**Freq.**
Up to 3 days	27
4-6 days	21
Total	48
Most frequent guest income level	**Freq.**
Low to medium	4
Medium	32
Medium to high	12
Total	48
Most frequent guest age	**Freq.**
Under 26 years	2
26-35 years	25
36-50 years	21
Total	48
Guests arrivals from outside Romania	**Freq.**
Under 20%	34
More than 20%	14
Total	48

Even though the sample size is not statistically representative for the whole statistical population consisting of guesthouses from Romania, the sample structure resembles the total population structure in what concerns the Romanian mandatory legal star/flower classification (Table 2).

Table 2. Sample versus population structure

	Total population*	Sample
1 star/flower	3.4%	0%
2 stars/flowers	32.3%	27,1%
3 stars/flowers	53.3%	62,5%
4 stars/flowers	10%	10,4%
5 stars/flowers	1%	0%
TOTAL	100%	100%

*****Source: Autoritatea Națională pentru Turism, 2014*

IV. RESULTS

The first research question regarded the annual promotion budgets and the share of these budgets allocated to online promotion. As it can be seen in Table 3, results show that most of the investigated guesthouses (79.2%) allocate a small amount of their financial resources to promotion (up to 3800 lei annually). However, 50% of them allocate more than 60% of their promotion budgets to online promotion, while another 33.3% direct between 30-60% of their promotion budgets to the online environment.

This situation can be explained by the fact that in the case of small accommodation facilities, online promotion is one of the least expensive and most efficient ways to become known, to attract customers, and to maintain customer relationships. Moreover, we can assume that Romanian small accommodation providers, specifically guesthouses, understand the increasing importance of online communication directed at their actual and potential customers.

Table 3. Annual promotion budgets and shares allocated to online promotion

Annual promotion budget	Frequency (%)
Below 1000 lei	18.8
1000 - 1399 lei	37.5
1400 - 3800 lei	22.9
More than 3800 lei	20.8
Total	100.0
Allocated to online promotion	**Frequency (%)**
Below 10%	8.3
10-30%	8.3
30-60%	33.3
60-90%	18.8
More than 90%	31.3
Total	100.0

We also intended to investigate whether the amount of financial resources allocated to promotion, in general, and to online promotion, in particular, could influence the usual guest staying duration. Therefore, we issued the following hypotheses:

H1: a higher promotion budget generates a longer guest staying duration;

H2: a higher percentage of the promotion budget allocated to online promotion generates a longer guest staying duration.

Given the fact that we asked respondents to estimate their annual promotion budgets by stating an actual amount of financial resources (intervals grouping being a post-codification), we were able to compute and compare the average promotion budget of each of the two categories of guesthouses considering their usual guest staying duration ("up to 3 days" versus "4-6 days").

Table 4a. Relationship between overall promotion budget and guest staying duration

Usual guest staying duration	Average promotion budget
Up to 3 days	1796.30 lei
4-6 days	3757.14 lei
t-value = -1.551; df = 22.198; p = .135	

Table 4b. Relationship between online promotion budget and guest staying duration

		Usual guest staying duration	
		Up to 3 days	4-6 days
Allocated to online	<60%	54.2%	45.8%
	>=60%	58.3%	41.7%
Chi-square = .085; df = 1; p = .771			

Even though the guesthouses with longer recorded usual staying duration seem to allocate a higher average budget for promotion (Table 4a), the results of the t-test reveal that there is no significant difference between the average promotion budgets allocated by the two categories of investigated guesthouses (equal variances not assumed; t=1.551; p=.135>.05).

Moreover, there are no significant differences in what concerns the guest staying duration if guesthouses with lower and higher budget shares allocated to online promotion are compared (Table 4b; Chi-Square=.085; p=.771>.05). Therefore, we can't state that bigger promotion budgets or greater percentages allocated to online promotion generate a longer guest staying duration, both H1 and H2 being rejected.

Moreover, we analyzed whether the amount of financial resources allocated to promotion, in general, and to online promotion, in particular, could influence the percentage of guests coming from abroad (outside Romania). Therefore, we issued the following hypotheses:

H3: a greater promotion budget generates a higher percentage of guests from abroad;

H4: a greater percentage of the promotion budget allocated to online promotion generates a higher percentage of guests from abroad.

Table 5a. Relationship between overall promotion budget and percentage of guests from abroad

Pct. of guests from abroad	Average promotion budget
<20%	2979.41 lei
>=20%	1864.29 lei
t-value = -.883; df = 46; p = .382	

Table 5b. Relationship between online promotion budget and percentage of guests from abroad

		Pct. of guests from abroad	
		<20 %	>=20 %
Allocated to online	<60%	58.3 %	41.7%
	>=60 %	83.3 %	16.7%
Chi-square = 3.630; df = 1; p = .060			

Again, even though apparently the guesthouses with a lower percentage of guests from abroad seem to allocate a bigger average budget for promotion (Table 5a), the results of the t-test reveal that there is no significant difference between the average promotion budgets allocated by the two categories of compared guesthouses (equal variances assumed; t=.883; p=.382>.05).

Moreover, there are no significant differences in the percentage of guest from abroad when this is compared between guesthouses with lower and higher budget percentages allocated to online promotion (Table 5b; Chi-Square=3.630; p=.06>.05). Therefore, it can't be said that bigger promotion budgets or greater percentages allocated to online promotion generate a higher percentage of gests from abroad, both H3 and H4 being rejected. Obviously, for a certain budget promotion to affect potential guests from abroad, it is necessary that marketing communication tools be targeted towards foreign potential customers. However, the survey did not investigate the manner in which promotion activities are targeted, but rather focused on which promotion tools are used.

The second research question regarded the tools guesthouses use for online promotion and their perceived utility. Results (Table 6a and 6b) show that the most used online promotion tools by the investigated guesthouses consist of hospitality search engines (95.8% of guesthouses) and, respectively, own websites (89.6% of guesthouses), Facebook pages being also an important mean of conveying online promotional messages (used by 66.7% of the investigated sample), while blogs seem to be the least used online promotion tool, only 8.3% of the investigated guesthouses stating they employ such an Internet mean of marketing communication.

Considering the perceived utility of the above mentioned online promotion tools, hospitality search engines and own websites, besides being the most employed, are perceived as being the most useful. Nevertheless, even though blogs are only harnessed by 8.3% of the investigated guesthouses, this online promotion tool is perceived as having a very high utility among most of those who use it.

Table 6a: Online promotion tools usage

	Usage	
	Not used	Used
Own website	10,4%	89,6%
Facebook page	33,3%	66,7%
Hospitality search engines	4,2%	95,8%
Blogs	91,7%	8,3%

Table 6b: Users' perceived utility of online promotion tools

	Perceived utility among users		
	Low	Medium	High
Own website	14.0%	53.5%	32.6%
Facebook page	34.4%	59.4%	6.3%
Hospitality search engines	8.7%	50.0%	41.3%
Blogs	25.0%	25.0%	50.0%

Further on, we focused our attention on the percentage of guests arrivals generated through online promotion, as estimated by the investigated guesthouse managers/owners, and its relationship to the extent to which the analyzed accommodation facilities use certain online promotion tools. Firstly, considering our respondents' estimations, in the case of most investigated guesthouses (66.7%) more than 50% of guest arrivals are believed to be generated by online promotion (Table 7).

Table 7: The percentage of guests arrivals generated through online promotion

	Freq.	Percent
Less than 10% of guests arrivals	2	4.2
10-20% of guests arrivals	2	4.2
20-50% of guests arrivals	12	25.0
50-70% of guests arrivals	16	33.3
More than 70% of guests arrivals	16	33.3
Total	48	100.0

Secondly, we wanted to test whether allocating a larger percentage of the overall promotion budget to online promotion tools is reflected accordingly in the structure of guest arrivals. Therefore, we issued the following research hypothesis:

H5: there is a significant and positive relationship between the percentage of the overall promotion budget allocated to online promotion and, respectively, the percentage of guests generated through such marketing communication tools.

Given the fact that both variables were measured using intervals, the Spearman's rank correlation coefficient was considered as most appropriate, results showing a very strong and positive correlation between the two variables (Spearman's rho=.727; p<.001), at least considering guesthouses managers/owners perceptions. Thus, hypothesis H5 is confirmed.

In order to test whether there is a significant relationship between the use of certain online promotion tools and, respectively, the percentage of guests arrivals generated through online promotion, we issued to following hypotheses:

H6: guesthouses using own websites record a higher percentage of guests arrivals generated through online promotion;

H7: guesthouses using Facebook pages record a higher percentage of guests arrivals generated through online promotion;

H8: guesthouses using hospitality search engines record a higher percentage of guests arrivals generated through online promotion;

H9: guesthouses using blogs record a higher percentage of guests arrivals generated through online promotion.

In order to test the above outline hypotheses we generated crosstabs and conducted chi-squared tests, after dividing the investigated guesthouses into two categories, considering the percentage of guests arrivals generated through online promotion (up to 50%, and more than 50%). This binomial division was determined by the small sample size.

The results (Table 8a, 8b, 8c and 8d) dismiss all H6-H9 hypotheses and, therefore, we can't assume any significant relationship between the use of certain online promotion tools and, respectively, the percentage of guests arrivals generated through online promotion.

Table 8a: Relationship between the use of own websites and guest arrivals

		Pct. of guest arrivals generated by online promotion	
		<=50%	>50%
Own website	Not used	20.0%	80.0%
	Used	34.9%	65.1%
Chi-square = .447; df = 1; p = .504			

Table 8b: Relationship between the use of Facebook pages and guest arrivals

		Pct. of guest arrivals generated by online promotion	
		<=50%	>50%
Facebook page	Not used	31.2%	68.8%
	Used	34.4%	65.6%
Chi-square =.047; df = 1; p = .829			

Table 8c: Relationship between the use of hospitality search engines and guest arrivals

		Pct. of guest arrivals generated by online promotion	
		<=50%	>50%
Search engines	Not used	50.0%	50.0%
	Used	32.6%	67.4%
Chi-square = .261; df = 1; p = .610			

Table 8d: Relationship between the use of blogs and guest arrivals

		Pct. of guest arrivals generated by online promotion	
		<=50%	>50%
Blogs	Not used	34.1%	65.9%
	Used	25.0%	75.0%
Chi-square = .136; df = 1; p = .712			

Therefore, even though guesthouse managers/owners have different perceived utilities for each online promotion tool, none of these tools has actually any significant individual impact on online-generated guest arrivals.

V. CONCLUSIONS

The research shows that despite the fact that most of the investigated guesthouses allocate small budgets to promotion, half of them allocate more than 60% of these budgets to online promotion, while another third of them direct between 30-60% of their promotion budget to the online environment. Therefore, Romanian small accommodation providers, specifically guesthouses, perceive the increasing importance of online communication targeted at their actual and potential customers.

The results also suggest that increasing the size of the promotion budgets or the percentages of these budgets allocated to online promotion doesn't necessarily lead to a longer guests staying duration, nor to a higher percentage of guests from abroad. Nevertheless, the guesthouse managers/owners perceptions show a significant correlation between the promotion budget percentage allocated to online promotion and the percentage of guests generated through such marketing communication tools.

The paper also points out that the most used online promotion tools by the investigated guesthouses consist of hospitality search engines and, respectively, own websites, Facebook pages being also an important mean of conveying online promotional messages, while blogs seem to be the least used online promotion tool. Considering the perceived utility of online promotion tools, hospitality search engines and own websites, besides being the most employed, are perceived as being the most useful, blogs being also perceived as being very helpful among most of those who use it.

Last, but not least, the research could not reveal any significant relationships between the use of certain online promotion tools and, respectively, the percentage of guests arrivals generated through online promotion.

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