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Small Tourism Accommodation Distribution Patterns in Canada

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Abstract: A review of the previous research on small businesses in tourism and hospitality shows a growing interest in Internet marketing. However, the research that exists is contradictory. On the one hand, some researchers suggest that because the entry barriers are low, it is cost effective for small businesses to set up an Internet presence, which helps level the playing field between small and large firms [18]; [21]. However, other researchers indicate that e-commerce is not being adopted as readily by small tourism and hospitality businesses as one might have expected [17]; [6]; [31]. Clearly, more research is required in this area regarding Internet usage in small tourism and hospitality businesses. This study will therefore examine small businesses (less than 50 employees) – specifically Bed and Breakfasts (B&Bs) - to develop theories identifying factors that facilitate and inhibit the adoption and implementation of Internet technology in the accommodation sector.

Keywords: Internet, marketing, small businesses, online surveys.

I. Small Businesses and the Internet

The majority of research addressing issues of Internet technology has focused on the motivating factors behind developing an online presence rather than the barriers to adoption. Many studies have shown that low development and maintenance costs play a critical role in the decision to go online [18]; [10].

Research has also shown that many tourism and hospitality businesses, especially in the accommodation sector, can overcome the disadvantages of small size through their use of the Internet to grow by reaching consumers beyond their borders [18]; [17]; [13]. [22] explain that while a firm may not have an explicit international expansion strategy, the Web site automatically positions the firm in the international marketplace. Similarly, [12] suggest that the Internet can be a very powerful tool to assist small firms in overcoming the main barriers to internationalization and allow gradual change. [20] argues that the use of the Internet as a marketing platform offers small specialist firms in tourism considerable prospects to both reach and to cover traditional and emerging tourism markets. Others have suggested that the Internet can be a

powerful tool for delivering information [17], attracting affluent customers and relationship marketing purposes [10] and [11]; [3], improving service encounters [4], and for increasing customer service [1].

Despite the growing body of research in the area of small business Internet use, adoption of Internet technology amongst small firms is still slow. [25] and [1] have commented that many small firms have difficulties realizing the benefits of Internet technology. Similarly, [2] found that small firms devote little consideration to practical questions of Web site management. Research on the barriers to adoption of Internet technology amongst tourism and hospitality businesses is very limited, but the main concerns seem to be security [16]; [17], lack of technical expertise [6]; [31], the difficulty in analyzing and promoting the site [1], the fear of losing client rapport ([18]; [21], and simply a lack of an online market for the firm's products [31]. For small firms in the tourism sector [28] ranked the four most important barriers as start-up costs, lack of staff expertise, operating costs and the difficulty of providing adequate training.

II. Methodology

Initially, in-depth interviews with a convenience sample of 15 B&B owners were conducted in Alberta, Canada during the winter of 2003/2004. The main reason for conducting these interviews was to ensure that the online survey was comprehensive and captured all the relevant data. Grounded on material generated from the literature review, the interviews questioned about owners why they used the Internet (i.e., to market rooms, increase exposure, project a professional image, etc.); what factors influenced or constrained their use of the Internet; how much they used e-mail as a marketing or communication tool or as a vehicle for taking reservations; what were the key advantages and disadvantages of using the Internet; what were success strategies for converting surfers to buyers; and how they advertised their Web sites.

What was clear from the interviews is that the Internet has emerged as an important marketing tool for B&Bs with demonstrable impact on the bottom line, and has proved to be a cost-effective marketing option, especially when partnerships are formed. Most owners reported spending a large proportion of available marketing dollars on the Internet, and receiving the majority of their reservations from Web based marketing. Most of the operators are

selecting to put much of their available Internet promotions budget towards maintaining a paid presence on area online destination guides or even to combine in geographical regions to develop new online destination Web sites.

Based on the analysis of these interviews, and on the relevant literature reviewed, an online survey was developed and hosted on a university Web site. Comparative studies have shown online surveys result in the potential to reach higher numbers of people and achieve higher response rates while being cheaper to administer, especially for larger sample sizes [7]; [32], even if initial costs are higher than other survey methods. The relative speed and flexibility of online surveys are seen to be two major advantages. Additionally, there is the potential of reaching a large and growing audience of people on the Internet.

Despite the limitations associated with sample selection, the universe of online users (both business-to-business users and consumers) has grown to the point where it is considered a sub-group of such importance that it is worthy of study in itself – without the questionable practice of attempting to project these findings back to the more general, off-line population. Certainly, for targeting small business owners in a survey of how they use the Internet, an online survey would seem highly appropriate.

The survey instrument was piloted with 12 B&B owners in Alberta, and based on their feedback, the survey was further refined. Subjects were then recruited with a personal e-mail that directed them to the Web site to complete the survey. An e-mail address list of 1048 B&Bs was compiled from all the available guidebooks, online guides, and brochures. This approach was adopted given large e-mailing lists work better with some degree of personalization [26].

The questionnaire was divided into four sections. The first part asked respondents about their Web sites; years of operation, percentage of reservations made on the Web, reasons for having a Web site; dollars spent on the Web site; and tools they use on the Web sites. Secondly, perceived advantages and disadvantages of using the Internet were examined. The third part asked respondents what efforts they made to convert surfers into buyers, such as developing relationships with customers, employing professionals to design the Web site and answering queries. The last section inquired about some of the characteristics of the respondents and their businesses. All questions were closed-ended to aid completion. The survey was “live” for one month early in 2004. A follow-up e-mail was sent after two weeks as online survey response rates may only reach 25 % without a follow-up e-mail [15]. In total 353 useable responses were collected, giving a response rate of 33.7 %. 270 responses were received within three days, similar to previous online studies [15], and supporting the contention that one of the major advantages of online surveys is the speed of response [32]; [7]. The data were analyzed using SPSS for Windows. Chi-square analysis was used to reveal any significant relationships between variables.

III. Results

Of the 353 respondents, nearly half (49%) were University graduates, 30% had trade diplomas, and the remainder (21%) were high school graduates. A large proportion (39%) were in the 55-64 age bracket, 33% were aged between 45 and 54, and 12% were over 65. The remainder (16%) were under 45. Results indicated that the Internet was the key communication tool for B&Bs. Table 1 shows that a large proportion (88%) of owners said that customers found them via the Internet “often” or “always.” This supports the data referred to earlier indicating the widespread use of the Internet amongst travelers. Word of mouth and accommodation guidebooks were the second most popular communication tools. According to [27], word of mouth is far and away the dominant force in the marketplace, yet it is also the most neglected. A quarter of respondents were in the first two years of running their sites, 35% were in the third or fourth years of operation, and the remaining 40% had been operating their sites for five years or more.

TABLE 1

Communication Methods That Attract Bed and Breakfast Customers

How Customers Found B & B's	Often or Always	Never or Sometimes
	%	%
Internet	88	12
Word of mouth	62	38
Accommodation guidebooks	47	53
Tourist office/Chamber of Commerce	32	68
Brochures	31	69
Other guidebooks	17	83
In Canada, provincial or regional promotions	16	84
Signs	12	88
Magazines and newspapers	6	94
Direct mail	2	98

Respondents were asked why they had a Web site. Table 2 lists the reasons in order of importance. There is clearly a trend towards using the Web as a marketing tool and as an avenue for delivering information, although 56% do use the Web to make online reservations. A large percentage (83%) maintained a Web site in order to increase business exposure, and 81.5% used the Web to expand their customer base outside of Canada. These statistics are similar to those found in a past survey of B&Bs in Canada [18]. Web sites tended to be updated when necessary, and exactly 50% of respondents said they measured the efficiency of their sites.

TABLE 2

Reasons for a B&B Having a Web Site

Reason for Having Web Site	% of B&B Owners Who Agreed:
To use as a marketing tool	92.3
To increase business exposure	83.0
To expand customer base outside Canada	81.5
To target more customers with less expense	81.0
To expand customer base within Canada	79.8
To answer questions about accommodation	78.4
To project a professional image	75.6
To impart knowledge quickly	71.3
To use e-mail as a marketing or communication tool	71.3
To improve customer service	63.9
To make reservations directly	56.3
To provide quotes to customers	54.5
To level the playing field between small & big business	39.2
To offer paperless documentation	38.6
To obtain feedback from customers	27.6

Respondents were asked what tools they make use of on their Web sites. Very few used video or audio advertising, and only 16% offered information in other languages. The same low number used a secure server for making online credit card reservations. However, nearly half of respondents (46%) had links to other businesses to help customers make travel plans.

B&B owners were asked what they thought the advantages and disadvantages of using the Internet were. Table 3 lists these, in order of importance. Respondents clearly perceived more advantages than disadvantages, with internationalization and low cost being the main incentives for maintaining a Web presence. The majority of respondents (79%) also saw the ease of updating marketing information as a key advantage of the Internet over more traditional marketing tools. Building customer relationships was only seen by half the sample as an advantage of Internet marketing.

Security was seen as the greatest disadvantage of using the Internet. Interestingly, despite these concerns, only 14.5% used a secure server for online booking, and even less (5.7%) included a privacy policy. Another disadvantage perceived by 41.5% of respondents, was the inability to screen customers. Losing customer or client rapport has been highlighted before as a concern for small business owners [21] and in the interviews that preceded this survey, some of the owners had indicated that they still prefer to speak to potential customers on the telephone before taking a booking. [18] also found that B&B owners were concerned about the lack of rapport with clients and considered this drawback as an impediment to generating sales. Previous research on small firms without Web sites has found that

personal contact with customers through telephone conversations is very important for securing international sales [2].

TABLE 3

Advantages and Disadvantages of Using the Internet (B&B)

Advantages	%	Disadvantages	%
Can reach a worldwide marketplace	89.8	Not secure	44.0
Low cost	81.0	Cannot screen customers	41.5
Ease of updating information	79.0	Poor technical knowledge of owners	34.1
Interactivity	65.3	Customer privacy concerns	31.8
Building customer relationships	51.4	Too long to develop Web presence	25.0
Measurement of efficiency	45.7	Customers more likely to cancel	17.9
Transmission of sound and video	44.6	Cost	7.7
Customer belief in security	6.3		

Respondents were asked what they did to convert surfers into buyers. Table 4 ranks the methods used and also indicates any statistically significant relationships between methods and Internet reservations. The most popular methods were to answer queries within 24 hours (86%), provide as much information as possible (85%), keep the Web site up to date (71%) and make it easy for customers to reserve a room (63%). There was a significant relationship between the number of reservations made via the Internet, and answering queries within 24 hours ($\chi^2= 12.64$, $df=5$, $p<.05$), supporting the results of the in-depth interviews. Making it easy for customers to reserve ($\chi^2= 16.31$, $df=5$, $p<.01$), was also a factor relating significantly to bookings taken.

Nearly 60% of owners felt that employing professionals to design the Web site assisted in converting surfers into buyers, although there was no relationship between doing this and Internet reservations. However, those that improved their Web sites based on customers' observations were significantly more likely to take Internet reservations ($\chi^2= 13.56$, $df=5$, $p<.05$). There was a significant relationship between Internet reservations and the use of links to local businesses on Web sites ($\chi^2= 15.86$, $df=5$, $p<.005$). This supports both the qualitative research, and [25] claim that the success of e-commerce for small business depends upon the adoption of technology by other participants. There was also a significant relationship between those that

developed relationships with customers and the number of Internet inquiries that turned into reservations ($\chi^2= 17.27$, $df=5$, $p<.005$).

TABLE 4

Methods used to convert surfers into buyers

Methods	% of B&B Owners Who Agreed	Significant relationship to Internet reservations
Answer queries in 24 hours	85.5	$p<.05$
Provide as much information as possible	84.4	ns
Keep Web site up to date	70.7	ns
Make it easy to reserve a room	62.2	$p<.01$
Employ professionals to design the Web site	57.1	ns
Develop relationships with customers	53.1	$p<.005$
Have links to local businesses on travel plans	46.0	$p<.005$
Improve the Web site based on customers' observations	46.0	$p<.05$
Offer a 1-800 number for fulfillment	43.8	ns
Avoid the use of gimmiky technology	43.2	ns
Provide contact information on every page	38.9	ns
Develop simple and persuasive messages	34.1	ns
Provide references or personal comments	32.7	ns
Clearly identify the target audience	16.8	ns
Use a secure server for online booking	14.5	ns
Offer a lower/discount rate online	6.3	ns
Include a privacy policy	5.7	ns

ns=not significant

Chi-square analysis revealed other important relationships between variables. There was a significant relationship between those respondents that measured the efficiency of their sites, and the percentage of Internet inquiries that turn into reservations ($\chi^2= 15.73$, $df=5$, $p<.01$), suggesting that measuring efficiency of Web sites can result in increased Internet bookings. There was also a significant relationship between growth rates (in terms of overall bookings) and the years of operation of businesses ($\chi^2= 15.878$, $df=3$, $p<.001$), and the years of operating Web sites ($\chi^2= 22.034$, $df=6$, $p<.001$). This would tend to support the contention that small businesses are using the Internet in order to grow their businesses without expanding physically or incurring relocation expenses [19].

There was a significant relationship between the number of years of Web site operation and the number of Internet

inquiries that turn into reservations ($\chi^2= 24.47$, $df=10$, $p<.01$), indicating that more experienced operators were more adept at converting surfers into buyers. Finally, there was a significant relationship between the number of years of Web site operation and international bookings ($\chi^2= 18.76$, $df=9$, $p<.05$). This supports the contention that internationalization is positively affected by use of the Internet [8]; [22]; [12]. However, there was no statistical support for Davis and Harveston's suggestion that education level and the age of owners influence Internet success.

IV. Discussion

The results of this study suggest that B&B owners are using the Internet as a low-cost method of increasing their customer base especially from overseas markets. Success is closely related to online experience, the measurement of Web site efficiency, prompt responses to inquiries, making it easy for customers to reserve, the development of relationships with customers, customer adoption of technology, and the existence of online partners. These results support previous research referred to earlier in the article [10]; [28]; [9]; [8]; [25]. The findings also support previous research that has found a positive association between small businesses Internet use and growth [19]; [8], and internationalization [21]; [22]; [12].

However, B&B owners do not use the Web to its full advantage, supporting contentions that the use of online marketing efforts has been relegated to a relatively small number of marketing tools and tactics [5]; [2]. For example, few respondents in this study used the Internet to solicit feedback from guests, and only half used it to build customer relationships. However, the Internet can be a powerful tool for relationship marketing purposes [3]. Most marketers now accept that it is less expensive to attract repeat customers than to create new ones and this is the basic concept behind relationship marketing. In addition, many consumers too are looking to build relationships on the Web.

Respondents in this study are also missing out on the potential to make more Internet reservations. Only 15% of owners used a secure server for secure online booking, and only 7% had a privacy policy, even though they identified security as being the major disadvantage of using the Internet. Previous studies have shown that security concerns are a major reason consumers do not buy online [29]; [1], even though these concerns may be exaggerated. It would seem that the investment in secure servers would result in increased online bookings for B&B owners.

Finally, only half of the respondents measure the efficiency of their sites, despite the positive relationship with Internet bookings. Simple measures exist that can assess the effectiveness of a site, such as hits (the number of times a site is visited), unique visitors (the number of different viewers during a particular time period), and page views (the number of times viewers view a page). Inexpensive software applications are available that small businesses can use to

carry out these measurements.

In addition to examining critical issues surrounding the use of the Internet for small businesses, this study has also highlighted the potential of online surveys as a way of increasing response rates in a cost-effective manner. Without a follow-up email, the response rate achieved would have been 25% within three days of initial contact. A review of 180 mail surveys of business respondents in the 1990s calculated the average response rate to be 21% [23]. Clearly, a carefully designed, targeted online survey of small business owners can surpass this average. However, this survey population had a high degree of interest in the topic of the survey, and there may have been a novelty factor that encouraged responses.

However, non-response remains a problem. People change their e-mail addresses more often than they change their phone numbers [7], and it is a challenge to find e-mail lists that are fresh [26]. In this survey, 55 e-mails were returned from a total of 1048 (approximately 5%). Fortunately, researchers were able to find new e-mail addresses for 30 of these, although this was a time-consuming process. One advantage of using online surveys is the instant feedback of undeliverable mail. In the future, it is likely that researchers will have access to up-to-date commercial e-mail lists similar to today's mailing lists, both reducing the effort of obtaining and increasing the accuracy of e-mail address lists. If respondents from these lists can be targeted to be representative of a desired population, the logistics of e-mail surveying will be greatly enhanced.

V. Conclusion

This study suffers from a few weaknesses, mainly in sample selection. The sample was limited to just one industry (hospitality), and to one particular sector of that industry (the accommodation sector). Therefore, the results may be of only limited generalizability. The sample may suffer from a strong element of self-selection, since it included only small firms that were online and thus did not include firms who had made the decision not to go online. Caution should be given to the interpretation of survey results obtained from a self-selected sample [14]. The sample was biased towards English speaking firms, and therefore the results may not be applicable to the whole of Canada. Internet use is higher in Western Canada and Ontario than it is in French speaking Quebec [30]. Finally, the study was biased towards Canadian-based firms. This may be problematic since researchers have found that the motivations and barriers to Internet adoption can differ across national boundaries [24].

Further research is also needed to determine why customers are reluctant to make reservations on the Web. [18] discovered that although many people are browsing the Web pages of B&Bs, these consumers are not using the Internet to make reservations. An Internet-based methodology to investigate the effectiveness of B&B Web sites, and the behavior of visitors online would be a natural extension of this research.

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