

# Evaluating the effect of hotel size for utilization of social media in Sri Lankan hotel industry

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**Abstract-** Most of hotels in Sri Lanka have utilized the social media with the aim of gaining competitive advantage. This study investigates how hoteliers views on utilization of social media as a marketing tool in Sri Lankan hotel industry. It was based on a survey of 331 executive offices in 98 star graded hotels in Sri Lanka that ranged from one-star to five-star. In conclusion the survey has shown that one star hotel is under utilizing the potential of the social media despite the fact that many of them have websites engaging with below 50 rooms. A major finding of this is that large size hotels (more than 50 rooms) have a higher probability of utilization of social media.

**Index Terms-** utilization of social media, marketing tool, hotel industry in Sri Lanka

## I. INTRODUCTION

The Dramatic increase in the use of the internet and its widespread applications has created online media, social media (Jones, 2009; Ghali, 2011). Businesses create the advantage of introducing social media into their marketing programs (Falkow, 2009). Although, the internet is not offers great opportunities for marketers, it brings a new way of conducting and approaching consumer markets (Sterne, 1996; Hoffman & Novak, 1997; Walsh & Godfrey, 2000; Rahman, 2003). Accordingly, many hotels are utilizing social media as essential for their future plans and they have already started designing strategies on how to implement it (Noone et al., 2011). Murphy et., 2001 studies sates that the several hotels have made attempts to capture some of good potential of the internet mostly using as a marketing tool, by creating their websites and are using the internet for various purposes. According to Laudon & Traver, (2002) as a result of internet marketing its develop a positive, long-term relationship with customers in which create a competitive advantage for the hotel by allowing it to charge a higher price for products and services than its competitors can charge.

Social media is the fastest and most accurate way to find customers' feedback about the hotel (Hamby, 2012). It can also help to understand customers' view of the hotel and its services, what services they are satisfied with and what problems they have in which need the resource base view (RBV) of the hotel.

## Sri Lankan hotel industry

The Sri Lankan hotel industry primarily consists of tourist hotels and other establishments such as guest houses, inns approved by the Sri Lanka Tourism Development Authority

(SLTDA). The tourism is the one of leading sector in Sri Lanka in which hotel industry contributed around two per cent to the gross domestic product (GDP) in 2014 (Central Bank of Sri Lanka, 2014). 55 percent of hotel industry is unclassified in terms of grading, as they do not meet the specific grading criteria set out by the SLTDA in fact; their ranks include some luxury establishments. Meanwhile, most of the hotels are relatively with one or two star grading, mid-range establishments accounted for less than 18 percent of the capacity of hotel industry while supplementary establishments contributed another 29 percent (<http://archives.dailynews.lk/2011/05/05/bus25.asp>).

## Objectives of the study

The purpose of the study is to find out; utilization of social media in Sri Lankan hotel industry and differentiate it from the size of the hotel. In order to provide a basis of the relationship between competitive advantages and utilization of social media of Sri Lankan hotel industry.

## II. RESEARCH METHODOLOGY

This study used analytical methods to investigate hoteliers' view of social media as a marketing tool. The sampling frame included Sri Lanka Tourism Development Authority, 2014 registered all star graded hotels (98) in Sri Lanka which ranged from one-star to five-star. The selected these hotels were all have covered important tourism destinations and adoption of social media is easy in large scal rather than the small and medium scal (Rogers, 1995).

Data collection was done using structured questioner which is self administrative and requested the four responses from each hotel. Unite of analysis is individual who are the excretive grade offices in hotels. Data were collected using a structured email survey because the study population was geographically dispersed in order to respond rate was 9%. As a result, postal survey was applied in which response rate was 35%. This response rate is typically similar of postal survey within the hotel industry, which proved by (Arlt, 2005; Baloglu and Peckan, 2006; Costas, et al; 2005; Wood, 2001; Thomas et al., 1997). Finally, respondent rate increases to 84% with 331 questionnaires which are receive from e-survey, postal and field visits. The questionnaire included three sections. The first section provide the general information about executive officers' positions and characteristics of the hotels (number of rooms and grade), which were statistically tested for differentiate with their utilization of social media. Section two and three explored for independent variable and dependent variable which are social

media utilization and competitive advantage. Data analysis was performed using SPSS 16 statistical software. The current study was conducted to determine whether hotel size and grade influence the utilization of social media.

**Problem statement**

All the positive signs in the tourism sector of the Sri Lankan economy have a direct positive impact on the hotel sub-sector. Hoteliers need to market their facilities improving their advantage through the online marketing. The internet is a major platform for enhancing business processes especially marketing activities in which social media can employ as a marketing tool. In Egypt, Syria and Lebanon, which are major tourism destinations in the Arab region, the internet is used mainly as a marketing tool in hotel industry (El Said & Hone, 2005). Further, social media successfully utilized by the Gana (Ogbeh and koku, 2009) USA and UK (Nassar, 2012) is also as a marketing strategy.

As competition becomes vicious in the hotel industry in Sri Lanka are taking the social media to facilitate their businesses. Currently, there is escalating demand for hotels that meet

international standards especially in the emerging markets. In view of the above, the main problem of this study is, Sri Lankan hotels can improve competitive advantage of the opportunities the social media offers to market their facilities and services? For the above problem, the main purpose of the study is to find out what way social media marketing strategies are being pursued by hotels in Sri Lanka.

III. RESULT AND DISCUSSION

**Characteristics of Sri Lankan hotel industry**

The first part of the questionnaire includes the hotel category, hotel size and educational level of hotel management. Absorbing these characteristics of hotel industry, which was utilized the social media for creating the competitive advantages improving their customer satisfaction and organizational performance. In order to that examine, the association between utilization of social media and competitive advantages in hotel industry because social media can be used to enhance the resources and capabilities of the firm (Perveje, 2011).

**Table 1: Correlations**

		MeanUSM	MeanCA
MeanUSM	Pearson Correlation	1	.752**
	Sig. (2-tailed)		.000
	N	331	331
MeanCA	Pearson Correlation	.752**	1
	Sig. (2-tailed)	.000	
	N	331	331

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Vale of Pearson correlation is 0.752 between utilization of social media and competitive advantages as a result which reflect the strong positive association between the variables (Chinna, Karuthan and Yuen, 2012). According to the test for Homogeneous in table 2 and 3, there is no difference in

utilization of social media in star graded all the means USM are in one subset. But, there is a difference in utilization of social media in hotel size in which mean USM is in the two subset (Table 3).

**Table 2: MeanUSM**

	Star grade	N	Subset 1
Tukey HSD <sup>a</sup>	1 Star	66	4.2081
	2 Star	90	4.2431
	3 Star	46	4.2451
	4 Star	77	4.2562
	5 Star	52	4.3415
	Sig.		.107

**Table 3: MeanUSM**

	FSIS	N	Subset	
			1	2
Tukey HSD <sup>a</sup>	Below 50	106	4.2109	
	51 - 100	125	4.2397	4.2397
	Above 101	100		4.3206
	Sig.		.762	.121

Means for groups in homogeneous subsets are displayed.

Based on observed means.

**Level of Education in hotel industry**

The level of education was categories as Degree, Diploma, O/L, A/L and Other. The levels of education provided in this study are in accordance to tertiary education provisions in Sri Lanka.

**Table 4: Respondents Educational Level**

		N	Percent
MeanUSM	Degree	141	42.59 %
	Diploma	34	10.3 %
	O/L,A/L	100	30.2 %
	Other	56	16.9 %
	Total	331	100 %

Source: field data, 2014

The educational level of hotel management indicates that most of the executive officers had degree representing 42.5 %, 10.0 % had diploma while 30 % with qualification of secondary education (O/L, A/L) and 16.9 % of the hotel managers had qualified with hotel school training. In order to that most of the managers of hotel industry who, are qualified with a degree which evidence from the study of Ogbeh and Koku, 2011.

**Hotel grades**

Hotels were categories base on their star ratings which are depending on the guidelines of Sri Lanka Tourist Development Authority (SLTDA).

**Table 5: Hotel Category**

Star grade	Responses		SLTDA register	
	MeanUSM		Total	
	N	Percent	N	Percent
1 Star	66	19.9 %	21	21.4 %
2 Star	90	27.2 %	27	27.5 %
3 Star	46	13.9 %	14	14.2 %
4 Star	77	23.3 %	22	22.4 %
5 Star	52	15.7 %	14	14.2 %
Total	331		98	

Source: field data 2011

Most of the executive grade officers (27.2 % and 23.3 %) were from 2 star and 4 star hotels respectively. 19.9 % of the officers were from 1 star hotel and 15.7% of the respondents were from 5 star hotels. Contribution from the 2 star hotels in the star category is high in Sri Lankan hotel industry which is same in Ganian hotel industry (N = 30) to which proved the evidence from Ogbeh and Koku, 2011.

**Hotel Size**

Hotels size was classified as; below 50 rooms, 51 to 100 rooms and above 101 rooms based on the previous literature (Ogbeh and Koku, 2011; Nassar, 2012). It presents the representing number of the utilization of social media with the grade and size of hotels. The distributions of the size of hotels are shown in table 7.

**Table 6: Hotel grads and Hotel Size**

No of rooms	Grads								
	MeanUSM		1 Star	2 Star	3 Star	4 Star	5 Star	Total	Total %
	N	Percent	N	N	N	N	N	N	Percent
Below 50	106	32.0 %	17	13	04	-	-	34	34.6
51 - 100	125	37.7 %	05	11	05	11	01	33	33.7
Above 101	100	30.2 %	01	04	06	09	11	31	31.7
Total	331	100%	23	28	15	20	12	98	100

Source: field data, 2014

Of the three broad categories described within the study there seems to be an equal representation. 37.7 % of the executive officers were from hotels with rooms from 51 -100,

hotel rooms from below 50 and above 101 were both 32.18% result as it is from the studies Ogbeh and Koku, 2011; Nassar, 2012.

**Table 7: Descriptive Statistics**

Dependent Variable:MeanUSM

Star grade	Mean	Std. Deviation	N
1 Star	4.2081	.25414	66
2 Star	4.2431	.28034	90
3 Star	4.2451	.30607	46
4 Star	4.2562	.33079	77
5 Star	4.3415	.35808	52
Total	4.2549	.30558	331

Source: field data, 2014

**Table 8: Descriptive Statistics**

Dependent Variable:MeanUSM

FSIS	Mean	Std. Deviation	N
Below 50	4.2109	.24758	106
51 - 100	4.2397	.30984	125
Above 101	4.3206	.34538	100
Total	4.2549	.30558	331

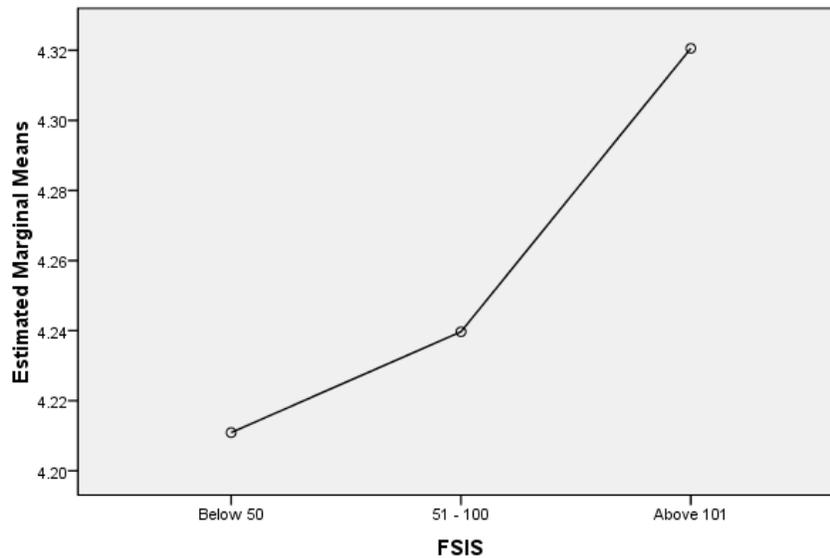
Source: field data, 2014

Comparatively, social media usage in one star hotel is low which is engaging with below 50 rooms, while the usage of social media was common for three-star, two- star and four-star hotels. The highest utilization of social media was recorded from

five-star hotels, irrespective of hotel size which is proved evidence by the study Nassar, 2012. In order to that there is a difference on utilization of social media by the firm size.

**Graph 1:**

**Estimated Marginal Means of MeanUSM**



Source: Elaboration of author

Most of one and two star hotels in Sri Lanka with below 50 rooms while 24 % of 2 star hotels are below in 100 rooms. Three, four and five star hotels engaged with more than 50 rooms in which all the five star hotels' size is above 101 rooms.

Therefore, social media usage is familiar for the large hotel in Sri Lanka. This is state from the study of hotel industry in UK, USA and Egypt (Nassar, 2010 ).

**Table 9: Tests of Between-Subjects Effects**

Dependent Variable: MeanUSM					
Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	.665 <sup>a</sup>	2	.333	3.619	.028
Intercept	5945.255	1	5945.255	6.468E4	.000
FSIS	.665	2	.333	3.619	.028
Error	30.149	328	.092		
Total	6023.289	331			
Corrected Total	30.815	330			

a. R Squared = .022 (Adjusted R Squared = .016)

Based on the Bonferroni pair wise comparisons and the plot, the mean utilization of social media among the firm size; above room 101 high compared the mean utilization of social media among the below 50 rooms. In order to that p- value of the Levenes' test for equality of variance is 0.001 which is less than

the 0.05 in which equality of variance cannot be assumed (Chinna, Karuthan and Yuen, 2012). Then there is a difference in mean utilization of social media between number of rooms in below 50 and above 101.

**Table 10: Multiple Comparisons**

Dependent Variable: MeanUSM

(I) FSIS	(J) FSIS	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval		
					Lower Bound	Upper Bound	
Bonferroni	Below 50	51 - 100	-.0288	.04003	1.000	-.1251	.0675
		Above 101	-.1097*	.04227	.030	-.2114	-.0080
	51 - 100	Below 50	.0288	.04003	1.000	-.0675	.1251
		Above 101	-.0809	.04068	.143	-.1788	.0170
Above 101	Below 50	.1097*	.04227	.030	.0080	.2114	
	51 - 100	.0809	.04068	.143	-.0170	.1788	

Based on observed means.

The error term is Mean Square(Error) = .092.

\*. The mean difference is significant at the .05 level.

#### IV. CONCLUSION

Social media is a good way to establish a relationship between hotels and their customers, it allows for one-to-one communication between them. Hotels can also receive regular feedback from their customers on their customer service, marketing campaigns. Therefore, hotels have a better chance of attracting customers by using social media. Social media is greatly utilized as a marketing strategy in all star graded hotels in Sri Lanka as a result, there is no difference in usage of social media. Although one-star hotels below with 50 rooms use social media for the marketing intelligence is limited. This may suggest the existence of a number of obstacles that make utilization of social media in their businesses, including, limited understanding of the potential of technology, costs of technology adoption, such as training, external expertise and upgrading software, or a lack of clear business strategies. Such conclusions match up with a number of studies such as: Buhalis (1996, 2003, 2005), Hull and Milne (2001) and AL- Allak, (2010). However, the pattern of usage is different by size of the hotels due to various factors.

Exposure to the IT knowledge, access to the internet for social media marketing, top management commitment and the Internet and IT usage infrastructure with adoption cost of capital could be the main reasons for the disparity in social media usage. From the this study is evident that hotels with star grades in which two-star, three-star, four-star, and five-star with larger room capacities (more than 50 rooms) have a higher probability of using social media.

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