

# **Adoption of Social Media by SMTEs in China**

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## **Abstract**

This study aims to investigate the impact of social media on small and medium sized tourism enterprises (SMTEs) in China, and to assess factors associated with the adoption of social media by SMTEs in China. Little specific attention has been paid in the literature to the impact of social media on SMTEs and the diffusion of best practices of social media adoption among SMTEs. There are still fewer examples where these themes are explored in the context of China. The original contribution of this research is to demonstrate how social media adoption is taking place in SMTEs in China.

Both quantitative and qualitative methods of analysis are employed in a mixed methods approach. Questionnaires surveys completed by owner/managers of small and medium sized hotels (n=92) and travel agencies (n=48) in Beijing are analyzed alongside 13 semi-structured interviews (8 hotels and 5 travel agencies). The results demonstrate that social media has been applied in SMTEs in China, and makes a significant contribution to marketing and advertising, product distribution, as well as communication with customers. A problem common to SMTEs is their inability to monitor the effect of social media utilization, and to estimate return on investment. Therefore, this study suggests that demonstrating the return on investment in social media is a critical factor in business planning around social media implementation, reinvestment and improvement.

In terms of social media adoption, this study highlights that the impetus for business innovation can come from non-business related lifestyle experiences, as well as from owner/managers' perceived business benefits. In addition, a range of important factors associated with social media adoption are identified, namely owner/managers' related factors, social media related factors, customer related factors and resource related factors. Different attitudes towards using

social media are the outcome of complex decision making processes. The *experimental attitude* can shift to an *active attitude*, when owner/managers are confident in benefiting from social media or when they enjoy social media related work. Limited knowledge and resources, as well as previous experiences of failure, may hinder their further social media implementation and the development of improvement plans, whilst their *experimental attitudes* or *active experimental attitudes* shift to '*wait and see*' attitudes.

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# Chapter One – Introduction

## 1.1 Research background: Social media and small and medium sized tourism enterprises in China

As an information intensive industry (Sheldon, 1997; Werthner & Klein 1999), the global tourism industry has been changed rapidly by Information Communication Technologies (ICTs). The introduction of the Internet, and other interactive tourism multimedia platforms, has altered the structure of the tourism industry profoundly (Buhalis, 2004). Web 2.0 is one of the most important recent developments in ICT, enabling users to contribute to developing, rating, collaborating, and distributing Internet content and customizing Internet applications (Vickery & Wunsch-Vincent, 2007). Web 2.0 encourages user generated content (UGC) to be created, which is a way to add value through peer produced knowledge (Lee, Miller & Newnham, 2009). Nowadays, Web 2.0 ICT is widely used by tourists to not only collect information about tourism products and services, but also to share their tourism experiences. It has been supposed by many researchers that online tourism information, available to all, provides an important stepping-stone for the development of successful marketing programs and better information systems in tourism (Fesenmaier, Wöber K. W. & Werthner, 2006; Xiang, Wöber & Fesenmaier, 2008; Xiang & Gretzel, 2010). Social media, as an important tourism-related information source within the realms of the Internet, has been the focus of study for academic researchers and tourism marketers in recent years. Xiang and Gretzel (2010) portray social media as an internet mega trend. They argue it has significantly impacted tourism supply and demand by facilitating various types of UGC: Blogs, virtual communities, social networks, wikis, online video, photo sharing and forums etc. In the era of social media, the Internet has evolved from a broadcasting medium to a participatory platform which allows people to create 'media' themselves by collaborating and sharing information (Li & Wang, 2011; Thevenot, 2007). There are two main research strands surrounding social media in tourism. Firstly, the impact it has on traveller behaviors (i.e. travel information searching, purchase decision making and tourism product evaluating), and

secondly its functional uses employed by tourism organizations (i.e. communication, marketing and promotion, product distribution, improving business management, conducting market research).

Social media is a topic of intense interest to academic researchers of tourism, which is demonstrated by discussions in a number of tourism related journal articles (e.g. Schmallegger & Carson, 2008; Xiang & Gretzel, 2010; Yoo, Lee, Gretzel & Fesenmaier, 2009; Leung, Law, van Hoof & Buhalis, 2013; Sparks & Browning 2011; Miguéns, Baggio & Costa, 2008; Krempf, 2007; Noone et al, 2011; Tussyadiah & Fesenmaier, 2009). Despite this, there are few studies that specifically investigate the impact of social media on small and medium sized tourism enterprises (SMTEs), and the diffusion of social media best practice adoption among SMTEs. There are even fewer examples where these themes are explored in the context of China (e.g. Li & Wang, 2011; Chan & Denizci Guillet, 2011). The vast majority of tourism enterprises around the world can be classified as small and medium sized tourism enterprises (Buhalis, 1998; Gammack et al, 2004). Small business owners are easily attracted to the tourism industry due to low levels of capitalization and the skills needed to enter tourism industry (Shaw, 2004). Further, they perceive motivations that are frequently not primarily financial (Thomas, Shaw and Page, 2011). Tourism offers entrepreneurial sole proprietors and/or families easy access to a number of small or micro-business types (Getz & Carlsen, 2005). Moreover, Karanasios and Burgess (2008) stated that small tourism businesses in the developing world are the most numerous form of tourism enterprise in these locations. Figures provided by CNTA (China National Tourism Administration) show that in 2006 there were 12,751 star-rated hotels in mainland China, of which 95.3% were small to medium sized (i.e. less than 300 rooms and less than 400 employees). The data also shows, in same year, that there existed a total of 18,943 travel agencies, of which 96% were small to medium sized (i.e. less than 1 billion Yuan turnover and less than 400 employees) (Gai, 2009). SMTEs have continued to contribute to innovation, economic growth, social benefit creation, destination competitiveness, and employment generation. The importance of small tourism enterprises became a growing focus of interest in the 1980s, following a series of case studies concerned with the role of small business, particularly in the economies of British coastal resorts (Stallinbrass 1980; Shaw & Williams, 1987).

These case studies were expanded upon from the late 1980s as entrepreneurship within the small business sector became more closely researched in tourism studies (Williams et al, 1989; Shaw & Williams 1990, 1998; Wanhill, 1996; Buhalis & Cooper, 1998).

The distinctiveness of SMTEs has been identified and explored by previous researchers. It is therefore important that this research, which examines social media adoption by hotels and travel agencies in SMTEs, is fully cognizant of the distinctive characteristics of SMTEs. According to Shaw, Williams and Greenwood (1987), based upon their research into the accommodation industry in Cornwall (UK), the typical characteristics of small tourism organizations are: Individual-owned businesses in many cases funded entirely by private capital; high concentrations of family employment; lack of business plans and strategy; a lack of entrepreneurial skills. Buhalis (2004) has also argued that SMTEs differ from their larger counterparts, not only because of their smaller size, but also because of their independence, flexibility, and often family ownership and management. The distinctions between large and small firms in all sectors has been identified in Storey's (1994) small business research, and then applied to tourism by Thomas (1998, 2000) as well as Page, Forer and Lawton (1999). In these works, a number of issues are explored: Firstly, the notion of uncertainty faced by small businesses (i.e. the greater external uncertainty of the environment in which the small firm operates together with the greater internal consistency of its motivations and actions). Secondly, different approaches to innovation (e.g. the ability of the smaller firm to provide something marginally different, in terms of product or service, which distinguishes it from standardized products or services provided by larger firms). Thirdly, the greater likelihood of evolution and changing management approaches, as well as the structure of the organization in the smaller firm. Fourthly, availability of capital associated with financial constraints. Fifthly and finally, operating in a distinctive manner as a result of a lack of specialist managers for various functional activities. These distinctive features were considered as partly making a case for the separate study of small firms in tourism.

As mentioned previously, SMTEs are the majority organizational form in the Chinese tourism industry. In this emergent economy, economic health and social

stability has been perceived to depend largely, but not exclusively, on the success of SMEs (Forney/Chengdu, 2003). The positive contribution of SMEs in China is believed to be related to their characteristic features; their small size enables them to be operationally and strategically flexible, which provides them with the capability of taking advantage of new opportunities (Zhang & Morrison, 2007). This flexibility means that they can adapt to changing business environments more effectively through innovation. However, SMTE business performance in China is possibly constrained by common structural weaknesses (Poutziouris, Wang & Chan, 2002), namely high business failure rates due to cost disadvantages inherent in small-scale production; product portfolio and managerial skills limitations; limited access to development finance; a low skill base in seeking finance; lack of strategic marketing; failure to establish marketing and distribution networks; limited exploitation of market relationships with existing customers; lack of time to improve competitiveness and product quality; lack of market research and information analysis skills, as well as inexperience with modern information technology. Moreover, SMTEs still cannot easily free themselves from government restrictions (e.g. restriction on their trading scope to the domestic market). Neither can they directly benefit from government support often enjoyed by large national-owned enterprises (Zhang & Morrison, 2007). The strengths and weakness of SMTEs in China are vital considerations when examining the constraints and enabling factors of ICT and social media adoption.

Previous research on ICT adoption among SMTEs in more developed economies provides a guide to thinking about social media adoption by SMTEs in China. For example, it has been found that owner/managers play a central role in SMTEs, and the level of ICT adoption is closely linked to the skills and attitudes of owner/managers (Buhalis & Main, 1998; Martin & Matlay, 2001). Martin (2004) stressed that owner/manager's motivation and ability to develop tacit knowledge (i.e. know-how) were firmly associated with innovation success. The adoption of ICTs relies on the process of information collection and analysis by SMTE owner/managers. Further ICT adoption related issues were discussed by researchers, such as skilled human resources (Buhalis & Murphy, 2009; Lu, Lu & Zhang, 2002; Shanker, 2008; Paudel & Hossain, 2006); policy and government support (Skoko, Ceric & Huang, 2008; Zhang & Morrison, 2007;

Murphy & Kielgast, 2008; Du, Xin, Xu, Zhou & Guo, 2011); financial resource (Shanker, 2008; Buhalis, 2008; Schmallegger & Carson, 2007; Huang et al, 2002; Skoko, et al, 2008); required knowledge and knowledge reinvention (Martin, 2004); customer demand, technology acceptance and preference (Brown & Kaewkitpong, 2009; Lu & Lu, 2004; Ma, Buhalis & Song, 2003) and online security issues (Ma et al, 2003; Heung, 2003; Ozturan & Roney, 2004; Kim, 2004; Khanchouch, 2005; Abou-Shouk et al, 2012). With respect to ICT adoption in China, a number of researchers (Du et al, 2011; Lu & Lu, 2004) have concluded that the usage of ICT applications in tourism sectors is limited in China due to technical barriers and financial barriers involving capital investment, along with organizational and behavioral bottlenecks.

## **1.2 Aims and objectives**

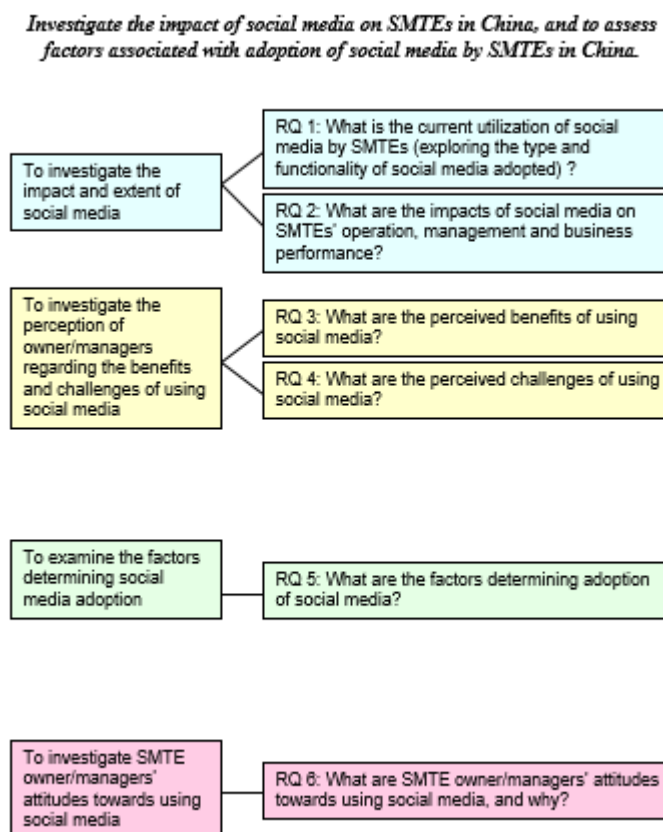
The aim of this study is to investigate the impact of social media on SMTEs in China, and to assess factors associated with the adoption of social media by SMTEs in China. The region of Beijing was chosen as the appropriated case study area as it represents one of the most important tourism destinations in the country, and is home to a significant proportion of China's tourism related firms. In order to reach the aims of this research, four specific objectives are investigated (Figure 1.1)

The first objective explores the impact and extent of social media on SMTEs in China. The impact of social media are examined in two aspects: first, the current utilization of social media (different types and function selection); second, the impact on their business performance as well as business operation and management following the adoption of social media. The second objective focuses on examining the perception of owner/managers regarding the benefits and challenges of using social media in SMTEs. Owner/managers' perceived benefits/challenges are important impetuses/barriers of social media adoption due to their central roles and strong decision-making power in their businesses. The third objective is to examine the factors determining social media adoption. Researching the third objective involves the analysis of a wide range of factors, including: owner/manager related factors, financial resource related factors, skilled human resource related factors, customer related factors, government



and policy related factors, social media related factors, and knowledge development and sharing. The fourth and final objective is to investigate SMTE owner/managers' attitudes towards using social media. Different types of attitudes and their transitions are identified, and further studied as the outcomes of a complex decision making process.

Figure 1.1 Aims, objectives & research questions of this study



(Source: author)

### 1.3 Structure of the thesis

The thesis comprises seven chapters. The literature review (Chapter 2) provides an overview of current knowledge, exploring the impact and utilization of social media, the characteristics of SMTEs (including those in the Chinese context), and tourism ICT adoptions. The conceptual background of this study is developed from the synthesis of ideas in these three bodies of literature, with the aim of providing a model that has informed the research design. The first section

of the literature review examines the impact of social media on the tourism industry (including the impacts on traveller behavior and tourism firm organization), which is followed by a study of the different functions and types of social media employed by tourism enterprises. The second section illustrates the distinctiveness of SMTEs in China, paying particular attention to the policy frameworks and the Chinese policy context. The final section explores research into ICT adoption among SMTEs, which takes the form of a meta-review of the literature with the aim of identifying the factors that are associated with ICT adoptions.

Chapter 3 explains the methodology applied in this study. It explores the research approach, the data collection techniques adopted, the sampling strategies employed and the forms of data analysis pursued. A mixed method approach is employed in this study in order to generate reliable and valid results. Quantitative and qualitative data were collected via a questionnaire survey and semi-structured interviews with owner/managers of small and medium sized hotels (SMHs) and small and medium sized travel agencies (SMTAs) in Beijing.

The results of this study are reported in three chapters, in order to study the different sub-samples (i.e. SMHs and SMTAs) respectively, and explore the similarities and differences between them through comparison. Chapter 4 and Chapter 5 present the results of the quantitative and qualitative analysis of the data derived from SMHs and SMTAs respectively. Chapter 6 then provides comparisons of the results presented in chapter 4 and chapter 5 exploring the differences and similarities between these two tourism sectors. The comparison chapter presents a discussion in which the differences between the two sectors are explored in depth, suggesting possible reasons for these differences.

# Chapter Two – Literature Review

## 2.1 Introduction

The aim of this chapter is to review previous literature associated with social media studies in the tourism industry, in order to understand the impacts of social media (positive and negative) and the factors associated with its adoption by small and medium tourism enterprises (SMTEs) in China. Although there is relatively limited literature that specifically addresses social media adoption by Chinese SMTEs, the existence of literature about social media, SMTEs, and ICT adoption provides the theoretical background to this study. This chapter begins by examining the impact of social media on the tourism industry (including impacts on traveller behavior and firm organization), followed by the study of different functions and types of social media employed by tourism organizations. Next, the chapter explores the distinctiveness of SMTEs in China, which includes an examination of the relevant policy frameworks and the Chinese policy context. Finally, ICT adoption among SMTEs is considered through a meta-review of the literature, which identifies possible factors associated with ICT and social media adoptions.

## 2.2 Social media and tourism industry

### 2.2.1 Rapid development of Web 2.0 and social media: An overview.

Tourism is an information intensive industry (Sheldon, 1997; Werthner & Klein 1999):

Information communication technologies (ICTs) have been changing the global tourism industry rapidly. The implications of the internet and other growing interactive multimedia platforms for tourism promotion are far reaching and alter the structure of the industry. (Buhalis, 2004: 104)

Xiang and Gretzel (2010) suggested that the innovation in technology and

changes in consumer behavior which impact the distribution and accessibility of travel-related information are important phenomena to study. Buhalis and Law (2008) also argued that the Internet has fundamentally reshaped the way tourism-related information is distributed and the way people plan for and consume travel. Web 2.0 is one of the most important developments of ICT, and it describes a Web which is 'increasingly influenced by intelligent Web services that enable users to contribute to developing, rating, collaborating and distributing Internet content and customizing Internet applications' (Vickery & Wunsch-Vincent, 2007: 9). Nowadays, Web 2.0 ICT is widely used by tourists to collect information about tourism products and to share their tourism experiences. Access to, and development of, Web 2.0 has been facilitated by factors such as more powerful and affordable hardware/software, faster network connections, the enhancement of easy-to-use tools for creating and sharing content, a higher global e-literacy, and the proliferation of portable and wireless platforms (Parameswaran & Whinston, 2007). All these factors have led to a change in the focus of control in the creation. Traditionally, web content was controlled by the organizations and corporations to which the content referred, but now is to a large extent the expression of the interaction and participation of an end-user, created by the end user themselves. The expression refers to user generated content (UGC), where users add value and peers produce knowledge (Lee et al, 2009). An important characteristic of Web 2.0 sites is an intrinsic ability to include various technologies and applications within the site to enhance functionality. This enhanced functionality is primarily associated with such sites being able to publish and display diverse content that is user-contributed, or where the site might draw information synergistically from a third party (Sellitto et al, 2010). This is particularly beneficial when it comes to web based tourism promotion. It has been supposed by many researchers that the availability of online tourism-related information to travellers provides an important stepping-stone for the development of successful marketing programs and better information systems in tourism (Fesenmaier et al, 2006; Xiang et al, 2008; Xiang & Gretzel, 2010). Web 2.0 has also changed the role of consumers (Akehurst, 2009), empowering tourists with more knowledge, and encouraging them to seek exceptional value for money and time. Experienced, sophisticated, and demanding travellers require interaction with suppliers to satisfy their specific needs and wishes (Buhalis & O'Connor, 2005).

Social media, as an important tourism information source in the online environment, has been the focus of study for academic researchers and tourism marketers in recent years. Blackshaw (2006) provided a contextual definition of the concept, describing social media as Internet based applications that carry consumer-generated content which encompasses media impressions created by consumers, typically informed by relevant experience and archived or shared online for easy access by other impressionable consumers. Xiang and Gretzel (2010) indicated 'mega trends' emerging on the Internet impact tourism significantly. For example, social media websites and search engines, the former representing various forms of UGC, such as blogs, virtual communities, social networks, wikis, online video, photo sharing and forums. In the era of social media, the Internet has evolved from a broadcasting medium to a participatory platform, which allows people to become the 'media' themselves by collaborating upon and sharing information (Li & Wang, 2011; Thevenot, 2007). Bodnar (2010) reported that each day more than 3 million photos are uploaded to Flickr, and 5 million tweets made, and a million new blog entries posted. These statistics demonstrate the high prevalence of social media in our lives (Leung et al, 2013).

Gomathi and Gowtham (2013) argue that social media has continued to evolve and offer consumers around the world new and meaningful ways to engage with the people, events and brands that matter to them. Not only this, but social media is still growing rapidly, becoming an integral part of our daily lives. They also provided two reasons to explain social media growth. First, there are more opportunities to connect through mobile and tablet devices, and second, these technologies continue to connect with and facilitate new social trends (e.g. Video broadcasting, slide sharing, WhatsApp messaging and niche social media platforms). The interconnected phenomenon of social media, UGC, and tourism is not new and has been explored in several studies. Despite the fact that researchers have studied different types of social media, and their impacts on both travellers' decision making and tourism operations and management, there are insufficient studies which present content about adoption of social media by small and medium sized tourism enterprises (SMTEs) in China.

## **2.2.2 Impact of social media on traveller behaviors**

Social media has changed traveller's behavior, in terms of travel information investigation, online booking and tourism product evaluation. Similarly, Leung et al (2013) summarized previous studies on the roles of social media in the pre-trip stage, the during-trip stage and the post-trip stage of the traveller's planning process. Four key areas of investigation in previous studies will be introduced in the following paragraphs.

First, social media has affected traveller's information search behavior. Tourism services are intangible and experiential in nature (Buhalis, 2003; Litvin, Goldsmith & Pan, 2007), and can hardly be evaluated before consumption (Lewis & Chambers, 2000; Schmallegger & Carson, 2008). Therefore, there is higher risk for consumers when buying tourism services, compared to other tangible/durable products. Social media provides a more information rich environment in which to evaluate travel and tourism services, which is supported by ratings and descriptions such as narratives, photographs and videos (Noroozi & Fotouhi, 2010). Social media sites help consumers to reduce the risks of making wrong decisions (Jeng & Fesenmaier, 2002). Huang, Basu and Hsu (2010) assumed that the primary motivation driving the traveller's adoption of UGC and social media is obtaining travel information. In the study by Yoo et al (2009), the authors report that the majority (80.5%) of travel-related UGC media users looked at travel reviews, half (50.6%) looked at photos, 21.8% read blogs, 23.6% read comments on blogs, 22.4% read postings in discussion forums, 4.2% viewed videos, and only 3.8% listened to audio files. Among all information sources, e-word of mouth (eWOM) has been recognized as one of the important information source for travel planning. A recent survey found that consumers preferred to trust websites with reviews than professional guides and travel agencies, and far from being an irrelevance, blogs are often perceived to be more credible and trustworthy than traditional marketing communications (Akehurst, 2009). Leung et al (2013) also suggested that consumers often see themselves in the reviews of others and understand products and services based on the perception of their 'friends' or fellow consumers. Through social media, consumers can not only collect travel information from friends and relatives who are within their social network, but also obtain information from

Internet users worldwide.

A number of factors have been found to determine social media adoption by consumers including: the perceived utility and the age of the planner (Lee, 2011); contemporaneity (up to date) and variety of UGC (Salkhordeh, 2009); the trustworthiness of the UGC and social media platform (Menon, Deshpande, Perri III & Zinkhan, 2002; Burgess, Sellitto, Cox, & Buultjens, 2009; Yoo et al, 2009). Significantly, it is the trustworthiness of travel related UGC on social media that has been found to be the single most important determinant of adoption by consumers in previous studies. Yoo et al (2009:49) stated that “even though rising numbers of online travellers use consumer generated media for their decision making, consumers often perceive online UGC as less trustworthy than traditional word-of-mouth”. The reason for this phenomenon results from the difficulty of identifying the message source (Sparks & Browning, 2011). UGC on social media can be unreliable when it may be posted by someone with a vested interest or commercial self-interest (Leung, et al, 2013). Organizations can post positive comments on travel review sites or their own blogs websites, in order to promote their own eWOM and online reputation. These practices are referred to as ‘online stealth marketing’ tactics. The proliferation of stealth marketing tactics will lead to a breakdown of online trust, reducing the value of investing in social media as a marketing tool by tourism organizations, and harming the development of the e-tourism domain. As consumers and businesses become increasingly reliant on online services, we have witnessed attempts to provide greater protection for consumers and businesses.

Second, UGC on social media has a significant influence on travellers’ booking behaviors. Sparks and Browning (2011) revealed that hotel customer booking choice is determined by the target of the review (core or interpersonal); overall valency of a set of reviews (positive or negative); the framing of reviews (what comes first: Negative or positive information); and whether or not a consumer generated numerical rating is provided together with the written text. Consumers seem to be more influenced by early negative information, especially when the overall set of reviews is negative. However, positively framed information together with numerical ratings was shown to increase both booking intention and consumer trust (Sparks & Browning 2011). The results suggest that

consumers tend to rely on easy-to-process information when evaluating a hotel based upon its reviews. Higher levels of trust are also evident when a positively framed set of reviews focused on interpersonal service. Moreover, Tussyadiah, Park and Fesenmaier (2011) claimed that UGC on social media helps audiences gain information about a place (destination) by recognizing coherence in the story, and subsequently generated higher motivation as well as likelihood of choosing the destination.

Moreover, some social media sites (e.g. reviewing sites) also impact the purchase choices consumers make when buying tourism products or services via dynamic packaging tools with dynamic pricing. These sites facilitate interactive process between the tourism suppliers and the customers. Dynamic packaging is introduced into the booking process by making it possible for the customer to add on extras and include these in a revised package price. An online consumer may prefer to arrange a sightseeing trip after securing the initial transport and accommodation deal. Rather than introducing ready-made packages of transport/transfer/accommodation to customers, social media sites allow the customer to build the final package from menus of transport, transfer options, and accommodation types with greater flexibility. This is a move towards tailor-made packages that are put together according to the customer's specifications from a choice of various elements in the market. Furthermore, increase in database size and specificity and the decrease in general database management costs, coupled with the ease of changing prices in the Internet environment, allows for a more precise and cost-effective estimate of individual-level demand that can enable dynamic pricing (Baker, Marn & Zawada, 2001). ICT, (including social media), has also eased information search and increased interactions among customers, and hence has increased their potential awareness of such price differentiation (Sinha, 2000), gradually impacting on buyer behaviors online.

Third, social media encourages participants to generate rich online content, which travellers can actively consume and contribute to, with the effect of diffusing travel information across the Internet (Pantelidis, 2010; Spark & Bowning, 2011; Leung et al, 2013). Fotis et al (2011) revealed that social media is predominantly used after holidays for experience sharing. Pan, MacLaurin and



Crotts (2007) found that sharing life experience and social interaction are two major factors motivating bloggers to generate UGC. In a study conducted by Parra-López, Bulchand-Gidumal, Gutiérrez-Taño and Díaz-Armas (2011), it was found that travellers' participation and contribution to social media are attributed to the expected social, hedonic, and functional benefits.

Finally, some studies also focused on users' demographic profile. Gender differences were found for web usage in general (Sanchez-Franco, 2006), in particular online travel information search (Kim, Lehto, & Morrison, 2007). Research also suggested that women are more likely to engage in WOM behavior, and female Internet users have been found to be more likely influenced by recommendations received from friends than more formal information (eMarketer, 2007). Further, differences exist for different age groups. Young consumers (millennial or Generation Y) are more likely to be influenced by eWOM, with 85% of them indicating that they primarily learned about new products through eWOM (eMarketer, 2007). Differences in the use of information sources driven by age have also been reported in the tourism literature. It is reported that WOM is particularly important for older travellers (Fodness & Murray, 1997; Fall & Knutson, 2001; Patterson, 2007).

### **2.2.3 Impact of social media on tourism suppliers and intermediaries.**

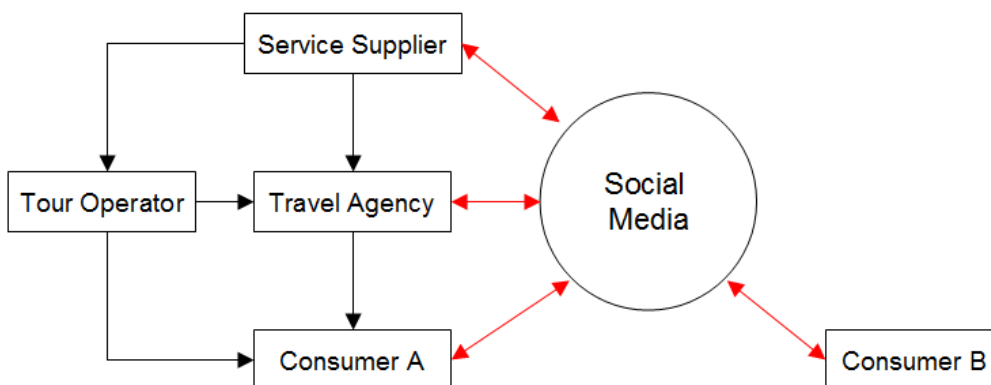
With the development of UGC and social media, there has been a power transfer from suppliers to consumers. The greater power of consumers has led to increasing pressure to deliver greater value to customers, resulting in intense competition among tourism enterprises for loyalty. This long-term shift of negotiating power cannot be ignored. Akehurst (2009) predicts that future consumers will be dramatically different from past consumers, they will be more demanding, more time-sensitive, more information intensive, highly individualistic, and some of them will develop immunity to marketing hype. Customers may have more information about product providers than providers will have about consumers, and consumers will largely dictate the timing and mode of communications. They no longer passive and they have greater control of information flows between buyers and sellers.

From the service providers' point of view, the seasonal and perishable nature of products gives rise to marketing stress (Rao & Singhapakdi, 1997; Lewis & Chambers, 2009). Blackshaw and Nazzaro (2006) assume that online tourism marketers potentially face fierce competition from social media because the search process can lead millions of consumers to highly-relevant social media content pages that influence attention, awareness, trial-ability, and loyalty levels. Xiang and Gretzel (2010) argue that as marketers strive to know how to provide attractive, persuasive, and technologically sustainable marketing programs online, they must also compete with social media and consumer-generated content. The presence of social media potentially has a negative impact on the audience pool, the reach of web-based marketing programs, and the brand equity of tourism firms. Tourism organizations face competition as a result of social media, however, they are also well placed to take advantage of these new opportunities (Adam, Cobos & Liu, 2007). The questions about marketing, communication, distribution channels, improving business management, and efficient marketing research (Liu, 2005; Carson, 2008) through social media adoption are highlighted for the tourism industry in a range of studies (see 2.2.4 for further elaboration). In terms of hotel studies, many researchers stated that online reviews may affect room sales, by acting to increase consumer confidence and thus reducing the risk attached to booking accommodation (Gretzel & Yoo, 2008). Despite the demonstrated fact that positive comments on social media can improve consumers' attitudes towards hotels (Vermeulen & Seegers, 2009), the hospitality industry continues to struggle with incorporation of online interaction tools into their communications (Dwivedi, Yadav & Venkatesh, 2011). The integration between hotel online communication and social media would be a major development for the hospitality domain, because it enables hoteliers to gain more insights on customers buying behavior and their decision-making processes (Brown, Broderick & Lee, 2007), thereby opening new business opportunities (Hsu, 2012). Schmallegger and Carson (2008) also suggested that the simple incorporation of social media within websites seems to be inadequate, because social channels need particular attention in terms of strategy and management.

Moving on to consider other effects of social media, there are a number of impacts felt by tourism intermediaries. Tourism marketing practice depends

heavily on intermediaries (such as tour operators and travel agencies) along the supply chain, who add time and place utilities to the tourism products. They should serve as important informational conduits (Akehurst, 2009) and provide access to tourism products for consumers. However, they have to change their positions and strategies to deal with the danger of being cut off or replaced by UGC and social media. The discussion of disintermediation and re-intermediation has lasted for more than 10 years and ever since the e-commerce model appeared along with the Dotcom Boom (Ma et al, 2003). In order to regain their power in sales and informational channels, travel agents put more emphasis on consulting and the handling of complex tourism products. At the same time, tour operators blur the boundaries between individual travel itineraries and packaged tours, based on mass-customization and flexible configurations.

FIGURE 2.1 TOURISM VALUE CHAIN AND SOCIAL MEDIA



(Source: author)

#### 2.2.4 Functions of social media employed by tourism enterprise.

Based on the potential applications of ICT for tourism organizations suggested by Carson and Sharma (2001), Schmallegger and Carson (2008) proposed that the Web 2.0 applications could be utilized for five key functions, namely communication, marketing and promotion, product distribution, management, and market research. In this section, these five areas of investigation of social media utilization in previous studies will be introduced one by one.

#### **2.2.4.1 Communication**

Social media enables worldwide users to interact, communicate, and share ideas, experiences, and information. Li and Wang (2011) stated that a shift in communications approaches of companies has occurred. They see a movement away from pushing out and defending against consumer interaction toward enticing consumers to contribute and interact in order to create a collaborative and mutually beneficial/profitable relationship. In service-dominant logic, customers have been viewed as co-creators, with the value embedded in the market offering being challenged by an alternative view that value for customers emerges in the customers' sphere, i.e. in their own value-generating processes or value-in-use (Vargo & Lusch, 2004; 2008). Obtaining information on customers and market needs (e.g. information about preferences, needs, desires, satisfaction, and motives of customers) via social media facilitates in-depth understanding of customers' requirements and the process of customer co-creation. Co-creation activities can be performed in acts of business to customer (B2C) and customer to customer (C2C) interaction, facilitated by social media. Through these interactions, customers engage with social marketers to co-create different aspects of the market offerings, and social marketers engage in customers' value-generating processes to co-create better value-in-use. Therefore, a lack of interaction may affect the ultimate success of social media (Chan & Denizci Guillet, 2011). Moreover, in terms of communication with customers via social media, companies can convey the brands, product updates, and other news to customers through instant communication (Schmallegger & Carson, 2008). At the same time, customers might provide positive and negative comments on the existing strategies and practices used by companies. Negative online comments and eWOM about companies might be a challenge for tourism marketers, but social media can also offer channels to explain reasoning behind service failures, detailing recovery periods etc. It can be a tool to pacify dissatisfied customers and protect company brand goodwill and image. Furthermore, customer input can be used as clues for future strategies as well as new product and service customization.

Social media provides communication opportunities not only for customer engagement, but also for internal communication and business to business (B2B) interactions. Tourism enterprises can benefit from internal communication,

training, and knowledge management within a company via social media. Nacht (2007) suggested that an “intranet blog” can serve valuable training functions in businesses where staff members are in disparate locations. This tool may allow management staff to share experiences, judgments, best practice examples, and to coach employees on new skills. Moreover, the researcher has suggested that B2B communication through social media is an important medium to share opinions and information on the latest trends, technological developments, research findings and marketing tips (Lew, 2007).

However, the success of using social media greatly depends on the approach being employed, not on the technology itself (Gretzel, Yuan & Fesenmaier, 2000). In the study exploring the social media marketing of Hong Kong hotels, Chan and Denizci Guillet (2011) argued that a majority of Hong Kong hotels failed to facilitate interactions and communications within the community – mainly due to a slow response to concerns raised online. It shows that a low responsiveness to its customers may lead to a potential business loss.

#### **2.2.4.2 Marketing and promotion**

Using social media for promotion is often considered as an inexpensive marketing activity compared to traditional advertising. Ellion (2007) suggested using company blogs or business to consumer (B2C) blogs to create lively and credible content and to facilitate continuous contact with clients. Schmallegger and Carson (2008) also mentioned using blogs as a marketing promotion activity, following to describe the cost of establishing and managing blogs and forums as much cheaper than traditional advertising activities. With proper management, the reputation of destinations or the credibility of suppliers and companies themselves can be dramatically improved. Serving as an information source, social media provides opportunities to develop a brand voice and instill trust with customers (Leung et al, 2013). When trust is built, more direct information on products and services can be delivered to audiences, and this activity subsequently contributes to brand building, product awareness, and revenue increases. In addition, many researchers highlighted that social media can improve search engine results (e.g. rankings), increasing traffic to company websites, and even online sales (Schmollgruber, 2007; Wyld, 2008). However, some researchers argue to the contrary that the content on social media should

not be promotion-oriented, but clearly different from the content provided in traditional marketing information (Fernando, 2007; Schmallegger & Carson, 2008). More added values (e.g. interesting stories, unique insider information and cost-saving opportunities) should be provided by companies in order to encourage visitor contributions (Akehurst, 2009). Although the potential of social media in marketing has been extensively discussed and explored by researchers and practitioners, Chan and Denizci Guillet (2011) found that some companies lacked a sustained social media marketing effort due to the uncertainty about returns on investment in social media marketing. It is not easy to evaluate financial returns with limited evidence and technological support. Companies may doubt whether their investments in social media can provide a return, and may be uncertain as to what level of resources they should invest in this medium (Leung et al, 2013).

#### **2.2.4.3 Product distribution**

In early studies of the comparisons between multimedia on-and-offline sales, Brynjolfsson, Hu and Smith (2003) reached the conclusion that the digitalization of content products and their sale via online media was going to have an effect on the traditional economic model that goes beyond the mere transfer of the distribution channel. Naturally, the birth of the online channel has resulted in lower distribution costs. Despite the potential of social media adoption to convert website visitors into actual customers, Noone et al (2011) stated that practitioners generally regard social media as a marketing and information dissemination platform rather than a distribution channel. The social media applications in direct product distribution are more limited than communicating and marketing. However, a number of studies on TripAdvisor (Miguéns et al, 2008; Krempf, 2007; Law, 2006) demonstrated that distributing hotel room inventory on Tripadvisor is a strategy employed by hotels to generate revenue via links to booking platforms. Compared with directly distributing products, stimulating demand via social media may contribute to indirect distribution opportunities and a reduction in distribution costs (Leung, 2013). Incorporating links to company's e-commerce sites or booking platforms on social media pages has been proposed as a method of driving revenue generation (Noone et al, 2011; Sharda & Ponnada, 2008). Moreover, through analyzing the content on social media, enterprises can obtain insight into customer preferences and

potential sales opportunities. By understanding customers' characteristics and their behavioral patterns, suppliers may utilize UGC to devise pricing strategies, in order to enhance the value proposition and increase customer patronage (Leung, 2013).

#### **2.2.4.4 Management**

Social media can be a valuable tool to collect consumer feedback that is used to attract new customers and retain current consumers, it can create strong and effective customer relationship that strengthen brand loyalty (Salkhordeh, 2009). Therefore, managing UGC in order to enhance customer relationships is crucial for social media adoption. Litvin et al (2008) suggested that managing UGC on social media can be used to enhance visitor satisfaction, solve visitor problems, understand visitors' experiences, analyze competitive strategies, and monitor the image and reputation of a company. In their study of social media impacts on the hospitality industry, Rosman and Stuhura (2013) found that social media can make it much easier for companies to learn about, to retain, and finally to engage the customers in the whole customer relationship management cycle. However, challenges related with online complaint handling, reputation management, and crisis management, are also faced by companies who are using social media. In Clark's (2013) study, it is assumed that social media is largely used by younger generations as a complaint channel for venting their anger against organizations, and that these young people assert power over organizations by utilizing the pressured environment that social media creates, leveraging the influence of mass complaints. In a crisis situation, the acceptance of responsibility and apology leads to more positive reactions and raises organizational reputation of the company (Schultz, Utz & Goritz, 2011). In the social media era, the crisis management task becomes more complicated, due to the enabling of millions of people to share information in a short time. Blogs and Twitter were considered by Schultz et al (2011) as efficient tools to "repair" the reputation and prevent boycotts, and it is imperative that the information released to social media and its audience is accurate and timely.

#### **2.2.4.5 Market Research**

UGC on social media is increasingly being considered as a new source of information for market research, as well as internal and external environmental

analysis (Leung, 2013). Monitoring UGC through blogs is identified as an efficient way to detect what is being said about one's own company and competitors, and as a way of seeking inspiration for product development and enhancement. Choi, Lehto and Morrison (2007) support the view that through the careful analysis of blogs, tourism organizations and enterprises will be able to assess 'hard to reach' market segments or uncover unsuspected strengths and weaknesses of a destination or tourist organization. Noone et al. (2011) also suggested that reviewing UGC on social media may generate a better understanding of the characteristics of consumers. The information might be used to develop target advertising and a promotional message for specific social media applications. Moreover, the information will help in the search for improved revenue opportunities. However, some researchers argued that analyzing UGC and evaluating social media might be relatively difficult in reality because of financial and resources constraints (Kim & Hardin, 2010).

### **2.2.5 Previous research on utilizing different types of social media by tourism organizations**

This section focuses on understanding how tourism marketers utilize different types of social media in order to support their online strategy. The investigation of eWOM and five types of social media, namely product review system websites, microblogging, social networking, blog, and multimedia broadcasting/sharing sites, will be introduced in the following subsections.

#### **2.2.5.1 Study on eWOM**

Some researchers studying social media have focused on eWOM (electronic word of mouth). Litvin, et al (2008), for example, classified new strategies for managing eWOM into two categories: informational and revenue generating. From an informational perspective, procedures need to be established that allow hospitality and tourism marketers to harvest discussion and feedback created online. Harvested information about property can be used to enhance visitor satisfaction through product improvement, to resolve customer's problems, to analyze competitive strategies, and to monitor company reputation and image. In addition, these websites (social media) also provide free and unbiased windows through which to glimpse competitor customer satisfaction levels. For the purpose of generating revenue, efforts towards managing eWOM could be



directed towards helping potential tourists to seek information by providing reinforcing images and opinions. Noroozi and Fotouhi (2010) supported that eWOM is sometimes more effective than traditional marketing tools, such as advertising and personal selling. The strategy of allowing and encouraging eWOM, thus creating 'Buzz' through social media, can bring both benefits and challenges to tourism enterprises. Obviously, positive comments on products or services can improve the image of tourism organizations, however, a crucial activity involves dealing with negative and critical comments in a timely way, because posting responses to critical comments can potentially diffuse negativity. Litvin, et al (2008) also suggested that hospitality and tourism companies might consider identifying popular bloggers and virtual communities that appeal to the demographics they wish to attract.

#### **2.2.5.2 PRS website**

The chapter now turns to consider tourism product review system (PRS) websites (e.g. tripadvisor; IgoUgo), which are designed to create positive images, to collect consumer information, and to relay opinions on destinations or tourism managers. PRS websites are less personal than other forms of social media (e.g. social network sites), but they are more ubiquitous platforms for eWOM where consumers can post reviews about the products they have consumed. Consumers put more trust in the opinions of fellow consumers than in the content provided by product providers. Recent evidence suggests that at least 82% of US consumers who search for information from PRS websites based their decision on other consumers' opinions (eMarketer, 2007). Product review systems exist in the online space and can be easily accessed, linked to, and searched. From an organizational perspective, Noroozi and Fotouhi (2010) assumed that PRS enables organizations to reach large numbers of consumers at low cost, as well as sustaining an ongoing conversation and connection with customers, which can sometimes lead to differentiation. Porter (1980) says that a firm's strengths ultimately fall into one of two headings: cost advantages and differentiation. A number of researches provide case studies of TripAdvisor (Miguéns et al, 2008; Krempf, 2007; Law, 2006; Noroozi & Fotouhi, 2010), as an example of one of the most popular tourism and travel related PRS. According to the official website, TripAdvisor.com is currently a global website for travel information and advice, covering more than 270,000 hotels and attractions in

over 30,000 destinations worldwide (Noroozi & Fotouhi, 2010). It features hotels, attractions, and restaurant reviews written by consumers. With more than 25 million reviews and opinions and nearly 30 million unique visitors a month, TripAdvisor is the largest and most popular online travel advisory site. Krempf (2007) also highlighted the contribution of PRS websites to hotel room inventory distribution and revenue generation via links to booking platforms. Furthermore, some Online Travel Agencies (e.g. Expedia) also create their own PRS or integrate other PRS (i.e. TripAdvisor).

### **2.2.5.3 Microblogging**

Munar (2010) stated that the microblog is a specific genre inside the blog category that has become popular thanks to Twitter and some aspects of other social networks such as Facebook. The microblog allows the user to write a post with a limited number of words (e.g. 140 characters in Twitter.com), making this tool relevant when the tourist wants to make a short comment on his/her trip or provide an update on the experience. Tourists can use it to provide a 'life' scheme of the tourism experience, i.e. the experience is reported as it occurs. Akehurst (2009) argued that the advantage of microblogging UGC is immediacy, and immediacy encourages participation. This type of UGC has a high sociability component as it allows the tourist to keep his/her social cycle updated with travel information.

The microblogs are valuable as long as they are constantly updated. Novelty and speed, opposed to deep reflection or analysis, are what makes them relevant. Microblogging provides a unique image of the tourism experience as it occurs and contributes to the mediation of tourism in a highly innovative way that cannot be found in other traditional tourism media (Munar, 2010: 15).

However, knowledge about and empirical evidence on utilizing microblogging by tourism enterprises is still relatively limited. By including microblogs in this research, the thesis makes a significant contribution to knowledge.

#### **2.2.5.4 Social Networking sites**

Social networks are web-based communities that connect family, friends, co-workers, students and strangers all into one network. They also provide users with applications for the purposes of leisure, business, marketing and communication. The mission of social networks is to give people the power to share, making the world more open and connected. Social networking sites are typically structured with a news feed, a visible list of friends you are connected to, a wall that displays the users personal profile and current activities, a timeline, a 'like' function used by the user to endorse content, a window for messages and an inbox, notification list, list of networks, groups and pages. Social networking is widely used by the tourism industry, and it offers an alternative web-based tool for tourism enterprises to provide information, promote products and offerings, and respond to customer inquiries. Kasavana, Nusair and Teodosic (2010) highlighted the business potential of Facebook in assisting travel companies to pursue international electronic marketing. In a study of 67 Hong Kong hotel websites, Chan and Denizci Guillet (2011) found that hotels in Hong Kong have more extensive marketing efforts on Facebook than those on other social media applications. There has also been research that explores the use of social networks for 'viral marketing' that seeks to maximize positive word-of-mouth among customers. In Domingos' (2005) experiments, viral marketing is shown to make it possible to achieve much higher profits than ignoring interactions among customers and the corresponding network - as traditional marketing does. Yang's (2009) research into social networking sites in China, found that the sharing functions are the main contributors to the success of viral marketing in Renren.com and Kaixin.com. Yang (2009) also suggested three strategies for successful viral marketing on social networking sites: creative content, customer engagement and image making.

#### **2.2.5.5 Blogs.**

A blog conveys individual opinions about specific issues and contains many elements related to the traditional diary format, but in contrast can also contain encyclopedic knowledge and review passages. Travel blogs have been regarded as one of the most important sources of eWOM for travel planning, and subsequently, have become one of the most utilized applications of social media by tourism enterprises. Blogs are not related to rankings in the same way that

PRS websites are, but usually allow for comments from other users to be posted as responses to specific content. The major reason for more travellers seeking information from travel blogs is certainly the higher perceived credibility of consumer opinions as compared to traditional tourist information sources.

From the service provider perspective, blogs provide opportunities to gather customer information, and their positive and negative opinions can be used for self-reflection. Customer concerns, changes in customer behaviors, and new trends can be monitored, which is much more efficient and effective than 'contact us' strategies. A professional blog also offers chances of direct communication between suppliers and customers or within supplier networks. More opportunities for co-operation have the potential to contribute to a flourishing tourism business environment. Despite the fact that researchers have denounced opportunities to use blogs for direct product distribution (Buhalis, 2001), blogs that are interlinked with or integrated into a supplier's website may therefore contribute to an online booking at a later stage of a traveller's online information search and travel planning behavior (Adir, 2007). Moreover, blogs can also play a useful role as an internal communication, training and knowledge management tool within a company (Nacht, 2007). In particular, 'intranet blogs' can serve valuable training functions in businesses where staff members are in disparate locations. They allow management staff to share experiences, judgments and best practice examples and to coach employees on new skills. Furthermore, Choi et al (2007) suggested careful analysis of blogs enables tourism organizations and enterprises to assess 'hard to reach' market segments or uncover unsuspected strengths and weaknesses of a destination or tourist organization.

#### **2.2.5.6 Multimedia broadcasting and sharing sites**

As extremely popular forms of content on tourism sites, images and videos are available through various systems, providing various messages that represent destinations and serve as mediators of tourist experiences. The development of technology assisted mediators has brought time and space compression, enabling viewers to experience touristic activities (Urry 2001). Tourism is reliant upon image-making media for marketing purposes and to attract consumers (Beeton, Bowen & Santos, 2006). Shared images or videos act as non-personal

mediators for the tourist experience, particularly in the anticipatory and reflective phases. Images or videos containing landscapes and attractions enable viewers to access and experience a 'virtual gaze' on tourist spots in the pre-visit stage, whilst also aiding tourists at the post-visit stage in the recollection process and the remembrance of past experiences. Tussyadiah and Fesenmaier (2009) in their case study of Youtube videos for the destination of New York City, identified videos can be a powerful tool that can be used to intensify the interest of potential travellers. It has been typically used by tourism organizations for broadcasting and promotion of their products, especially for destination image making. Moreover, the nature of interactions between directors and viewers enables YouTube.com to develop a travel community where important experiential information is being shared and exchanged. An important need of tourists is to share their experiences with others (Brown & Chalmer, 2003). With the emergence of text based UGC, shared images or videos of tourism experiences can be found easily on blogs, social networking sites, and reviewing sites etc. Tourists can also conveniently update their blog or microblog directly from their mobile devices in the during-visit stage. Moreover, in the same way that text based social media has been disaggregated, visual expression can also be classified according to different genres and is often combined with hypertext and other forms of expression by the use of titles, descriptions attached to the images and tags on the photos (Muner, 2010).

### **2.3 Literature on SMTEs study**

To address the aim of this research (See Figure 1.1), the previous section focused on the study of social media and included the impact of social media, functions as well as different types of social media employed by tourism enterprises. The previous section made no reference to the size of organization employing social media, and therefore it is important to review the small and medium sized tourism enterprise (SMTEs) literature before bringing these two perspectives together in the research design. The vast majority of tourism enterprises around the world can be classified as SMTEs (Buhalis, 1998; Gammack et al, 2004), and these organizations have continued to contribute to innovation and economic growth (Andriotis, 2002; Echtner, 1994; Wanhill, 1996), social benefits (Kokkranikal & Morrison, 2002), destination competitiveness

(Jones & Haven-Tang, 2005; Novelli, Schmitz & Spencer, 2005) and employment generation (Wanhill, 1996; Mitra & Matlay, 2000). The importance of small tourism enterprises has become a growing focus of interest since 1980s, following a series of case studies concerned with the role of small business, particularly in the economies of British coastal resorts (Stallinbrass 1980; Shaw & Williams, 1987). These case studies were expanded upon from the late 1980s as entrepreneurship within the small business sector became more closely researched in tourism studies (Williams et al, 1989; Shaw & Williams 1990, 1998; Wanhill, 1996; Buhalis & Cooper, 1998).

In developed countries, the small tourism business sector has continued to increase, employing a high percentage of community residents. In Britain, the Bolton Committee published findings in 1971 that showed 96% of all firms in the hotel and catering industry could be described as “small” and “employed 75% of the total number of employees in the sector” (Quinn, Larmour & McQuillan, 1992:1). More recently, figures from the Department for Culture Media and Sport (DCMS, 2001) demonstrate that UK tourism consists of some 127,000 businesses, and 80% of them have a turnover of less than £250,000 per annum and can be classified as ‘small firms’ (Martin, 2004). In France, 80% of tourism business is conducted by firms employing less than 10 people (Buhalis, 1993). Moreover, Karanasios and Burgess (2008) stated that small tourism enterprises are also the dominant form of tourism enterprise in the developing world. Figures provided by CNTA (China National Tourism Administration) suggest that in 2006 there were 12,751 star-rated hotels in mainland China, of which 95.3% were small and medium sized. The data also suggests that in same year there existed a total of 18,943 travel agencies, of which 96% were small and medium sized (Gai, 2009). The important contribution of SMTEs to economies around the world provides the stimulus for policy-makers and academic researchers to study them. Before exploring the knowledge base relating to SMTEs, it is important to provide some definitions.

### **2.3.1 Definition of SMTEs**

Although there is a significant amount of literature on small to medium sized businesses (SMEs), there is not a single, uniformly acceptable definition of a

small firm (Storey, 1994). Different acronyms and terms were used to present small and medium tourism firms, such as SMTEs (small and medium sized tourism enterprises) (Buhalis, 1993), SMHO (small and medium hospitality organizations) (Buhalis & Main, 1998) and SHEs (small hospitality enterprises) (Alonso & O' Neill, 2009). In this paper, SMTEs is used to present SMEs involved in tourism. Tourism is defined by UNWTO as the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

Most small businesses are defined solely in terms of one or two key elements (e.g. number of employees/annual turnover/or in the case of accommodation, number of hotel beds). The definition is selected and justified by the user on the basis of its value in the project (Storey, 1994; Thomas, 2000). For instance, Peacock (1993) attempts to construct a definition based on the number of employees, he defines small restaurants as those with up to 30 employees and small hotels up to 80 employees. Friel (1999) defined a micro-enterprise as one employing 10 individuals or less and a small enterprise as one that employs 10-49 individuals, whereas Getz and Carlsen (2005) defined a small tourism business as consisting of less than 20 employees, with very small market share and an annual revenue of less than \$50,000 - or in fact simply those businesses possessing limited infrastructure and assets. In practice, academic researchers defer to official definitions, where distinctions are usually made according to the number of employees and annual turnover in many countries or regions. For example, SMEs are defined by the European Commission as all enterprises with 'fewer than 250 employees, less than 40 million Euros turnover, and less than a quarter of the company being held by a larger firm' (CEC, 1996). SMEs in the China hospitality and retailing industry were also defined by SETC in 2003, (the State Economic and Trade Commission, Ministry of Finance, National Bureau of Statistics), as all enterprises with 'fewer than 500 employees, less than 120 million Yuan turnover' (approximately 12 million pounds) (Gai, 2009).

In terms of small firms in tourism, Reichel and Haber (2005) argued that researchers simply cannot group all small hotels, tour guide companies, art galleries, or novelty stores into a homogenous category - regardless of their similarities in terms of the number of employees or the amount of revenue

generation. These small tourism firms differ amongst the various industry segments, each having different business objectives, direction, and performance measures. However, more specific definitions are employed by the China National Tourism Association (CNTA) to study travel agencies and hotels. A small travel agency is defined as a firm with less than 10 million Yuan turnover (approximately 1 million pounds) and employing less than 100 people; a medium travel agency as less than 150 million Yuan turnover (around 15 million pounds) and with less than 400 employees. In terms of hotels, small hotels are ones with no more than 99 rooms, 399 employees and 30 million Yuan turnover (around 3 million pounds), with medium hotel classified as having no more than 299 rooms, 799 employees and 150 million Yuan turnover.

However, some researchers (Buhalis, 1993; Quinn, et al, 1992; Reichel & Haber, 2005) have been critical of statistical definitions of small enterprises. It was argued that the number of employees or number of beds should not be the only variables to determine the size of a tourism enterprise. Other key elements that should be added to the definition, including market share, revenue per employee, management and organizational structure, financial strength, operational procedures, decision-making process, entrepreneurial involvement, supply chain integration level, internationalization of operation, and managerial expertise

### **2.3.2 Characteristics of small firms and distinctiveness from large firms**

Small business owners are easily attracted to the hospitality industry due to low barriers to entry, i.e. the amount of capital investment to enter is minimal, and the skill level is typically not at a specialist level (Shaw, 2004). Further, low value-added is perceived and motivations are frequently not primarily financial (Thomas et al, 2011). Tourism offers sole proprietors or families an easy access to a number of small or micro-business types (Getz & Carlsen, 2005). The distinctiveness of SMTEs has been identified and explored by previous researchers to a fair extent. Thus, it is important that this research, which examines social media adoption by hotels and travel agencies in SMTEs, is fully cognizant of the distinctive characteristics of SMTEs. A study by Shaw et al (1988) on the accommodation industry in Cornwall (UK), identified typical characteristics of small tourism organizations, such as individually-owned businesses - in many cases funded entirely by private capital; a high



concentration of family employment; and lack of business plans and entrepreneurial skills. Buhalis (2004) has also argued that SMTEs are different from their larger counterparts, not only because of their smaller size, but also because of their independence, flexibility, and family ownership/management.

The distinctions between large and small firms for all sectors has been identified in Storey's (1994) small business research, which was then applied to tourism by Thomas (1998, 2000) and Page et al (1999). The authors describe: the notion of uncertainty faced by small businesses; different approaches to innovation; the greater likelihood of evolution of management style/approach; as well as the structure of the organization in the smaller firm. First, it is noted that smaller firms are likely to face greater market uncertainty as a result of a limited customer base (e.g. acting as subcontractor to large firms), lack of market power and a much greater diversity of objectives from the owner's perspective. The relationship between the business and the owner is very much closer than it is between the shareholder and the large firm, and thus the motivation of the owner of the small firm is a key influence upon the small firm performance (Storey, 1994). The relationship can be understood through recognizing the greater external uncertainty of the environment in which the firm operates, together with the greater internal consistency of its motivations and actions. Second, it is argued that small and large firms differ in their approach to innovation. Small firms are more likely to introduce fundamentally new innovations than larger firms, a feature often attributed to small firms having less commitment to existing practices and products (Pavitt, Robson & Townsend, 1987). It is the 'ability of the smaller firm to provide something marginally different, in terms of product or service, which distinguishes it from the more standardized product or service provided by the larger firm' (Storey, 1994: 11-12). For instance, small firms are unlikely to invest in research, but they are more likely to respond to niche markets. The third area of difference between small and large firms is the greater likelihood of evolution and change in the smaller firm. Small firms that become larger undergo a number of stages which influence the approaches to and style of management, as well as the structure of the organization (Scott & Bruce, 1987) than is the case for larger firms (Storey, 1994). Therefore, creating, establishing, and running a new small business requires different approaches, management styles, and skills learned through experience at different stages of the small

business development. SMTEs frequently feature informal organizational structures, with the role of family members forming a key component within decision-making processes. Despite ownership as an element that is commonly used to describe the driving motivation behind running small businesses, the motivation for start-up and the profile of a small business owner may or may not match those of classical family-owned and operated organizations. Business interests may focus on lifestyle choices, location or leisure preferences rather than those of profitability and growth (Ateljevic & Doorne, 2000; Getz & Carlsen, 2000).

Researchers pointed out more distinctions inherent in small firms, and argued that the financial constraints imposed upon small businesses imply that their strategic options are circumscribed by the availability of capital. Due to the size of small business market share, funding for small tourism business is typically from the owner's personal funds rather than formal funding sources (Shaw & Williams, 1987; Burns, 1996; Page et al, 1999; Shaw, 2004). According to Shaw and Williams' study in southwest England (1987), it was found that small tourism firms heavily relies on informal source of capital, with more than half predominantly depending on personal savings and family savings. Similar findings have been recorded for small tourism firms in New Zealand, with 67 % of business using personal funds (Page et al, 1999), as these enterprises are subject to a number of internal and external constraints on borrowing and equity participation by outsiders. Such constraints are related to the psychology of the management team, and the view of banks and investors regarding the small nature of the enterprise and the risk of failure. Moreover, Dewhurst and Burns (1993) noted that small firms will operate in a distinctive manner as a result of their not having specialist managers for various functional activities of the firm. Page et al (1999) supported that small business may depend on a number of key individuals and this contributes to an incomplete management team which may lack financial, management and marketing skills. On the other hand, the incomplete management team is typically inevitable, due to limited financial resources to attract specialized managers and personnel necessary to grow the business (Bastakis, Buhalis, & Butler 2004; Brownlie, 1994).

Small businesses show distinctive characteristics and functional weaknesses

that affect the product, operation, and services that they offer (Bastakis et al, 2004). Carter (1996) identified major management differences that distinguish small business firms from large business firms (Table 2.1). These include business planning, environmental reaction and knowledge, business objectives, range of management skills, communication styles, control systems, and company performance measures. Lack of strategic planning, vision, and long-term goals were identified as major problem associated with small business firms (Buhalis & Cooper, 1992; Bastakis et al, 2004; Olsen, 1991). Small tourism businesses are notable for being 'product oriented' or 'family oriented' versus 'market oriented' and find it unavoidable to depend heavily on intermediaries (Bastakis et al, 2004; Buhalis, 1993; Hankinson, 1989). Short-term problems and pressures seem to dominate small business planning and vision (Brownlie, 1994). Their short-term planning horizon, limited knowledge of the business environment, and owner-managed structure influence the way tasks are managed - relying upon personal attitudes, capacity and experience. Moreover, marketing and management are poorly used by small firms, with typically over-generalized and inappropriate methods and techniques (Page et al, 1999). Many of these characteristics were found in the studies by Shaw & Williams (1990), where few businesses had formal marketing strategies, skills and knowledge of the tourism business.

TABLE 2.1 MANAGEMENT DIFFERENCES BETWEEN SMALL AND LARGE FIRMS

<i>Small Firms</i>	<i>Large firms</i>
Short-term planning horizon	Long-term planning horizon
React to the environment	Develop environment strategy
Limited knowledge of environment	Environmental assessments
Personalized company objectives	Corporate strategy
Communication informal	Formal and structured communication
Informal control systems	Formalized control systems
Loose and informal task structure	Job descriptions
Wide range of management skills	High specialist/technical skills demanded
Income directly at risk in decision making	Income derived from wider performance base
Personal motivations directly affect company performance	Broader based company performance

(Source: Carter, 1996)

### 2.3.3 SMTEs in China

Most research exploring the roles and characteristics of small tourism businesses has been conducted in developed economies, and there is a growing literature regarding SMTEs in the emergent economy of China. In China, economic health and social stability has been perceived to depend largely, but not exclusively, on the success of SMEs (Forney/Chengdu, 2003). The positive contribution of SMEs is believed to be partly driven by their characteristics: They are well positioned to take advantage of opportunities created; they are more responsive partners of foreign companies than large state firms; they are flexible to adapt to environmental changes; and are open to forming new alliances (International Trade Forum, 1999; Martin and Larsen, 1999; Tsui-Auch, 2003; Zhang & Morrison; 2007).

Zhang & Morrison (2007) identified three main ownership categories in China in the tourism domain: national-owned, collective owned and private-individual owned. In terms of the latter, firms employing more than 8 people are defined as 'private enterprises' and those employing less than 8 people are referred to as 'individual enterprises'. Private enterprises tend to use hired labor, whereas the individual enterprises have a high concentration of family member labor (Desheng, 2004). The labels of 'SMEs' and 'micro firms' defined in western developed economies correspond approximately to 'private enterprises' and 'individual owned enterprises' in China (See Table 2.2).

TABLE 2.2 COMPARISON OF TERMS DEFINED BY EUROPEAN COMMISSION AND SETC

Europe	China
<b>SMEs:</b> less than 250 employees and 40 million Euros turnover,	<b>Private enterprises:</b> less than 500 employees and 120 million Yuan turnover
<b>Micro firms:</b> less than 10 employees	<b>Individual owned firms:</b> less than 8 employees

(Source: author)

Nine common characteristics of private enterprises in China were initially identified by Poutziouris et al (2002) and then applied to tourism by Zhang and Morrison (2007). They are: Small scale/simple organizational structures; a focus on one product or market; centralized decision-making reliant on the founder(s); monolithic marriage of family ownership and control; paternalistic hierarchy; strong personal and familial networks of suppliers, customers and financiers; cost consciousness and financial efficiency; weak market recognition of their own brands; and reluctance to employ professional managers due to the presence of an incumbent dominant decision maker. Compared to previous discussions about western SMEs, broad similarities can be found with respect to deficient marketing, management awareness and expertise, insufficient resources and inadequate organizational structures and control systems (based on family ownership). The important role of the attitudes and perceptions of small business owners is also highlighted. Zhang and Morrison (2007) explored the behavior of SME owner-mangers and found that some SME proprietors responded to China’s uncertain regulatory environment by not fully expanding their businesses. Owner-mangers know that being “too successful” could draw the attention of local government officials, resulting in a fear of high levies and fees being imposed. Moreover, many of these firms are unlikely to transform themselves into larger corporate entities because that would require entrusting non-family members with the firm’s valuable information and resources (Brandt & Zhu, 2003).

Chinese SME business performance is constrained further by structural weaknesses (Poutziouris et al, 2002). These are: High business failure rates due to cost disadvantages inherent in small-scale production; product portfolio and managerial skills limitations; limited access to development finance; a low skill base in seeking finance; lack of strategic marketing; failure to establish marketing and distribution networks; limited exploitation of market relationships with existing customers; lack of time to improve competitiveness and product quality in order to adapt to the new environment of WTO membership; lack of market research and information analysis skills, as well as inexperience with modern information technology. Furthermore, SMEs need to undertake product development or re-design, in order to meet changing consumer preferences (Poutziouris et al, 2002). The associated requirement to upgrade product quality and packaging to international accepted standards creates challenges for SMEs, because they have little access to practical training in the skills required to achieve these tasks. Brandt & Zhu (2003) argue that many of the problems and characteristics of SMEs in developing economies provided by Poutziouris et al (2002) are not uncommon in other countries at various stages of economic development.

In the tourism sector, over 90% of tourism enterprises are SMEs. Zhang and Morrison (2007) investigated small and medium sized travel agencies (SMTA) in China, and found that SMTAs are handling 90% of domestic tourism business. They also provided a conceptual model to study SMTEs in China, based on the factors affecting the development of SMEs in China. According to their study, it is found that the external environment for SMTA is not particularly conducive to enhancing and supporting its business performance. The enterprise support infrastructure is under-developed, and government legislation restricts their trading scope to the domestic market. Domestic SMTAs are also facing increasing competition not only from Chinese firms, but also from foreign firms gaining entry to their markets. Foreign competitors enter the market with comparatively more knowledge, resources, technology, and expertise and a

willingness to adopt price-cutting and service quality strategies that meet/exceed the expectations of an increasingly educated and experienced Chinese tourist market. The competition results in a polarized travel agency industry structure with the power balance lying more in the hands of the larger firms. Internal weaknesses of SME travel agents were also identified by Zhang and Morrison (2007) as poor quality human resources; under-capitalization meaning reduced ability to address competitive challenges; limited market intelligence about the local area; lack of power and reassurance associated with a strong brand; and weak 'innovation' that is based around imitating strategies. However, SMTEs still have internal advantages in terms of their assets of local knowledge and expertise, allowing products and services to be specialized, differentiated and personalized. These advantages contribute to the development of strong and loyal market relationships with existing customers, borne out of a flexibility to change products and services rapidly in response to customer demand. Close proximity to the market, willingness to co-operate and collaborate using strong local, personal and familial networks, encompassing alliances with other SMTEs and large tourism firms, only serves to bolster these strong and loyal market relationships..

#### **2.3.4 SMTE Policy Frameworks and the Chinese Policy Context**

Tourism policy plays an important role in SMTE development. Shaw and Williams (2010) posited that the impact of mainstream SME policy on tourism businesses is a potentially valuable area for investigation. There is a number of studies on policy impacts on SMTEs. For example, Thomas and Thomas (1992) examined the impact of planning legislation on small hot food takeaways, and discovered that spatial variation in the way planning regulations were interpreted, and the divergence between government directives and planning practices, combined with a lack of understanding about the planning system among small firms, harms the development of SMTEs. Thus, Thomas (2000) suggested that the effectiveness of various dimensions of tourism policy would

be enhanced if more attention were given to understanding SMTE behavior in the first place. Some literature on local tourism policy has highlighted the benefits of including SMEs in policy formation. It is suggested that policy interventions are more effective when partnerships of 'stakeholders' are involved in policy formation (Bramwell & Lane, 2000; March & Wilkinson, 2009). Thomas and Thomas (2006) explained that ideology (the wider set of values that influence their business behavior), a sense of local dependence, and perhaps the culture of co-operation that emerges are the main motivations of participation that explain why small firms take an interest in local development. They also developed some of Healey, de Magalhaes, Madanipour and Pendlebury 's (2003) framework to argue that SMEs need to possess three kinds of resources in order to engage with policy-making locally: 'knowledge resources (including the ability to recognize, operate within, and perhaps alter and subvert, key frames of reference and hegemonic discourses); relational resources (including establishing relationships of the right kind with the right interests/actors at the right time); and mobilization capacity' (Thomas et al, 2011:6).

Lessons from the developed economies cannot be easily and directly applied in China's context, due to the different political, social and cultural environments that exist in each. Therefore, it is necessary to study Chinese tourism's institutional structures and tourism policy development in order to further understand SMTEs and their environment in China. Government intervention is a typical characteristic of the institutional environment in China (Chen & Huang, 2007; Cheng et al, 2008; Fan, Wang & Zhu, 2006; Song, 2008), where the government intervenes not only in the formulation of tourism policy, but also in its implementation (Yu & Pan, 2008) and particularly in state-owned enterprises' operations (Cheng, Xia & Yu, 2008; Song, 2008). Within Chinese tourism's institutional structure, although the CNTA is the central government agency directly responsible to the State Council for policymaking, development and administration, local tourism bureaus report to local government rather than to



CNTA. A process of decentralization has provided increasing local autonomy especially in strategically or economically important regions. Generally, local government is responsible for tourism development with local bureaus as their main agent. Local governments have a degree of flexibility in central decisions and indeed are encouraged to formulate their own strategies (Airey & Chong, 2009).

There is relatively little literature in English on China's tourism policy-making process and policy development, although the Chinese government has been decisive in guiding China's tourism growth. Richter (1983, 1989) examined the evolution of Chinese tourism policy, its political environment, and its organization, finding that it is critical to understand not only the design of policy but the nature of the resources of the society and its administrative milieu. Tracing back to the early phase of modern tourism development in China, the first Chinese travel agency, the China Travel Service, was established in 1923 by Shanghai Commercial and Saving Bank. From 1937 to 1949, all pleasure travel in China was disrupted by war (the eight-year war against Japan and four-year civil war). From 1949 to 1978, tourist activities were considered as a part of state foreign affairs, serving only state politics and not for the use by the common man. In an earlier study of changing Chinese tourism policy structures, Zhang and Chong (1999) examined three phases since 1978 to the present. First, in the period from 1978 to 1985 the government regarded the nature of tourism as both political and economic. Second, in the period from 1986 to 1991, the government prioritized economic development over political control. Third, the period from 1992 to 1999, saw the government decide that tourism should be gradually developed into the socialist market economy model. They examined China's tourism policy during these three periods from several angles: Policy making environment, policy demands, policy decisions, policy outputs, policy impacts and government role. From his research, it is revealed that the government tourism policy focused upon improving service quality, developing infrastructure, stimulating foreign investment and the reformation of

state-owned enterprises from 1978-1999.

New policy (i.e. state-owned enterprise reform policy) provides an opportunity for private/individual owned enterprises to grow and compete with state-owned tourism enterprises. In 1998, Zhu Rong-ji, Chinese Premier, announced cutbacks of government expenditure and an end to subsidized, un-profitable, state or collective owned enterprises – with a view to putting pressure on large state-owned tourism enterprises to reform their ‘iron rice bowl’ mentality and poor quality service. Therefore, tourism firms could run efficiently, meet market demands, and satisfy customers through the services provided. Moreover, government relaxed its barriers on SMEs so that different entrepreneurial and organizational forms could develop and coexist (e.g. legalized collective enterprises, township and village enterprises, individual businesses, private enterprises, foreign funded enterprises and joint ventures). Hussain, Millman and Matlay (2006) also introduced three major SME development stages alongside China’s reforms and liberalization policy: the first stage (1978-1992) is characterized by the rapid expansion of the Chinese SME sector; the second stage (1992-2002) is marked by a reform of state-owned SMEs and the continued development of the public sector; the third stage (2002-2006) is typified by government policy and support measures aimed at consolidating and further developing the expanding Chinese SME sector. Since 1992, the Chinese government has focused mainly on enhancing the overall quality and competitiveness of the domestic SME sector.

In 1999, state-owned enterprise reform policy had provided an opportunity for individual/ private-owned enterprises to grow and compete with state-owned tourism enterprises. However, SMTEs still could not easily free themselves from restrictions (e.g. restriction on their trading scope to the domestic market) and directly benefit from government supports. Zhang and Morrison (2007) argue that even though Chinese government policy shifted in favor of a market-oriented business economy, it should not be assumed that this has radically transformed SME management practice on the ground. The research

conducted by Skoko et al (2008), for example, demonstrates that it is hard for SMEs in China to benefit from government support that is specifically designed to facilitate the adoption of IT/ICT.

## **2.4 ICTs adoption among SMTEs**

One of the areas of SMTE management that has witnessed more of a sustained research effort looks at the use of information and communication technologies (ICTs). SMTEs were expected to improve business performance and competitiveness through the use of Internet based activities (Buhalis & Main, 1998), new budgeting and customer relationship management techniques (Gray, Matear & Matheson, 2000; Burgess, 2000; Brown & Atkinson, 2001). Overall SMTEs were expected to be significant users of the Internet and ICT. Although access to ICT has improved, engagement and use of the internet is still at low levels within small firms (Martin, 2001). The impact of ICTs on SMTEs has been studied by researchers. Thomas et al (2011) noted that earlier related studies focused on mapping out usage and providing guidance on how to create a resonance between the information needs of the business and ICT utilization. Later studies tried to build explanations for the take up of IT and its consequences, and then a range of factors associated with ICT utilization were identified. A meta-review of literature in the field of ICT adoption by SMTEs is presented in 2.4.4.

### **2.4.1 Motivation of ICT adoption and ability required**

According to Martin's research (2004) on small hospitality firms in the UK, a clear link between a succinct business strategy (for example, establishing a presence for foreign visitors, sourcing information about customers, linking with other companies, locating new suppliers, marketing and sales) and the adoption of the Internet was not evident. Adoption of ICT in SMTEs is not

always a rational managerial decision, but is associated with dynamic relationships between stakeholders and other variables which are related to their characteristics. Even personal reasons are included: e.g. a desire to communicate with relatives living abroad, the need to support a child completing home work projects, purchasing items for personal use, and sourcing information. Although interest in using the Internet had developed amongst entrepreneurs who were previously unfamiliar with IT, not only did they recognize the importance of the Internet at a general business level, but also realized that they lacked specific appreciation of the value of the web for business and social relationships, finding it far too complex to implement in-house. Therefore, the majority of SMTEs went to Web designers to develop their sites.

ICT adoptions among SMTEs were firmly associated with owner-managers ability to develop know-how (Martin, 2004). The adoption of ICT relies on the process of information collection and analysis by SMTE owner-managers. Significant factors contributing to the success of these activities are SMTE owner-manager attitudes to risk, as well as the level of human and intellectual capital availability within the firm that can be utilized. In terms of information collecting and analyzing, two difficulties are identified (Earl, 1990; Marsick and Watkins, 1997; Greenbank, 2000; Martin, 2004): First, difficulties in developing new ICT based knowledge embodied by problems in identifying both the type of data necessary and how to access it; and second, bias from informal absorption of information from limited sources. Therefore, the routes available to source information and ability to effectively evaluate the potential value of available information are important (Martin, 2004). Moreover, knowledge sharing and reinvention within firms lead to effective use of new technology (Martin, 2004). Knowledge is described by Davenport and Prusak (1998) as a mixture of framed experiences, values, contextual information and expert insight, which together provide a framework for evaluating and incorporating new experiences and information. Therefore, how information is interpreted and the

developments of know-how (Huber, 1991) are crucial, and this is largely determined by SMTE owner-manager's ability. Nonaka (1994) argued that information becomes knowledge in a process that is firmly based upon the commitment and beliefs of its holder. Martin (2004) noted that SMEs' sale and marketing techniques had been developed before the Internet had emerged as a factor in their business, and skills and techniques are transferred across the Internet and improved on with new technology. Owner-managers contextualize ICT and transfer existing skills to embed it into their operation. This kind of ability differentiates SMTEs.

#### **2.4.2 E-tourism in China**

Since e-tourism and its adoption in developed countries have been studied for more than 15 years, there is also a growing body of literature that investigates different aspects of e-tourism adoption in China. For example: Ma et al (2003) examined how ICT has gradually changed the tourism industry structure in China and highlighted the importance of these changes. Li and Buhalis (2006) explored e-tourism applications in China by discussing Chinese e-traveller's characteristics and their online purchasing behavior. Du et al (2011) studied ICT in destination management and marketing in China. A number of studies also came across ICT adoption by accommodation sectors and travel agencies (Du et al, 2011; Lu & Lu, 2004), and most authors have reached the conclusion that the usage of ICT applications in these sectors is limited in China, and that it will take a long time for China to reach the equivalent levels of Internet adoption in Europe or America. Ma et al (2003) revealed three issues associated with ICT adoption: lack of trust toward both consumers and suppliers; traditions of business operation and a consumption culture that inhibits people from embracing new technology and Internet; low levels of tech-evolved business activities in tourism value chains and external industry value systems. Lu and Lu (2004) identified three types of barriers hindering ICT adoption by tourism organizations in China, namely: technical barriers (lack of E-commerce

application development technology, experienced staff, in-house expertise and lack of experience in transaction security); financial barriers involving investment (web development costs, operating costs, staff training costs, and web maintenance costs); and organizational and behavioral barriers (i.e. a lack of planning for E-marketing development and cooperation with business partners, and a failure to come to terms with changing traditional organizational culture; change of staff working habits; online trust with customers). However, compared to the research on star rated hotels (Du et al, 2011), national-owned destinations (Du et al, 2011; Ma et al, 2003), airlines (Ma et al, 2003) and general tourism organizations (Du et al, 2011; Li & Buhalis, 2006; Lu & Lu, 2004), there are very few studies of ICT adoption by SMTEs in China. Skoko et al (2008), drawing on qualitative research from Chinese SMEs, argues that the main issues inhibiting ICT adoption are related to financing problems, lack of formal and clear business strategies, limitations associated with owner's capabilities, a lack of skilled labor and household/family based business management.

### **2.4.3 Meta-review of literature in field of adoption ICTs by SMTEs**

#### **2.4.3.1 Aims and method used of meta-review**

The following is a meta-review of literature exploring the adoption of ICT by SMTEs. With the rapid development of ICT (e.g. social media) and the availability of User Generated Content (UGC), an increasing number of tourism enterprises are remodeling their online strategies. SMTEs, however, are not as active as larger firms in embracing UGC, explained by different internal and external factors. It is assumed that those factors influence SMTEs' social media application and its related decision making. A number of researchers have explored this topic, and have sought to investigate the factors associated with ICT adoption by SMTEs in different nations (China, other developing countries and developed countries). There are three reasons why meta-review is chosen. Firstly, as a part of the primary research of this paper, meta-review provides an effective and visually straightforward way in which to identify and summarize

the factors associated with ICT adoption in the peer reviewed literature. Secondly, the differences between the ranges of factors associated with ICT adoption in China other developing/developed countries can be identified, which contributes to the investigation of the Chinese context.

The 18 published papers were located through Google Scholar in 2011, and the search terms used were a combination of 'SMTEs' or 'small firms' and 'tourism' plus 'ICT' or 'e-tourism', and 'China' (to pick up studies in the Chinese context). The published papers are drawn from the *Journal of Enterprise Information Management*, *The Service Industries Journal*, *International Journal of Business Research*, *International Journal of Contemporary Hospitality Management*, *International Journal of Tourism Research*, *Tourism Management*, *Tourism Recreation Research*, *Journal of Vacation Marketing*, OECD Forum 2004, and Conference on Tourism in India.

### **2.4.3.2 Key findings of meta-review**

From Table 2.3, we can see that the factors associated with ICT adoption were: owner-manager related factors (OM); skilled human resource (SHR); policy and government support (P&G); financial resource; required knowledge and knowledge reinvention; customer related factors; and online security. First of all, owner-manager related factors were discussed as important issues in both developing world and developed world studies, in terms of motivation, business goals and growth ambitions, capacity (i.e. financial, marketing and management skills; ability of information processing, analyzing and transferring), as well as awareness, personal reasons and perceived trustworthiness of using ICT. Owner-managers play a central role in SMTEs, and the level of ICT adoption is closely linked to the skills and attitudes of owner-managers (Buhalis & Main, 1998; Martin & Matlay, 2001). A number of researchers further argued that ICT adoption is heavily influenced by the profile of the owner-manager in terms of age (Sinha, 1996; Reynolds, Hay, Bygrave, Camp & Autio, 2000; Kristiansen, Furuholt & Wahid, 2003), gender (Kolvereid, 1996; Mazzarol, Doss & Thein, 1999), and education level (Sinha, 1996). A large number of SMTEs are run by owner-managers and families, and this contributes to an incomplete management team which can lack financial, management, and marketing skills (Page et al, 1999). During ICT adoption, skills and techniques might be transferred and improved upon, or perhaps eroded, with new technology. This ability to harness new technologies with existing competencies differentiates SMTEs, and largely depends on owner-managers (Martin, 2004). Paudel and Hossain (2006) identified lack of awareness, limited knowledge and lack of confidence in benefiting from e-commerce as the main barriers for e-tourism development. In Brown and Kaewkitipong's (2009) study on Thai SMTEs, they also identified owner-manager's enthusiasm, growth ambitions, and readiness to adopt technology as important factors that directly influence their decision making with respect to ICT adoption. Moreover, the adoption of ICT is not always a rational managerial decision. Martin (2004), pointed out that the Internet is adopted for



reasons other than direct logical business strategy. Owner-managers also play an important role in China, due to the concentration of family members (Desheng, 2004), and a monolithic marriage of family ownership and control (Poutziouris et al, 2002). The ability to

TABLE 2.3 META-REVIEW OF ICT ADOPTION BY SMTEs

<i>China Studies</i>								
Author	Date	OM	SHR	P&G	Finance	Knowledge	Customer	Security
Ma et al	2003	✓			✓		✓	✓
Heung	2003	✓	✓		✓	✓		✓
Lu & Lu	2004	✓	✓		✓		✓	
Lam et al	2007	✓	✓					
Zhang & Morrison	2007	✓	✓	✓	✓	✓		
Skoko et al	2008	✓	✓	✓	✓			
<i>Other Developing Country Studies</i>								
Author	Date	OM	SHR	P&G	Finance	Knowledge	Customer	Security
Huang	2008	✓			✓	✓		
Khanchouch	2005	✓	✓	✓	✓	✓	✓	✓
Karanasisos & Burgess,	2008	✓			✓	✓		
Brown & Kaewkitpon g	2009	✓			✓		✓	
Abou-Shouk et al	2012	✓	✓	✓	✓	✓	✓	✓
<i>Developed Country Studies</i>								
Author	Date	OM	SHR	P&G	Finance	Knowledge	Customer	Security
Buhalis & Main	1998	✓		✓			✓	
Ozturan & Roney	2004				✓		✓	✓
Martin	2004	✓				✓		
Kim	2004	✓	✓	✓	✓	✓	✓	✓
Paudel & Hossain	2005	✓	✓		✓	✓		
Murphy & Kielgast	2008	✓		✓		✓		
Buhalis & Kaldis	2008		✓		✓			
Shanker	2008		✓	✓	✓	✓		

OM refers to Owner-manager related factors; SHR refers to Skilled human resource; P&G refers to Policy and government support; Knowledge refers to knowledge learning and reinvention; Security refers to Internet security; Customer refers to customer' demand, technology acceptance and preference

(Source: Author)

adopt ICT and compete in e-markets depends on the owner's personal ability and social relationships that help capture social resources (Skoko et al, 2008). However, many SMTEs owner-managers in China start their career as a tour guide, come from a farming background, or run small shops selling handicrafts. In other words, they lack business management experience and the ability and skills to manage new technology (Zhang & Morrison, 2007). Lu and Lu (2004) revealed that a lack of e-marketing planning, and a lack of desire to change traditional organizational culture to support the requirement of online services are common problems amongst SMTE owner-managers. Ma et al (2003) also noted that owner-manager's attitudes towards technology and change (i.e. not trusting technology; not seeing the benefit; being satisfied with current situation; and not willing to accept any changes at all) largely influenced ICT adoption.

Secondly, availability of finance and capital has been discussed heavily in both developed and developing economic settings. There are two kinds of costs involved in adopting ICTs, and they are: first, the cost of training and educating (Shanker, 2008) for both owner-manager and staff; second, the cost of hardware and software maintenance, operation and development (Buhalis, 2008; Schmallegger & Carson, 2007; Huang et al, 2002). However, SMTEs face financing obstacles (Burns, 1996; Skoko, et al, 2008). Both in developing and developed countries, small firms have less access to external finance and are more constrained in their operation and growth (Berger & Udell, 1998; Galindo & Schiantarelli, 2003). Beck and Demirguc-Kunt (2006) taking a broad overview of the SME context, argued that numerous studies have discussed that SMEs are financially more constrained than large firms and are less likely to have access to formal finance (such as bank finance). Beck, Demirguc-Kunt, Laeven & Levine (2004) argued that size, age and ownership are the most reliable predictors of firms' access to finance. Older, larger and foreign-owned firms report lower financing obstacles. Moreover, lack of experience and knowledge in seeking finance (Poutziouris et al, 2002) and underdeveloped relationships with financial institutions (Hussain et al, 2006) affect SMEs financial efficiency, or lack thereof.

In China, small firms have to finance a larger share of investment with informal sources of finance, such as moneylenders, or family and friends. According to

the survey conducted by Lin (2002) in China in 1998, the majority of start-up finance for Chinese SMEs came from self-accumulation. A similar survey organized by China Industrial and Commercial Union and Research Commission of Chinese Private Business in 2002, showed that 65.5% of start-up capital originated from self-accumulation (personal saving); 21% from bank loans and rural credit cooperatives; and 13.5% was borrowed from friends and individuals (Li, 1998). Hussain et al (2006) argued that most SMEs in China do not possess sufficient self-accumulated capital to meet their full capital requirements. The shortfall may affect their future growth and innovation cost affordability potentially. It is argued that without sufficient financial support and relevant facilities to obtain short-term loans or funds, the current SME development boom might slow down or even come to an end (Wang, 2004). Ma et al (2003) explained that the primary reason that SMEs do not adopt technology is because of concerns over costs. Training costs and changes to the positions of personnel are additional factors that a hotel, for example, has to consider when deciding whether to adopt an information system (IS) in back office departments. Lu and Lu (2004) noted that investment, including web maintenance costs, web development costs, operating costs and staff training costs, restricts many small tourism companies from ICT involvement. They further revealed that many tourism agencies are very concerned about cost issues and feel that they lack expertise to make judgments on investment. Some respondents thought they did not obtain sufficient benefits from online services to warrant investment, with a key barrier being up front connection fees.

Thirdly, skilled human resource is highlighted in both developed and developing country studies. Owner-managers often have little time to familiarize themselves with new technology (Buhalis & Murphy, 2009), and in these circumstances they rely upon qualified staff with ICT skills. However, it is broadly established that SMTEs lack sufficient skilled human resource capital to adopt ICTs (International Trade Forum, 1999; Kim, 2004), and that they employ a high proportion of unskilled labor within their business (Decelle, 2004). Lu et al (2002) claimed the main barrier preventing Internet adoption is a lack of experienced staff. There are three types of skilled roles needed by SMTEs: professional managers with a high degree of strategic adaptability (Burns, 1996; Buhalis & Murphy, 2009); staff with ICT skills (Shanker, 2008; Paudel & Hossain, 2006); and staff with other

skills (such as financial, management, marketing and information collection skills). However, skilled human resources are difficult to attract into SMTEs. From an organizational point of view, SMTEs tend not to employ professional managers (Poutziouris et al, 2002), because they would require entrusting non-family members with the firm's valuable information (Brandt & Zhu, 2003). Moreover, the cost of training and educating existing staff in order to switch from a manual system to an online system restricts many SMTEs. From the employee point of view, although training can lead to employment, many unskilled workers cannot afford to attend training courses and might not have the time or the awareness of the importance of training. In addition, poor working conditions and low levels of pay largely explain why jobs offered by SMTEs are unattractive to skilled labor, and explain in part the limited opportunities for transferring knowledge within/across SMTE sectors.

Fourth, customer related factors (i.e. demand, technology acceptance, and preference) were not discussed as much as might be expected in SMTEs studies, given that customer expectation is one of the main drivers of e-business in tourism sectors. As was mentioned previously, tourism enterprises are more likely to innovate around consumer needs, and demand pulls innovations with business growth driven by new demand expressed through new needs. The fast development of UGC and social media enables customers to become more demanding. Lu and Lu (2004) suggest that travel agencies ought to invest in understanding the preferences of customers, to enable them to provide more individual and personalized online services. Murphy and Kielgast (2008:91) argue:

Along with the growth of the digital economy, the technically savvy, "wired" consumer and consequent demand-side pull, the traditional marketing activities are less applicable and traditional partners are "dis-intermediated" or migrating online, thus the SME hotel must acquire new e-marketing skills and competences.

SMTEs owner/managers with marketing knowledge might take customer online demand, technology acceptance, and preference into consideration during their ICT adoption decision-making process. Despite a number of studies focused on

investigating the impact of ICT, UGC and social media on traveller buying behaviors (See 2.2.2), there are relatively few studies on how SMTEs understand the increasing technology demands of travellers, as well as how customers' technology acceptance and preferences influence their decisions regarding e-tourism development. According to the study of SMTEs in Thailand conducted by Brown and Kaewkitpong (2009), it was found that SMTEs were still reluctant to implement full e-commerce features such as on-line payments, because they still did not judge the demand from their customers to warrant investment. Chinese research has highlighted that consumers' levels of trust in online services has contributed to SMTE e-tourism development. Lack of trust is one of the main barriers for customer in accepting online services (Lu & Lu, 2004), and for tourist companies in exploring online opportunities (Ma et al, 2003).

Fifth, a number of researchers pointed out that the security of networks is an important factor determining ICT adoption. Low Internet security levels are a major concern for tourism related companies, which may hinder their exploration of online opportunities. Studies addressing Internet security are mainly in developing world contexts, for instance, China (Ma et al, 2003; Heung, 2003), Turkey (Ozturan & Roney, 2004), South Korea (Kim, 2004), Tunisia (Khanchouch, 2005) and Egypt (Abou-Shouk et al, 2012).

Sixth, the importance of SMTEs obtaining and developing knowledge associated with ICT adoption is debated in both developed and developing country studies. Research in developing economies have emphasized that SMTEs lack knowledge and skills in relation to management and marketing (Huang et al, 2008; Zhang & Morrison, 2007; Skoko, 2008), but also in relation to knowledge of existing ICTs and travel data (Heung, 2003; Karanasios and Burgess; 2008; Abou-Shouk et al, 2012). These researches highlighted the importance of acquiring and developing knowledge, but they do not provide evidence about how SMTEs acquire knowledge and how this is related to innovations processes within the firm. Research into western developed contexts (Thomas et al, 2011), has argued that innovation is of critical importance to the future development of tourism sectors, and understanding the capability of small tourism firms to obtain and absorb both tacit and explicit knowledge for innovation, therefore, is a

significant priority for tourism research. Decelle (2004) argues that knowledge transfer in tourism is not via the same channels as in the manufacturing industry, with the roles of trade and institutional frameworks vital to understanding the former. Martin (2004) noted that the adoption of ICT relies on the process of information collection and analysis by SMTEs. How information is interpreted and developed into knowledge is crucial to ICT adoption. Moreover, knowledge sharing and reinvention within firms can lead to effective use of new technology. Martin also identifies that SMEs' sales and marketing techniques have typically been developed before the Internet emerged as a factor in their business, and skills and techniques are transferred across the Internet and improved upon with new technology. Owner-managers, therefore, contextualize ICTs and transfer existing skills to embed new technologies into their operations. This kind of ability is a key differentiator among SMTEs. Unfortunately, discussion of these issues are absent in the literature that focuses on the Chinese context.

Seventh, the role of tourism policy and government support in China has received less attention than that in other contexts. In terms of EU cases, Murphy and Kielgast (2008) noted that EU governments offered financial and training assistance to SME hotel operators, with governments ensuring ICT adoption is more attractive in terms of regulations and costs. However, most small operators are frequently unaware of the existence of government support, and those that are aware, do not perceive them to be beneficial and/or accessible. Most respondents were unaware of any government support available and only one respondent actually was in the process of applying for support. This seems to verify that government efforts are not highly effective in promoting available assistance. In the Chinese context, Du et al (2011) gave high praise to the 'Golden Travel Project', which has the aim of helping SMTEs to promote their products online and noted that adoption of ICT by the tourism industry has been rapidly evolving since the "Golden Travel Project" was implemented in 2001. However, it was argued that SMTEs hardly benefit from government support in terms of the adoption of IT/ICT (Skoko et al, 2008), but suffered from government legislation that restricts their trading scope to the domestic market (Zhang & Morrison, 2007).

## 2.5 Conclusion

This literature review provides an overview of three bodies of knowledge relating to impact and utilization of social media, characteristics of SMTEs (including Chinese context), and tourism ICT adoptions. They together comprise the conceptual background of this study and inform the design of the research methods and the data analysis presented in following chapters.

Since the fast development of Web 2.0 ICT and UGC, social media is becoming an important tourism-related information source in the online environment, and has been the focus of study for academic researchers and tourism marketers in recent years. Xiang (2010) indicates social media is a 'mega trend' that has emerged to significantly impact the tourism industry. A number of academic studies have revealed the significant impact of social media on tourists' travel information search behaviour, purchase decision making, and tourism product evaluation - as well as highlighting demographic differences in terms of users and non-users of social media. From an organizational perspective, tourism enterprises face competition from social media because the search process can lead millions of consumers to highly-relevant social media content pages that can influence attention, awareness, trial-ability, and loyalty. The presence of social media potentially has a negative impact on the audience pool, the reach of web-based marketing programs, and their brand equity. However, tourism organizations are well placed to take advantage of these new opportunities (Adam et al, 2007). The questions about marketing, communication, distribution channels, improving business management and efficient marketing research via social media are highlighted in tourism studies (Liu, 2005; Carson, 2007). First, social media provides communication opportunities not only for customer engagement, but also for internal communication and B2B interactions. Second, in terms of marketing and promotion, using social media is often considered as an inexpensive marketing activity compared to traditional advertising, and it provides opportunities to develop a brand voice and instill trust with customers (Leung et al, 2013). This can contribute to search engine optimization, and consequently increase traffic to the company website, perhaps resulting in increased online sales (Schmollgruber, 2007; Wyld, 2008). However, some researchers argue that the content on social media should not be

promotion-oriented, and should be different from the content provided in traditional marketing information (Fernando, 2007; Schmallegger & Carson, 2008), more added value (e.g. interesting stories, unique insider information and cost-saving opportunities) should be provided by companies in order to encourage visitors' contribution (Akehurst, 2009). Third, the utility of social media applications in direct product distribution are more limited than its capacity for communication and marketing. However, a number of studies on TripAdvisor (Miguéns et al, 2008; Krempf, 2007; Law, 2006) demonstrated that distributing hotel room inventory on Tripadvisor is a strategy employed by hotels to generate revenue via links to booking platforms. Fourth, managing UGC via social media in order to enhance customer relationship can provide strategic advantages for tourism enterprises, whilst presenting associated challenges related to the online handling of complaints, reputation management, and crisis management. Finally, UGC on social media is increasing being considered as a new source of information for market research, as well as internal and external environmental analysis (Leung, 2013), which might contribute to a better understanding of consumers and identification of revenue opportunities. However, some researchers have stressed that analyzing UGC on social media might be relatively difficult, because of financial and resources constraints (Kim & Hardin, 2010). Moreover, different types of social media, and their advantages and challenges were studied; PRS website, Microblogging, Social networking sites, Blogs, Multimedia broadcasting and sharing sites were discussed respectively.

In order to investigate how social media is perceived and adopted by SMTEs in China, the characteristics of SMTEs in the political environment of China is studied. SMTEs are defined differently according to different thresholds relating to the number of employees and annual turnover, however, some researchers (Buhalis, 1993; Quinn, Larmour, & McQuillan, 1992; Reichel & Haber, 2005) criticize the existing statistical definitions of small enterprises, and argue that other key elements should be added to these definitions. These include: Market share, revenue per employee, management and organizational structure, financial strength, operational procedures, decision-making processes, entrepreneurial involvement, internationalization of operation, and managerial expertise. SMTEs are different from their larger counterparts, in terms of the notion of uncertainty, their approach to innovation, the increased likelihood of



change in small businesses, availability of capital and a lack of specialist managers. In terms of business management, small business firms are also distinguished from large business firms. These differences include business planning, environmental reaction and knowledge, business objectives, range of management skills, communication styles, control systems, and company performance measures (Carter, 1996; Buhalis & Cooper, 1992; Bastakis et al, 2004; Olsen, 1991; Brownlie, 1994; Page et al, 1999; Shaw & Williams, 1990).

In case of Chinese SMTEs, Zhang and Morrison (2006) provided a conceptual model to study SMTEs in China, based on the factors affecting the development of SMEs in China. External environment, internal weaknesses (i.e. poor quality human resources, under-capitalization to address competitive challenges, limited market intelligence about the local area, lack of power and reassurance associated with a weak brands, and weak 'innovation' strategies) and internal advantages (assets of local knowledge and expertise, allowing products to be specialized and differentiated and service personalized, contributing to the development of strong and loyal market relationship with existing customers, flexibility and closeness to market, and open to co-operation and collaboration using strong local, personal and familial networks) were also discussed as distinctiveness of SMTEs in China. The review of the Chinese policy context revealed that despite the new government policy since 1999, which provides an opportunity for individual-owned enterprises to grow and compete with state-owned tourism enterprises, SMTEs are still burdened with restrictions and cannot directly benefit from government support to the same extent that large national-owned enterprises are able to.

Another area of SMTE management research is associated with ICT adoption. Thomas et al (2011) identified three main research strands in this area, namely the impact of e-tourism in small business; the nature of innovation in small firms; and the ability of such business to obtain and absorb knowledge of innovation. The impacts have been stressed by academic researchers and practitioners, however the studies over the nature of innovation in small tourism businesses are rather limited (Thomas et al, 2011). Innovation in tourism is characterized as: More likely to innovate around consumer needs; rely on supply chain (trade) and institutional frameworks rather than been passed on via formal R&D; highly

visible and can be relatively quickly imitated. Decelle (2004) also identified two problems associated with tourism innovation, namely inadequate tacit knowledge and a lack of propensity to innovate. According to Martin's research on small hospitality firms in the UK, it is found that Internet access had been adopted for reasons other than direct logical business strategy, and ICT adoption among SMTEs were firmly associated with owner-managers ability of developing related know-how. With respect to e-tourism in China, most researchers have concluded that the usage of ICT applications in tourism sectors is limited due to technical barriers, financial barriers involving investment, and organizational and behavioral barriers. A meta- review of literature related with adoption of ICT by SMTEs was employed, in order to identify and summarize the factors associated with social media adoption (i.e. owner-manager related factors, skilled human resource, policy and government support, financial resource, required knowledge and knowledge reinvention, customer related factors and online security issues). Comparisons of developed and developing economies reveal similarities and differences, with China displaying many similarities with other developing world contexts. The importance of knowledge acquisition and development, as well as government and policy support, have not been fully discussed and explored in Chinese context. These areas constitute a significant gap in our knowledge of Chinese SMTEs, and become a key focus of this research.

In summary, there is insufficient research that explores the adoption and impact of social media on Chinese SMTEs. This research is informed by the synthesis of ideas in distinctive bodies of knowledge, with the aim of designing a research methodology to explore how social media impact SMTEs in China, and factors associated with social media adoption by Chinese SMTEs. Social media has created a significant impact on SMTEs, and social media adoption by SMTEs can be viewed as a form of e-tourism application, which needs to be researched in relation to what we already know about the characteristics of SMTEs and the challenges they face in the area of innovation. The following chapter takes the insights from this chapter to develop a mixed-method research approach to exploring social media adoption in SMTEs in China.

# Chapter Three – Methodology

## 3.1 Introduction

Previous chapters have established the conceptual backdrop of this research by providing an overview of social media and ICT, China's Small and medium sized tourism enterprises (SMTEs), and a meta-review of literature in field of ICT adoption. This chapter will provide information on the primary approaches, methods, and research tools used in the process of data collection and how they contribute to achieving the research aims and objectives. As mentioned in the previous chapter, this research aims to investigate the impact of social media on SMTEs in China, and to identify factors associated with adoption of social media by SMTEs in China. In order to create in-depth knowledge of the impact of social media, and to examine factors related to adoption of social media, this study entails both quantitative and qualitative research methods by employing semi-structured interviews and a self-completed questionnaire survey.

This chapter first discusses different research method approaches in tourism studies, including qualitative, quantitative and mixed-methods (Section 3.2). Second, it demonstrates the methods used in previous research in field of ICT adoption by SMTEs (Section 3.3). Third, the chapter outlines the methods selection rationale for this research (Section 3.4), followed by explanations of the design and execution of selected research methods (questionnaire survey and semi-structure interview; Section 3.5). Fourth, the reliability and validity of these methods are examined (Section 3.6). Finally, Section 3.7 explains how the data was analyzed quantitatively and qualitatively.

## 3.2 Research Method Approaches

According to the research on SMTEs and the adoption of ICT (e.g. social media), various research strategies and methods have been adopted to address different research objectives. Both qualitative and quantitative research approaches have been advocated as useful and have been widely used independently, or indeed combined in mixed method/multiple method research

designs. Decrop (1999) argues that the advantage of utilizing quantitative approaches in tourism research, is the ability to generalize from a representative sample and to facilitate prediction. Moreover, it is argued that the observer is removed as a potential source of bias from the subjects of observation, and given that social science investigation ought to be objective, quantitative approaches are theorized as being more rigorous than qualitative approaches. Qualitative research has been criticized as impressionistic and subjective, with concomitant difficulties in replicating findings and reaching generalization (Bryman & Bell, 2007: 423-424), compounded by poor reporting of methods, leading to a lack of transparency (Bryman & Burgess, 1994). However, Johnson and Onwuegbuzie (2004) underlined the value of qualitative research, highlighting the rich detailed description of complex phenomena and the advantage of flexible tools of investigation (Finn, Elliot-White & Walton, 2000). Addressing the issue of quality, Riley and Love (2000:167) highlighted that there are 'equal amounts of criticism for the qualitative and quantitative rigor' in tourism research and that quantitative research alone cannot serve alone to explain the social world. It is qualitative research's social and cultural findings that actually provide a more robust context in which quantitative data can be interpreted. Table 3.1 provided by Johnson and Onwuegbuzie (2004:19-20) showed the strengths and weaknesses of qualitative and quantitative research.

TABLE 3.1 STRENGTHS AND WEAKNESS OF QUANTITATIVE AND QUALITATIVE RESEARCH

	<i>Quantitative Research</i>	<i>Qualitative Research</i>
<b>S T R E N G T H S</b>	<ul style="list-style-type: none"> <li>●Testing and validating already constructed theories about how (and to a lesser degree, why) phenomena occur.</li> <li>●Testing hypotheses that are constructed before the data are collected. Can generalize research findings when the data are based on random samples of sufficient size.</li> <li>●Can generalize a research finding when it has been replicated on many different populations and subpopulations.</li> <li>●Useful for obtaining data that allow quantitative predictions to be made.</li> <li>●The researcher may construct a situation that eliminates the confounding influence of many variables, allowing one to more credibly assess cause-and-effect relationships.</li> <li>●Data collection using some quantitative methods is relative quick(e.g., telephone interviews).</li> <li>●Provides precise, quantitative, numerical data.</li> <li>●Data analysis is relatively less time consuming (using statistical software).</li> <li>●The research results are relatively independent of the researcher (e.g., effect size, statistical significance).</li> <li>●It may have higher credibility with many people in power (e.g., administrators, politicians, people who fund programs).</li> <li>●It is useful for studying large numbers of people.</li> </ul>	<ul style="list-style-type: none"> <li>●The data are based on the participants' own categories of meaning.</li> <li>●It is useful for studying a limited number of cases in depth.</li> <li>●It is useful for describing complex phenomena.</li> <li>●Provides individual case information.</li> <li>●Can conduct cross-case comparisons and analysis.</li> <li>●Provides understanding and description of people's personal experiences of phenomena (i.e., "emic" or insider's viewpoint).</li> <li>●Can describe, in rich detail, phenomena as they are situated and embedded in local contexts.</li> <li>●The researcher identifies contextual and setting factors as they relate to the phenomenon of interest.</li> <li>●The researcher can study dynamic processes (i.e., documenting sequential patterns and change).</li> <li>●The researcher can use the primarily qualitative method of "grounded theory" to generate inductively a tentative but explanatory theory about a phenomenon.</li> <li>●Can determine how participants interpret "constructs" (e.g., self-esteem, IQ).</li> <li>●Data are usually collected in naturalistic settings in qualitative research.</li> <li>●Qualitative approaches are responsive to local situations, conditions, and stakeholders' needs.</li> <li>●Qualitative researchers are responsive to changes that occur during the conduct of a study (especially during extended fieldwork) and may shift the focus of their studies as a result.</li> <li>●Qualitative data in the words and categories of participants lend themselves to exploring how and why phenomena occur.</li> <li>●One can use an important case to demonstrate vividly a phenomenon to the readers of a report.</li> <li>●Determine idiographic causation (i.e., determination of causes of a particular event).</li> </ul>
<b>W E A K N E S S E S</b>	<ul style="list-style-type: none"> <li>●The researcher's categories that are used may not reflect local constituencies' understandings.</li> <li>●The researcher's theories that are used may not reflect local constituencies' understandings.</li> <li>●The researcher may miss out on phenomena occurring because of the focus on theory or hypothesis testing rather than on theory or hypothesis generation (called the confirmation bias).</li> <li>●Knowledge produced may be too abstract and general for direct application to specific local situations, contexts, and individuals.</li> </ul>	<ul style="list-style-type: none"> <li>●Knowledge produced may not generalize to other people or other settings (i.e., findings may be unique to the relatively few people included in the research study).</li> <li>●It is difficult to make quantitative predictions.</li> <li>●It is more difficult to test hypotheses and theories.</li> <li>●It may have lower credibility with some administrators and commissioners of programs.</li> <li>●It generally takes more time to collect the data when compared to quantitative research.</li> <li>●Data analysis is often time consuming.</li> <li>●The results are more easily influenced by the researcher's personal biases and idiosyncrasies.</li> </ul>

(Source: Johnson & Onwuegbuzie, 2004:19-20)

In the literature that explores the adoption of ICT by tourism SMEs, there is no single approach which can be recognized as best practice. Researchers use different methods for different purposes, and mixed methods are sometimes employed. Johnson and Onwuegbuzie (2004) stated that the goal of mixing methods is to minimize the weaknesses of quantitative or qualitative approaches, when either of these is used in isolation. Bryman (2006) suggests, for example, the integration of qualitative and quantitative research through multiple-methods or mixed methods. Multiple-methods is used to examine different perspectives on the same research question (Brannen, 1992), while mixed methods are defined as the class of research where the researcher mixes or combines quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study. Similar definitions, such as provided by Creswell, Plano Clark, Gutman and Hanson (2003), identified a mixed method study as one that combines qualitative data collection and/or analysis with quantitative data collection and/or analysis in a single study. These data may be collected concurrently or sequentially and combined at one or more stages in the research process. Onwuegbuzie and Leech (2004) argued that mixed method research as a third research paradigm can help bridge the schism between quantitative and qualitative research. Johnson and Onwuegbuzie also summarized the strengths and weaknesses of mixed methods (Table 3.2)

The paradigm problem for mixed methods arises because of the 'paradigm wars' of the 1970s and 80s where positivist paradigm of quantitative research came under attack from social scientists supporting qualitative research and proposing constructivism as an alternative paradigm (Reichhardt & Rallis, 1994). To deal with the problem, three basic categories of approaches have been developed, namely: a-paradigmatic stance, multiple paradigm approach and the single paradigm. The first of these simply ignores paradigmatic issues altogether; the second asserts the alternative paradigms are not incompatible and can be applied in one research; and the third believes that both qualitative and quantitative research can be accommodated under a single paradigm (Hall, 2012). The multiple paradigm stance takes three forms outlined by Teddlie and Tashakkori (2003), namely the complementary strengths thesis, the dialectical thesis and the multiple paradigms thesis. The complementary strength stance is held by author, who believes that mixed method is possible only if the different

methods are kept as separate as feasibly possible so that the strength of each paradigm is maintained. This research attempts to use separate quantitative and qualitative methods as a means to offset the weakness inherent within one methods with the strengths of the other methods. Therefore, the concurrent triangulation method design is selected in this study in order to build cross-validated and substantiated findings with shorter data collection time period as compared with that of the sequential designs. In this case, quantitative data and qualitative data are collected concurrently, and the priority would be equal between the two methods. This design integrates the results of the two methods at the interpretation or discussion stage of report.

Triangulation plays an important role in conducting mixed-methods research as it helps improve the trustworthiness of qualitative research (Lincoln & Guba, 1985; Denzin and Licolm, 1994). Trustworthiness, which is an important criterion for assessing a qualitative study, is made up of credibility (internal validity), transferability (external validity), dependability (reliability), and conformability (objectivity). Moreover, triangulation means using more than one method or source of data in studying the same phenomenon or research question. Information from different angles can be used to corroborate, elaborate or illuminate the research problem (Bryman, 2006). It limits personal and methodological biases and enhances a study's generalization (Decrop, 1999). Denzin (1978) identified four basic types of triangulation. They are data resource triangulation, methods triangulation, investigators triangulation, and theories triangulation. Firstly, from the data resource triangulation perspective, different types of material can be collected. Primary data from interviews or observations, secondary data from textbooks, other literary sources, promotional material, newspapers, etc can all be used to achieve triangulation. Not only written materials, but also photographs, films, videos, etc. can also be included. Secondly, method triangulation is the use of multiple methods to study a single question, including the use of different methods at various stages. This can be a combination of qualitative and quantitative techniques. Thirdly, to reduce researcher bias, investigator triangulation can be carried out by using several different researchers to collect and/or interpret the same body of data. This form of triangulation requires more time and effort resources, a burden that is more than most research projects can sustain. Finally, theoretical triangulation entails

using multiple perspectives to interpret a single set of data, such as those derived from psychology, sociology, marketing and economics. Method and data triangulation techniques are employed to address the research questions within this research in order to enhance the trustworthiness of the findings.

Table 3.2 Strength and weaknesses of mixed method

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> <li>● Words, pictures, and narratives can add meaning to numbers.</li> <li>● Numbers can add precision to words, pictures and narratives.</li> <li>● Can provide quantitative and qualitative research strengths.</li> <li>● Research can generate and test a grounded theory.</li> <li>● Can answer a broader and more complete range of research questions because the researcher is not confined to a single method or approach.</li> <li>● A researcher can use the strengths of an additional method to overcome the weaknesses in another method by using both in a research study.</li> <li>● Can provide stronger evidence for a conclusion through convergence and corroboration of findings.</li> <li>● Can add insights and understanding that might be missed when only a single method is used.</li> <li>● Can increase the generalizability of the results.</li> <li>● Qualitative and quantitative research used together produce more complete knowledge necessary to inform theory and practice.</li> </ul>	<ul style="list-style-type: none"> <li>● Can be difficult for a single researcher to carry out both qualitative and quantitative research, especially if two or more approaches are expected to be used concurrently; a research team may be required.</li> <li>● More time consuming.</li> <li>● Methodological pursuits contend that one should always work within either a qualitative or a quantitative paradigm.</li> <li>● More expensive.</li> <li>● Researcher has to learn about multiple methods and approaches and understand how to mix them appropriately.</li> <li>● Some of the details of mixed research remain to be worked out fully by research methodologists (e.g., problems of paradigm mixing, how to qualitatively analyse quantitative data, how to interpret conflicting results).</li> </ul>

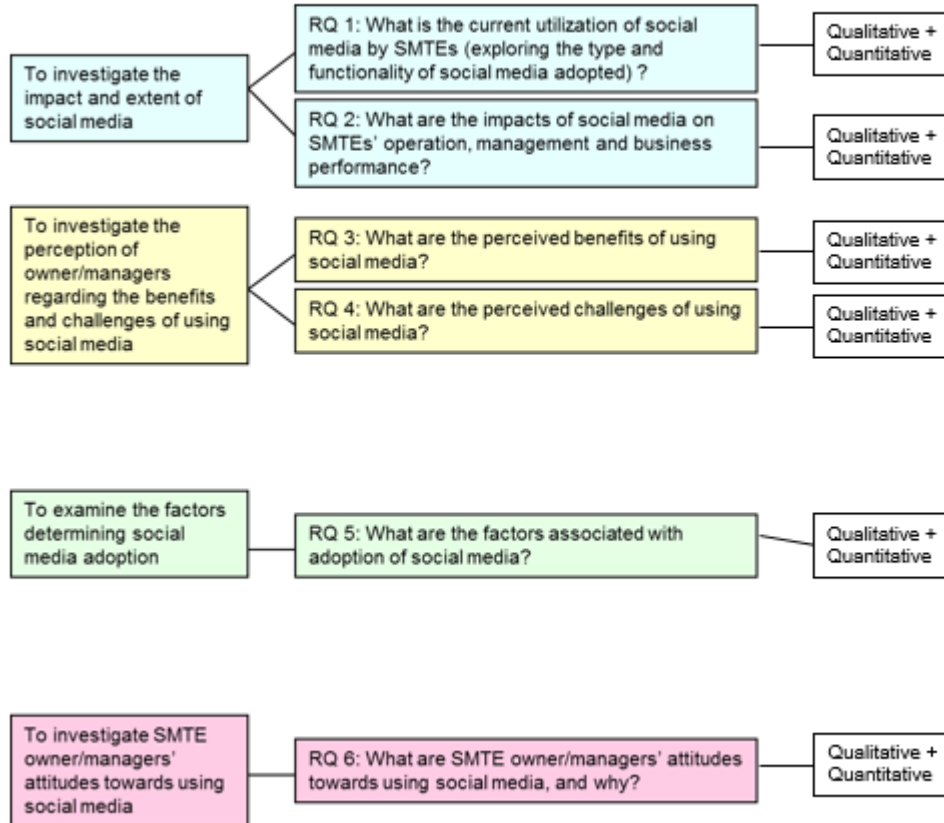
(Source: Johnson & Onwuegbuzie, 2004)

As mentioned previously, this research employed concurrent mixed method data collection strategies to validate one form of data with another. Figure 3.1 highlights that both quantitative and qualitative data are required in each objective and research question of this research. The data are analyzed respectively, and the results are mutually reinforced, and provide supportive arguments. While the quantitative research focuses on the relationship between different variables, qualitative research is used as an exploratory tool for understanding the reasons behind.



FIGURE 3.1 APPROACHES APPLIED IN THIS RESEARCH

*Investigate the impact of social media on SMTEs in China, and to assess factors associated with adoption of social media by SMTEs in China.*



Source: author

### 3.3 Past Research Methods

In the meta-review (see Chapter 2), a selected range of published papers in the field of ICT adoption by SMTEs were discussed. In this section, the methods employed in this existing literature will be summarized and discussed, with the aim of guiding the selection of methods for this particular research. Qualitative, quantitative or mixed research method approaches were conducted by different researchers due to their differing research questions and preference. The most frequently used qualitative methods include semi-structured interviews, symposium and panel discussions, field interviews, and ethnography. The most frequently used quantitative method is the self-completed questionnaire survey (e.g. online web survey, email or postal) (Table 3.3). Each of these frequently

used methods will be discussed respectively in following subsections. An important critical finding is that the studies in areas where English is not an official language failed to mention their process of dealing with issues of translation and transcription, despite language being a major part of the studies conducted in these areas. Differences in the meaning of words across different languages may mean that the translation process leads to distortions of the data. In order to minimize this, it is important and necessary to design proper strategies of translation and transcription before execution.

TABLE 3.3 PREVIOUS RESEARCH METHODS ON ICT ADOPTION

<i>Author</i>	<i>Region</i>	<i>Research objectives</i>	<i>Approach</i>	<i>Method</i>
Kim, 2004	South Korea	Challenges and opportunities faced by SMTEs; e-commerce activities; key factors of success SMTEs	Qualitative	Secondary data, information from symposium
			Quantitative	Questionnaire survey
APEC Suh & Kim, 2002	Asia-Pacific	Challenges and opportunities faced by SMTEs; e-commerce activities; key factors of success SMTEs	Qualitative	Secondary data, information from symposium
			Quantitative	Send 4000 questionnaires and 600 valid data
Klanch-ouch, 2008	Tunisia	Identify opportunities and threats by Internet	Quantitative	40 questionnaire and 22 valid response
Brown & Kaewkitpong, 2009	Thailand	Internal and external factors influencing ICT adoption	Qualitative	5 cases (2 travel agencies and 4 hotels); Semi-structured interview
Huang, 2008	Taiwan	Identify factors of adopting ICT	Qualitative	74 semi-structured interview
		Discern variable relating to dimension of resource, competitive and performance advantage	Quantitative	302 questionnaire and 155 valid response
Skoko et al, 2008	Jiangsu province in China	Factors influencing, enabling and inhibiting ICT adoption	Qualitative	25 semi-structured interviews
			Quantitative	125 questionnaire
Murphy & Kielgest, 2008	Europe	Investigate utilization of searching engine marketing by SME hotels	Qualitative	8 semi-structured interview
AL-allak, 2010	Jordan	Identify obstacles and challenges that reduce the uptake of Internet	Quantitative	350 questionnaire and 96 valid response
Martin, 2004	UK	Investigate personal and business reason of adopting ICT	Qualitative	6 interviews
Buhalis & Kaldis, 2008	Athens	Perceived advantages and disadvantages of internet distribution	Qualitative	23interviews; panel discussion with experts
Karanasios & Burgess, 2008	Malaysia; Ecuador	Identify how entrepreneurs mitigate Internet adoption obstacles	Qualitative	Ethnography; Field interviews

(Source: author)

### 3.3.1 Semi-Structured Interview (SSI)

In Table 3.3, we can see the most popular qualitative method is the semi-structured interview. In Brown and Kaewkitipong's research (2008) regarding ICT used by SMTEs in Thailand, Semi-structured interviews (SSIs) were conducted with owner-managers or managers who were responsible for IT adoption. Five SMTEs (3 travel agencies and 2 hotels) cases are detailed with over 20 hours of interview access in each one. The questions were open-ended, aimed to elicit the interviewee to discuss factors, both internal and external, that influenced their e-business technology adoption. Moreover, eight in-depth SSIs with small and independent hotels were conducted by Murphy and Kielgast (2008), in order to investigate the utilization of search engine marketing by SME hotels. In another study, SSIs were conducted with six small UK hospitality firms by Martin (2004), aimed at investigating personal and business reasons for the adoption ICTs. Moreover, Buhalis and Kaldis (2008) conducted SSIs with SMTEs in Athens in order to investigate perceived advantages and disadvantages of Internet distribution by SMTEs in the region.

It is worth mentioning that a number of researchers use mixed method approaches to address research questions, and subsequently preferred SSI as their method to collect qualitative data. In research conducted by Skoko et al (2008) into Chinese SMEs, 25 interviews and 125 structured questionnaires were conducted simultaneously to investigate the factors influencing, enabling, and inhibiting ICT adoption. Huang (2008) first conducted 74 interviews with Taiwan B&B owner/operators to obtain more in-depth information and identify important factors surrounding B&B adoption of e-commerce, and following this used questionnaire surveys to collect quantitative data.

From the above, we can see that some researchers prefer using SSIs with owner/managers as a qualitative tool to investigate the reasons and factors associated with the adoption of ICT. Therefore, for the purposes of comparison

to this literature, SSIs are employed within this research to deal with similar research objectives and research questions, such as investigating the utilization of social media, factors associated with adoption, the perceived benefits and challenges of adoption, and the reasons for adoption.

### **3.3.2 Ethnography and field interviews**

Ethnography and field interviews were conducted by Karanasios and Burgess (2008) within their Malaysia and Ecuador qualitative researches. Ethnographic studies permit researchers to witness, observe, experience, and describe the behavior and interactions of individuals within human population groups as a whole, and it presents the opportunity for researchers to offer rich and thorough commentary on human culture, behavior, and society as a whole. However, this research does not focus on the organization in an all-encompassing manner, but is more interested in the opinions of business owner-managers which were indicated to be important in the literature review. Ethnography is not suitable for this research due to time and cost considerations, and moreover the author has no previous experience in conducting this method.

### **3.3.3 Symposium and Panel discussion with experts**

Some researchers also obtained qualitative data from symposiums and panel discussions with electronic experts, such as Buhalis and Kaldis' Athens SMTE research, and APEC (Asia-Pacific Economic Cooperation) SMTE research. This method was not deemed suitable for this research, because this research is focused on the owner/managers of accommodation suppliers and travel agencies, rather than the IT experts themselves. Although the advice from IT experts or IT providers might be useful, it is difficult to access owner/managers in the same way, plus organizing a panel discussion or symposium would be logistically difficult.

### **3.3.4 Questionnaire Survey**

In Table 3.3, it is found that all researchers chose questionnaire surveys as their quantitative research method to deal with different research questions. APEC's (2002) research on the Asia-Pacific area aimed to obtain information about the challenge and opportunities of ICT adoption, SMTE e-activities, and the key success factors of adoption. They employed a similar method researching SMTEs in South Korea (Kim 2004). A questionnaire survey (delivered by email) was conducted by Khachouch (2008) to identify opportunities and threats posed by the Internet for SMTEs in Tunisia. Huang (2008) conducted a quantitative questionnaire survey to explore variables relating to the dimension of resources, performance, and competitive advantage of developing e-commerce strategies for B&Bs in Taiwan. In Jordan, Al-allak (2010) also used postal questionnaires in order to identify obstacles and challenges that reduce the uptake of the Internet. Finally, in China, Skoko et al (2008) employed a questionnaire survey to investigate the factors influencing, enabling, and inhibiting ICT adoption.

It is not surprising that self-completed questionnaire surveys are more popular than structured interviews or other quantitative methods, because of their cost effectiveness and relative ease of access to respondents. Questionnaire surveys are therefore suitable for this research, due to the advantages of cost effectiveness, speed of administration, the absence of interviewer effects due to the absence of interviewer variability, and the convenience for respondents (Bryman & Bell, 2006). The risk, however, is that low response rates and incomplete questions may jeopardize the research.

## **3.4 Method Selection and data required**

Following the review of previous research methods, semi-structure interviews

and questionnaire surveys were selected for the qualitative and quantitative research respectively. To minimize data distortion caused by translation between languages, following approach was used: First, the questionnaire and interviews were designed in English, because the papers that informed the research were in English and the supervisory team was able to review the design. The survey instruments were then translated into Chinese Mandarin, which is the first language of the respondents. Data were collected and analyzed in Chinese Mandarin, and then, the results were translated and interpreted in English. In order to minimize this distortion caused by translating, some Chinese specific words were kept, and explained in brackets. This sequence was regarded as the optimal approach to the collection and analysis of the data, avoiding data translation that was surplus to the reporting of the findings, especially interview data. An online questionnaire survey was employed as the quantitative data collection method in this research, due to cost effectiveness (less time travelling and minimizing telephone charges), time-saving for the researcher (i.e. distributing a large quantity of surveys at the same time), and convenience for respondents (they can complete a questionnaire when they want and at the speed that they feel comfortable with). As always, there existed the risk of achieving a low response rate, which is always the most damaging limitation of questionnaire survey methods.

SSI was selected as logistically they were much straightforward to undertake, given the timescale and wider objectives of the project. They provided an interesting, in-depth description on experience, attitude, readiness, understanding, behavior, reasons, perceived benefits and challenges. One of the features of semi-structure interviews is their flexibility (Bryman, 2006). The researcher has a list of questions on fairly specific topics to be covered, often referred to as an interview schedule, but the interviewee has a great deal of leeway in how to respond. Questions may not follow exactly the sequence on the schedule depending upon the flow of the conversation. Questions that are not on the list may be asked as interviewers pick up things said by interviewees.

Given that social media is a new and popular form of ICT, the adoption and utilization related questions were designed to be open and provide leeway for interviewees to respond how they wished. Flexibility gave a greater chance to collect in-depth and detailed data from interviewees.

## **3.5 Questionnaire survey design and execution**

### **3.5.1 Framework of the survey design**

An online self-completed questionnaire was chosen rather than a postal questionnaire, due to lower cost and effects on response rate caused by a lack of time among owner/managers. The questions used in the survey instrument for this research are a mixture of closed questions (multiple response and dichotomous), five-point Likert scale questions and a few open ended text response questions (Appendix 1). The questionnaire survey instrument contains 27 questions, divided into five sections. Section A is designed to collect explanatory variables, Section B, Section C, Section D and Section E are designed to inform the first, the second, the third and the fourth objectives respectively. An introduction to the survey and instructions for completing the questionnaire was provided at the beginning. At the same time, the document also outlined the terms under which the respondent was agreeing to participate in the study. It was also highlighted that only the owners or managers of SMTEs are authorized to complete the questionnaire. Moreover, an invitation was distributed at the end of the questionnaire, in order to ask whether respondents would be willing to participate in face to face semi-structured interviews.

### **3.5.2 Questionnaire design**

#### **3.5.2.1 Section A: questions about owner/managers and their businesses**

Section A covers two aspects. In terms of business profile, questions are asked



to determine: The type of business (hotel or travel agency); the 'size' of business (number of employees and turnover per year); sources of funding; and the business goals for next three years. Secondly, seven questions concerning the personal details of the owner/managers explored age, gender, education, duration in current role, previous experience in tourism and previous job field. The reason for these questions is that Mazzarol et al (1999) have suggested that these factors related to personal are important to understanding decision making in SMTEs.

### **3.5.2.2 Section B: Impact of Social Media on their business**

The aim of this section is to collect data about the impact of social media on the business. Question 14 (Q14), a multiple choice question, asks about their involvement in e-commerce activities - with 12 possible answers and a blank provided. The purpose of Q15 and Q16 is to investigate the current utilization of social media by respondents. Respondents are asked which of five types of social media website (i.e. Blog, Microblogging, Social Network, Product Review System, and Picture and Video Broadcasting and Sharing) has been used in his/her business, and what the function it is used for (i.e. Marketing and Promotion; Product distribution; Communication; Corporate Management; Research). A side by side matrix table combines these responses. Q17 asked the impact of using social media on their business performance from two aspects: 'Number of customer' and 'overall business turnover'. Q18 asked respondent to provide the names of their most frequently used social media websites.

### **3.5.2.3 Section C: Their perceived Benefit and Challenge of adopting social media**

This section contains two questions about perceived benefits and challenges of adopting social media. The participants were asked to indicate the importance of 11 benefits on a five-point Likert scale, ranging from 'Not at all important' to 'Extremely important'. These 'benefits' included 'create new market', 'provide

convenience to customer' etc. They were asked to do the same for 15 challenges, namely 'insufficient IT infrastructure', 'lack of skilled human resource'. The choice of these factors was informed by the studies of Web 2.0 technology and social media adopted in tourism industry.

#### **3.5.2.4 Section D: Factors associated with the adoption and implementation of social media**

Three questions (Q21, Q22, & Q23) were asked in this section, aiming to identify internal, external, and owner/manager related factors associated with adopting and implementing social media respectively. The scale of measurement in all three questions had the same format, a five-point Likert scale ranging from 'Not at all important' to 'Extremely important'. Items in this section are informed from 'meta-review of previous research on ICT adoption'.

#### **3.5.2.5 Section E: Attitude towards using social media in their business**

The 4 questions in this section address Research Objective 4. Questions surrounding the propensity to adopt social media (Q25), future plan of using it in next 12 month (Q26), and what type of social media they are interested in (Q27) were asked.

### **3.5.3 Measurement scales**

Within this questionnaire, various scales of measurement were applied as a combination of nominal, ordinal and interval scales. Firstly, Q1, Q2, Q5, Q6, Q7, Q8, Q11, Q14, Q15, Q16, Q17, Q18, Q26 and Q27 contain nominal scales, because nominal data can neither be ordered meaningfully nor ranked. Moreover, Q3, Q4, Q9, Q10, Q12, Q13 fell into interval scales, as interval data enables the researcher to 'sort and rank the observations but also establish the magnitude of differences separating each observation' (Wheeler et al, 2004:59). With the questionnaire survey completed, these data were re-coded into ordinal data in order to create classification for cross-tabulation and Kruskal-Wallis

tests. Finally, the majority questions in Section C and Section D involve ordinal data: Q19, Q20, Q21, Q22, Q23, Q24, Q25. These all employed a five-point Likert scale that was useful for measuring opinion, attitudes, and perceptions. The Likert scale normally contains a five-point or seven point rating scale on which the respondent has the opportunity to indicate their level of agreement or disagreement. The wording of the Likert scale can be modified according to the need of the statements in question (Bradley, 2007). Participants in this survey were asked to indicate importance, ranging from 'Not at all important' to 'extremely important' in Q19, Q20, Q21, Q22, Q23, and to indicate their agreement, ranging from 'strongly disagree' to 'strongly agree' in Q24, Q25.

### **3.5.4 Piloting**

A pilot study was adopted before the final version of questionnaire was delivered. The purpose of the pilot test is to pre-test the suitability of questionnaire and to ensure that respondents will have no problems in answering questions. The pilot study was conducted in February 2012, with the help of 22 owner/managers of hotels or travel agencies in Haidian district, Beijing. Respondents were asked to finish the questionnaire online, and to provide feedback via QQ (online chatting tool). On average, the questionnaire took 15 to 20 minutes to complete. The length of the questionnaire was suitable, and there was no need to shorten the questionnaire. The accessibility of the web link to the questionnaire (created using Qualtrics.com, and designed in the UK) was no issue for respondents in China, with average time taken to open the web page by respondents at less than 30 seconds. However, brief online discussions with the respondents made evident difficulties in understanding some terms that were presented in the questions. It was found that some social media related terms (e.g. Social Networking, Multimedia Broadcasting and Sharing site, Product Review Sites) are not familiar to all respondents. To address this issue, researchers were suggested to provide well known examples of these types of websites in brackets to assist in the understanding

those terms. With these adjustments and a few translation corrections, the final questionnaire was suitable and comprehensible to the participants. Piloting revealed that distribution of the questionnaire would be difficult. Adopting QQ was, in part, a response to the difficulty of contacting owner/managers. The issues of gaining access to respondents and distributing the questionnaire are dealt with in Section 3.5.6 below.

### **3.5.5 Sampling and sample size**

In this survey, the total sum of two types of SMTEs in Beijing is identified as the population, namely hotels and travel agencies. Hotels, as one of the most important tourism suppliers, operate differently to travel agencies, who act as tourism intermediaries. It is assumed that there could be differences between these two SMTEs with regards to the impact of social media and the way of using social media. Therefore, two types of SMTEs are investigated respectively.

It is impossible to collect all cases in China, and therefore, a sampling strategy is important for this study due to restrictions (i.e. limited time, large population of SMTEs and difficulties in accessing to SMTEs). According to Bryman and Bell (2007), there are two types of sampling method: probability sampling (representative sampling) and non-probability sampling. A probability sample, also known as representative sample, is a sample that has been selected using random selection so that each unit in the population has a known chance of being selected. Using this type of method, a sample is created that should be representative of the population. By contrast, non-probability sample has not been selected using a random selection method, which implies that some units in the population are more likely to be selected than others, and selection heavily relies on researcher's judgment. Due to the fact that not all small and medium sized hotels and travel agencies in China were known and accessible, a non-probability sampling method was employed in this study.

Bryman and Bell (2006) suggested three types of non-probability sampling that are commonly used by researchers, namely Convenience sampling, Snowball sampling and Quota sampling. Quota sampling is based on the idea that the selected sample represents relative proportions of population in different categories. Quota sampling has to be continued until this quota was achieved. Snowball sampling is based on the idea that the researcher makes initial contact with a small group of people who are relevant to the research topic and then uses these to establish contacts with other relevant parties. By contrast, convenience sampling is the selection of sample based on the presence or absence of a respondent at the time of the data collection, and it is simple to the researcher by virtue of its accessibility. Participants are easy to generate because they are accessible at the given period. Therefore, due to the cost and time efficacy, difficulties in categorizing the existing population into meaningful groups, and absence of owner/managers at the time of data collection, a convenience sampling was selected –within the population of small and medium sized hotels and travel agencies in Beijing.

With respect to sample size, Bryman and Bell (2007:195) noted that '*increasing the size of a sample increases the likely precision of a sample.*' Therefore, it is important to ensure a certain size of sample in this study. According to the figures provided by Beijing Tourism Administration (BJTA, 2011) and China Tourist Hotel Association (CTHA, 2011), there are approximate 1146 small and medium sized travel agencies, and approximate 4000 small and medium sized accommodation providers in Beijing (including social hotels and family hotels). Based on two contact lists provided China Tourism Academy (CTA) and Lotour.com, two convenience samples were selected: 770 travel agencies and 1839 hotels (consisting of 173 three star hotels + 1402 two star or fewer hotels + 264 farmer family hotels).

### **3.5.6 Questionnaire survey delivery and execution**

The questionnaire survey was delivered via email – which consisted of an

explanation of the authors research and website links to online questionnaire. The contact lists provided by CTA and Lotour.com contained the name of the person who managed those enterprises, their personal telephone number, office telephone number, email address, MSN, and QQ account numbers (QQ is the most popular chatting tool in China, and it has been largely used in tourism B2B and B2C). CTA and Latour.com, however, were not able to find an association or company to aid in launching the questionnaire for free. Therefore, the author himself was responsible for sending the online questionnaire via email. Three different personal email accounts (i.e. ys243exeter@hotmail.com, alakai@163.com and 11681764@qq.com) were used initially to send questionnaires. However, it was soon found that the email accounts were restricted to no more than 30 unfamiliar addresses in one email, and an email with the same content cannot be sent in quantities of over 100 per day; doing so would cause the account to be banned by Email service provider. Using this method was unsuccessful. The explanation of academic research purposes did not change the failure of using existing personal email accounts. The problem of the sending limit was solved by purchasing a VIP email account (6 pounds sterling / per month), which enabled the researcher to send a total of 1000 emails per day, with a maximum of 200 per hour. Additionally, the problem of non-response by owner/managers was targeted using an innovative technique. Most email addresses provided on the list were served by qq.com and hotmail, and their server systems automatically rejected my emails with identical content after receiving more than 30 within one hour or 30 minutes respectively. This limit was overcome by setting a timer to send email messages automatically.

The survey was conducted from 12 March to 31 May 2011, 92 and 48 valid responses were collected from target hotels and travel agencies respectively, which presents a response rates of 5.0% (hotels) and 6.2% (travel agencies). Reasons for the low response rate are possibly related to difficulties in building trust between researchers and targeted owner/managers, low interests in participating in personal academic research, and possibly the provision of

incorrect email addresses. A lower response rate may lead to a greater likelihood of a non-response bias. Non-response bias is the bias that results when respondents differ in meaningful ways from non-respondents. In order to motivate more owner/managers to complete the questionnaire and to avoid non-response bias, an introduction letter consisting of the aim and sponsors of the survey, as well as a confidentiality agreement (promising the information will not be passed on to a third party) was supplied along with the questionnaire web link. Moreover, different ways of contacting people and delivering questionnaire were employed to generate more response. A novel way of improving the response rate was adopted utilizing the QQ address for owner/managers providing by CTA and Lotour.com. Contacting owner/managers through QQ (i.e. adding them as QQ friends, chatting with them online or leaving offline message to ask or remind them to complete the survey) encouraged an improved return rate. Moreover, after becoming a 'QQ friend', the restriction of sending and receiving emails was released by the QQ email server. However, this way required more effort to manually add thousands of contacts and to service online communications with those.

It must be noted that the response to Question 5, which is an open-ended question asking about business growth plans was lower than expected, despite the piloting study, which did not predict that Q5 would produce low quality data. This question was designed to further investigate the relationship of growth ambition and social media adoption. No more than one third of respondents answered this question in both samples, and the rest left it as a blank; therefore, data from this question cannot be used for further analysis.

### **3.5.7 SSI design and execution**

Convenience sampling was also conducted for the semi-structured interviews, which were used for obtaining deeper and richer data. Convenience sampling is a much better fit for collecting qualitative data rather than the statistical sampling

approach of quantitative research (Bryman & Bell, 2007: 200). A more in-depth understanding of the impacts of social media was sought by asking questions about the perceived benefits and challenges of using social media, the factors associated with social media adoption, and the owner/manager's attitude towards using social media. The interviewee also provided detailed accounts of their experiences, knowledge, and the skills developed and transferred during the adoption of social media.

However, interviewing managers often raises specific issues. The status and power structure, particularly at senior level, mean that gaining access to this group of people can be extremely difficult, and arranging a mutually convenient time in which to conduct an interview that lasts several hours is more difficult still. A request for interview may be made by letter and email, or by telephone. Healey and Rawlinson (1993) recommend a dual approach: first make a telephone call, 'fishing' for a named person who is most likely to be appropriate for the interview, then follow this up with an introductory letter. In this letter, it may be appropriate to enclose a short outline of the nature and purpose of the project and an indication of how the findings might be useful to the respondent. The strategy provided by Rawlinson was followed in this research. Telephone calls, online chatting via QQ and email invitation letters were used to seek interview opportunities with owner/managers on the list. 13 interviews (8 hotels and 5 travel agencies) were conducted, and each interview lasted more than one and a half hours in duration. The interviews were conducted by the author himself. All interviewees were owner-managers of SMTEs in Beijing and came from a variety of backgrounds, but none of them had prior work experience in IT. Their establishments were mainly self-funded, and all of them utilized social media. However, the limited sample size of interview prevents the ability to provide qualitative evidence that discussed the reasons for significant differences among different roles of owner/managers that identified in the quantitative tests. These differences could not be further investigated in this study due to the research design, because SMTEs that participated in the



qualitative research could not be linked to their quantitative response. The same was the case for different education level of owner/managers' perceived benefits and challenges of using social media, and the factors associated with social media adoption.

Semi-structured interviews were employed based on an interview schedule (Appendix 2) which was close to the research objectives. The schedule was divided into two sections, namely owner-managers and their business, and their use of social media. To begin with, the interviewee was asked some background questions about themselves and their business, followed by questions about innovation in their business and their roles. The second section was designed to investigate the impact of social media on their business, including the benefits and challenges of using social media, important factors associated with successfully adopting and implementing social media, as well as their attitudes towards of using social media.

All interviewees received an email that introduced the purpose of the interview and the study in general, noted the need to record the interview, and gave an ethical statement that that the information they provided would be used for academic purposes only. Another confirmation email was also sent two days before the interview, including a brief overview of the type of questions that might be asked. Handwritten notes were also used to record important statements, and helped the researchers to develop new probe questions or to link with other outlined questions. It also helped for further data interpretation and analysis.

### **3.6 Validity and reliability**

For both quantitative and qualitative studies, the issues of reliability and validity are important aspects that can indicate consistency of measures and accuracy

of results. Reliability is fundamentally concerned with issues of consistency of measures, which means that when the same data collection techniques and analysis procedures are followed, similar results are generated. By contrast, validity is concerned with whether the findings truly describe what they appear to describe. In terms of internal validity, the rigorous design of questionnaire (including piloting study) and interview schedule existed to attempt assurance that all the questions were understood by respondents, and questions were measuring what the researcher intended to measure in this study. However, low quality data obtained from survey Q5 (asking about business growth plans) disabled further investigation into the relationship between growth ambition and social media adoption. Moreover, it was clearly stated that information provided by respondents in the questionnaire and interviews would be anonymous, which minimized ethical issues and other barriers to their participation. The external validity refers to the degree to which findings can be generalized across social settings. LeCompte and Goetz (1982) argued that external validity represents a problem for qualitative researchers due to their tendency to employ cases and small samples. In this research, a mixed methodology was conducted, referring to a process of cross-checking the validity of findings derived from both quantitative and qualitative research. However, due to the region (Beijing) and the organizations selected (hotels and travel agencies), the results derived from this study may not be representative of the wider SMTEs all over China. Another factor involved with reliability is whether or not a measure is stable over time, which means that test-retest methods are commonly used to examine the variation over time in the results obtained. The stability of the questionnaire survey and interviews in this research cannot be easily tested because of the inability to test and retest items mainly due to lack of time (deadline of this study).

## **3.7 Methods of data analysis**

### **3.7.1 Quantitative analysis**

In terms of quantitative research, 27 questions are contained in each questionnaire. In total, 156 responses had been collected by the author in the period of March - May 2012; however, 16 incomplete responses were discovered, resulting from not answering or missing out some of the questions. These responses were not used. Out of a total of 140 valid responses, 92 are from the hotel sector and 48 are travel agencies. The raw data was firstly exported from 'Qualtrics' online survey software, and saved as SPSS documents. After checking, valid responses were edited and coded, using IBM SPSS Statistics 19. The quantitative results of Chapter 4 and Chapter 5 were derived through univariate analysis (descriptive statistics), bivariate analysis (Chi-square, Spearman's R, Kruskal-Wallis test). Multivariate analysis (Factor analysis) was used in the study of hotels (Chapter 4) rather than travel agencies (Chapter 5), because the small sample size of the latter was not suitable for factor analysis. The Mann-Whitney *U* test was employed in the comparison chapter (i.e. Chapter 6) in order to compare the results presented in the previous two chapters (Chapter 4 and Chapter 5). The Mann-Whitney *U* test provides a nonparametric equivalent to the *t* test that allows comparisons of samples which are statistically dependent, not normally distributed and are of significantly different sizes, factors which limit the application of other tests.

### **3.7.2 Qualitative analysis**

With regard to the qualitative research, the semi-structure interviews were recorded and then transcribed in Chinese Mandarin for further analysis. Key findings from this research were translated into English and presented in Chapter 4, Chapter 5 and Chapter 6. With the Mandarin transcriptions, the

analysis of the qualitative data was conducted using thematic coding. Thematic analysis is widely used in qualitative research and focuses on examining themes within data. Coding is the first step for developing themes within the raw data by recognizing important moments in the data and encoding it prior to interpretation (Boyatzis, 1998). The interpretation of these codes can include comparing theme frequencies, identifying theme co-occurrence, and graphically displaying relationships between different themes. In this research, the data was coding in Mandarin and relevant verbatim quotations were then translated into English to illustrate the arguments constructed in response to the research questions. Key themes identified in each section were parts of the interview questions which came from literature, but some themes were unanticipated. For example, in Chapter 4, the impact of social media on small and medium sized hotels was coded according to their current utilization of social media, its impact on business performance and on management. Within each sub-group, key themes were identified, e.g. 'online reputation management', 'internal communication' and 'innovation management' all belonged to the code 'impact on management'.

### **3.8 Conclusion**

This chapter illustrated the methods and procedures employed in this research. After a study of research methodology and discussion of previous research methods (Table 3.3), a mixed method was conducted in order to obtain reliable and valid results. Quantitative and qualitative data were collected via carefully designed surveys and semi-structure interviews, and then analyzed both quantitatively and qualitatively in order to reach the research objectives and questions. The following three chapters represented the analysis of this research. In particular, Chapter 4 focused on the impact of social media on small and medium sized hotels (SMHs) and their adoption. Chapter 5 presented analysis of small and medium sized travel agencies (SMTAs), another sector of

SMTEs studied in this research. Chapter 6 provided a comparison between two samples both in quantitative and qualitative way, in order to identify possible significant differences between the two sectors.

# **Chapter Four – The study on Small and medium sized Hotels**

## **4.1 Introduction**

As Chapter 3 highlights, both quantitative and qualitative methods were conducted in order to generate valuable information from owner/managers of Small and Medium sized Tourism Enterprises (SMTEs) in Beijing. All respondents and interviewees are owner/managers of small and medium sized hotels or small and medium sized travel agencies (SMHs or SMTAs) in the aforementioned city. It is appropriate to analyze the 48 travel agencies and 92 hotels respectively as two samples, because of differences in the size of enterprise in each sample, both in terms of turnover and the number of employees (See Chapter 2). Moreover, Reichel and Haber (2005) suggested that researchers simply cannot group all small hotels, tour guide companies, art galleries, or novelty stores into a homogenous category, regardless of their similarities in number of employees or amount of revenue generation. These small tourism firms differ amongst the various industry segments: Each having different business objectives, direction, and performance measures. It is also assumed that there may be significant differences between two different sub-sectors, which have different customer relationships and business models. The comparison of the two sectors will be conducted in Chapter 6. The aim of this chapter, therefore, is to present the results of quantitative and qualitative research in SMHs sector, with regards to the four objectives and related research questions of this study. To reiterate, this research aims to investigate the impact of social media on SMTEs in China, and to access factors associated with adoption of social media these firms. The research aims consist of four objectives: To investigate the impact and extent of social media; to investigate SMTEs perceived benefits and challenges of using social media; to examine the factors determine social media adoption; to investigate SMTE owner/managers' attitudes towards using social media.

This chapter first presents the results of the quantitative analysis of 92 questionnaire survey returns from hotel owners and managers. Second, the

results of the qualitative analysis of 8 semi-structured interviews are presented. The chapter is structured in this way because the questionnaire survey was designed in response to the themes and lacunae identified in the literature review in Chapter 2. The qualitative analysis was conceived after the quantitative research design and was purposefully structured to explore specific themes identified by the quantitative research, and also to provide more in-depth description to foster understanding, comparison, and exploration of the quantitative results.

## **4.2 Quantitative research on SMHs**

In the quantitative research of this study, 27 questions are contained in each survey. In total, 98 responses had been collected by the author in the period of March- May 2012. However, 6 uncompleted responses that resulted from not answering or missing out some of the questions are not used. Therefore, the quantitative study in this chapter is achieved through the analysis of 92 valid responses of questionnaires disseminated to Chinese SMHs' owners/managers in Beijing.

### **4.2.1 Descriptive Statistical analysis**

There are five parts of this descriptive statistics analysis, and the latter four relate directly to the objectives of this study. The parts are: The demographic characteristics of owner-managers and a profile of their business; types and functionality preference of used social media, their perceived benefit and challenges of using social media; factors related with using social media; their attitudes towards of using social media. The results are reported below.

#### **4.2.1.1 Demographic characteristics of owner-managers and profile of their business**

The sample (N=92) includes 57 male and 35 female, and the modal age group is 30-39 years old (Figure 4.1). 41.3% of them are owner-managers. Managers account for 32.6% and the rest are owners. In terms of their highest level of educational achievement (Table 4.1), the largest two groups are 'Bachelor degree' (56.5%) and 'Bachelor diploma' (22.8%). With respect to previous jobs (Figure 4.2), 71.7% indicated 'either IT or Tourism related work', followed by

'Non-IT work in tourism sector' (21.7%), 'IT- work in non-tourism sector' (4.3%) and 'IT work in tourism sector' (2.2%). The previous tourism related job examples they provided are varied, such as accountant, hotel front desk manager, hotel housekeeping manager, product manager, tourism related software designer, HR manager in hotels, sales, etc. Moreover, the range of the years of managing or owning their business is from 1 year to 18 years (Mean= 5.77, Median= 5, Mode= 2, Table 4.2).

FIGURE 4.1 AGE GROUPS OF HOTEL OWNER/MANAGERS

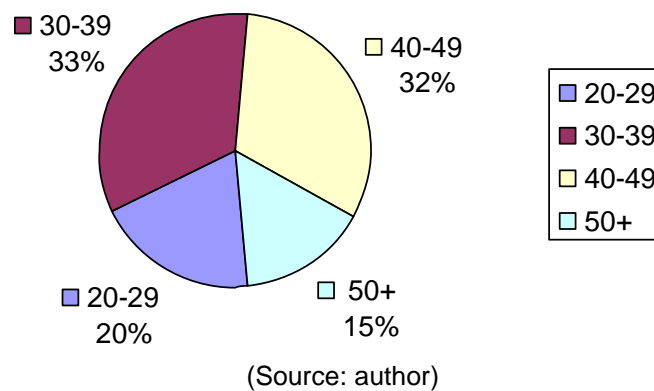


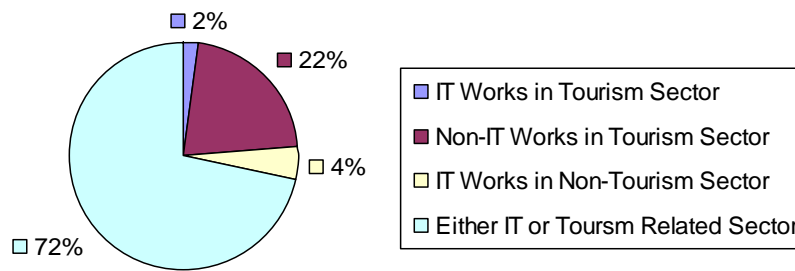
TABLE 4.1 EDUCATION LEVELS OF HOTEL OWNER/MANAGERS

Education	N	%
Under Junior high school	3	3.3
Junior high school	3	3.3
Technical school	7	7.6
Senior high school	7	7.6
Bachelor diploma	21	22.8
Bachelor degree	52	56.5
Postgraduate	1	1.1
Miss	5	5.4
Sum	92	100.0

(Source: author)



FIGURE 4.2 PREVIOUS JOB FIELDS OF HOTEL OWNER/MANAGERS



(Source: author)

TABLE 4.2 YEARS OF OWNED/MANAGED HOTELS

Years	N	%
1	4	4.3
2	16	17.4
3	13	14.1
4	10	10.9
5	12	13
6	7	7.6
7	7	7.6
8	4	4.3
9	2	2.2
10	4	4.3
11	4	4.3
12	3	3.3
15	4	4.3
17	1	1.1
18	1	1.1
Valid	92	100
Miss	0	0
Sum	92	100

(Source: author)

In terms of profile of their business, 4 questions were asked including: ‘last year’s turnover’, ‘number of employees’, ‘money required to start business’ and ‘type of business’. The questions about turnover and number of employees are related with their ‘size’. Table 4.3 shows the mean, minimums, maximums, and standard deviation of 92 hotels. Due to the definition of small and medium hotels in China, only 2 hotels’ had more than 400 employees and only 1 hotel’s turnover was greater than 100,000,000 CNY. It is not surprising that most of respondents are owner/managers of small hotels in the long tail. The average turnover is 7, 381, 600 CNY (approximate 738,000 Pounds), which is less than the data

provided by Beijing Tourism Development Research Report 2011, where the stated average turnover of small and medium star-rated hotels in Beijing is 12, 227,000 CNY (approximate 1,222,000 Pounds). Moreover, large standard deviations can be found in the data, which shows the wide variation in the 'last year turnover' and 'numbers of employees' figures. The possible reason for this is that respondents are not only star-rated hotels in Beijing, but also budget hotels and social hotels (such as family hotels, green farm inn). If the size of hotel is the central factor defining social media adoption or factor influencing how they perceive social media adoption (i.e. benefits and challenges), the degree of social media adoption in Beijing SMH industry might be higher than the result of this study. The size related variable (i.e. turnover and No. of employees) will be test in following studies.

TABLE 4.3 TURNOVER AND EMPLOYEES OF HOTELS

	N	MIN	MAX	MEAN	Std. Dev
Turnover (10 Thousand CNY )	92	15	10000	738.16	1134.673
No. of Employees	92	2	800	67.58	104.516

(Source: author)

The open-end question 'How did you get the money to start your business?' was asked in this survey. 54 respondents answered this question. After summarizing and translating, we can see that the mode response (mode=28) is 'personal saving', as visible in Table 4.4. The author was surprised to find that 41.3% of respondents did not answer this question, for which two reasons are perceived. Either they are sensitive to this question, and are reluctant to answer it, or they are managers and they don't know. Table 4.5 demonstrates the types of respondent businesses, and the common is 'independent business'. Moreover, the other types of businesses that were not provided as options in the questionnaire are supplemented by respondents themselves as national-owned and/or military-owned hotels. These describe government or military establishments, controlled and managed by government and military systems respectively.

TABLE 4.4 START UP CAPITAL SOURCE OF HOTELS

Source	N	%
Missing	38	41.3
Personal saving	28	30.4
Shareholder	4	4.3
Group stir	2	2.2
Family	4	4.3
Loan	9	9.8
friends	3	3.3
Other business	4	4.3
Sum	92	100

(Source: author)

TABLE 4.5 TYPE OF HOTELS

Type of business	N	%
Independent	69	75.0
Part of a Chain	11	12.0
Franchise	7	7.6
Other	5	5.4
Valid	92	100.0
Miss	0	0.0
Sum	92	100.0

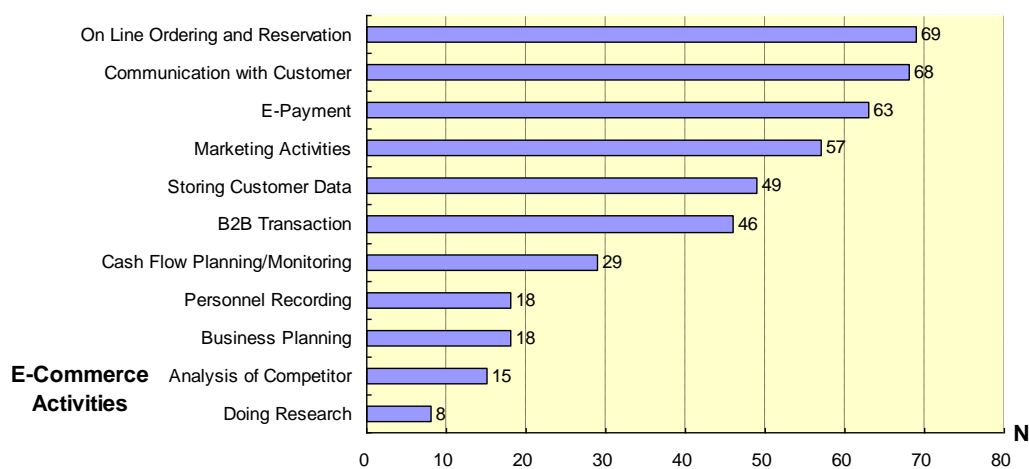
(Source: author)

#### 4.2.1.2 Status of using Social Media

In order to address the first research objective, four questions about the use of e-commerce and social media by SMHs were asked in the survey. Firstly, Figure 4.3 shows how the respondents described 'e-activities that your business is currently involved in'. The Internet has fundamentally reshaped the way tourism-related information is distributed and the way people plan for and consume travel (Buhalis & Law, 2008), and Chinese SMHs have been involved with ICT and e-commerce for more than 10 years. Therefore, the technological activities they are involved with can to some extent reflect their business needs from an ICT adoption perspective. The top three activities were found to be 'online reservation', 'communication with customer', and 'e-payment', whilst 'doing research' was the most unpopular e-activity for SMHs in Beijing. When using ICT, online customer generation and communication with said customers was of far greater concern to SMHs, rather than corporate management and doing research.

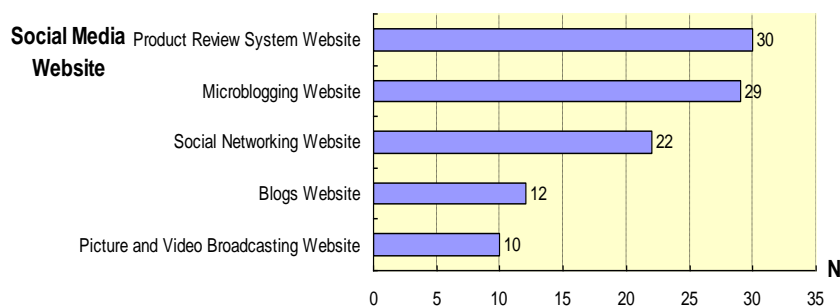
Secondly, with respect to usage, 41% (n. 38) confirmed that they used social media, with 59% (n. 54) reporting no use. For those who were using social media, the following two questions asked about the ‘type of social media’ adopted, the ‘function preference’ of social media, and the impact upon ‘turnover and the volume of customers’. From the Figure 4.4, we can see that the most popular type of social media is the Product Review System website (PRS; such as tripadvisor.com), followed by Mircoblogging websites (MB), social network (SN), blog (B) and picture and video broadcasting websites (PV).

FIGURE 4.3 E-ACTIVITIES INVOLVED WITH HOTELS



(Source: author)

FIGURE 4.4 TYPES OF SOCIAL MEDIA USED BY HOTELS



(Source: author)

From the frequency Table 4.5, we can see that Microblogging (MB) is the most popular social media for marketing and advertising. MB is a more recent type of social media, the popularity of which has risen quickly with rapid development in China. The advantage of MB is the speed at which one is able to disseminate information to a wide network of users. The rapid spread of MB in China is due to

the success of its apps in mobile terminals and the network externalities associated with more and more people using smart phones. It is free and neasy to open a MB account, and most related software (such as 'Pipi Shiguangji') developed by third parties is free, which provide great opportunities for adoption and further development of Microblogging marketing in SMTEs.

In terms of communication, PRS and MB lead the way. In the era of social media in China, a shift in the communications approach of companies has occurred. Firms are moving away from pushing information outwards to consumers, and instead adopting an approach where they seek to create a fully interactive and mutual relationship with consumers and customers (Li & Wang, 2011); the motivation informing the latter approach is that tourism companies would like to learn and improve by listening to their customers. Pantelidis (2010) demonstrated the importance of monitoring and managing electronic communications on social media. Not only can tourism suppliers achieve a better understanding of what consumers want and how they perceive their companies, customer's comments and opinions can also highlight areas of improvement and enable suppliers to protect their brands and images. PRS provides platform to obtain systematic daily customer reviews of hotels' products and services, to monitor customer's satisfaction, to communicate with customers, and to regain the right to speak online.

In terms of product distribution and sales, it is not surprising that PRS is the most attractive social media for SMHs, due to the fact that most PRS websites provide links for direct booking. PRS websites can mean serious revenue generation, a major direct benefit to Hotels. It is this function that appears to account for high levels of adoption in the sample. PRS distributes hotel room inventory far more effectively and easily than other types of social media. It also aids SMHs that do not have their own websites to reach online customers and fulfill an online strategy with overall lower cost.

By contrast, 'doing research' and 'management' related activities are functions with little uptake in comparison to 'marketing and advertising', 'communicating with customers and businesses' and 'product distribution and sale'. The function selection of social media by respondents is similar to their current utilization of

ICT. Therefore it is supposed that social media is adopted by some SMHs as new tools to implement existing ICT strategies. More discussion of each type of social media used by SMHs, and why they are used for different purposes will be present in qualitative analysis (See 4.3.1.2).

TABLE 4.5 HOTELS' FUNCTION PREFERENCE OF USING SOCIAL MEDIA

Function of Using Social Media	Marketing and Advertising	Communicating with Customer or Business	Product Distribution and Sale	Management	Doing Research
<b>PV</b>	8 (21%)	6 (16%)	0	0	0
<b>SN</b>	19 (50%)	16 (42%)	9 (24%)	1 (3%)	0
<b>PRS</b>	24 (63%)	26 (68%)	23 (61%)	2 (5%)	4 (11%)
<b>MB</b>	25 (66%)	21 (55%)	18 (47%)	2 (5%)	0
<b>B</b>	10 (26%)	10 (26%)	6(16%)	1 (3%)	0

(Source: author)

Moreover, in order to investigate the impact of social media on their overall business performance, another question was asked. Table 4.6 shows a strong trend that over 89% of SMH who use social media agree that their 'number of customers' and 'overall turnover' are increased by using social media. However, there are 2 respondents who replied 'don't know', and it is hard to explain this in quantitative analysis. However, similar results were also found in the interview stage. Possible reasons for this are explored and summarized in subsequent qualitative study (See 4.3.1.3).

TABLE 4.6 MAIN TREND AFTER USING SOCIAL MEDIA BY HOTELS

		N	%
<b>Turnover</b>	Increased	35	92.1
	Remain the same	0	0
	Decreased	1	2.6
	Don't know	2	5.3
	<b>Sum</b>	38	100
<b>No. of Customer</b>	Increased	34	89.5
	Remain the same	1	2.6
	Decreased	1	2.6
	Don't know	2	5.3
	<b>Sum</b>	38	100

(Source: author)

#### **4.2.1.3 Perceived benefit and challenges of using social media**

From Table 4.7 it is evidenced that the three most important benefits are 'Provide convenience for customer', 'Provide better and easy access to information on product and services', and 'Improve image and public recognition'. The first two benefits are in line with Kim (2004)'s study that investigated the benefits of e-commerce perceived by Korean SMTEs. It is also supported that service firms, particularly tourism enterprises, are more likely to innovate around customer needs (NESTA 2008:6). Respondents also appear to consider the use of social media as a vital tool to develop their hotel's brand image and improve its visibility in public – and they consider this an important benefit. Image-making related online reputation management is also highlighted by interview respondents as a benefit of using social media (see section 4.3.1.3). Social media seems cheaper and easier than hosting their own websites or purchasing online advertising, however managing reputations online involves significant human resource costs. This opens up smaller businesses to greater opportunities but at the same time greater challenges with respect to customer and resource management. In the middle mean score area (Mean score is from 4.08 to 3.90), 'Establishing interactive relationship with customer', 'Provide customized tourism product', 'Create new market', 'Channel for promotion', 'Monitor customer satisfaction', are also discussed as benefits of using social media. However, benefits with lower mean score (3.66-3.52) 'Found more business partnership', 'Interacting with other businesses', 'Provide channel for doing research' are not mentioned in the qualitative results.

According to the literature review chapter, many researchers (Lu et al, 2002; Ma et al, 2003; Heung, 2003; Lu & Lu, 2004; Lam, Cho & Qu, 2007) suggested that E-tourism development in China heavily depends on the availability of the investment funding. Further, tourism sectors always face problems when allocating funds from limited resources to different aspects of e-tourism sectors e.g. technical, human resources, ICT infrastructure, etc. However, in this research, respondents highlighted the importance of various challenges in terms of social media adoption. These include: 'Limited knowledge of available technology', 'Lack of confidence in benefit from social media' and 'Awareness of using social media.'(Table 4.8), which is similar with Kim (2004)'s study on

e-tourism adoption in Korea. It showed investment in technical know-how is necessary for social media adoption by SMTEs. Further qualitative analysis (See 4.3.2.2.2) also supports the postulation that limited knowledge and awareness of owner/manager hinders social media adoption and development by SMHs. In the middle mean score area, lack of financial and human resource, burden of social media related technical and daily work, and challenges of online reputation management are also highlighted by respondents.

Moreover, the top three highest standard deviations amongst benefits and challenges are 'Interacting with other business', 'Fear of change in corporate culture' and 'Lack of government support'. Here, a high standard deviation indicates that the data points are spread out over a large range of values. Therefore, in this study, respondents have quite different opinions on those three issues. Therefore, it is worthwhile exploring these factors using qualitative methods to further analyze these differences. Interesting stories were found in qualitative data about a hotelier social network website called 'maidianlan.com' which provides a possible channel for knowledge sharing, communication within industry and interacting with other business. It was given high praise despite respondents also stating they do not visit it very often (See 4.3.1.2.3). Although some of the responding SMHs admit the merit of social media, most of SMHs do not have strong willingness to use social media to interact with other business. Nor do they possess an awareness of the potential uses of social media, to communicate with other hoteliers or other businesses. This is evidenced by the low mean score (3.52). In addition, government support was discussed in the qualitative results as well (See 4.3.3.5). It was supported that interviewees admitted that if the government were to launch a program to help SMHs to adopt social media, they would benefit a great deal. However, most of respondents did not take lack government support as a big challenge or factor into consideration, due to their low expectation to get support from government in the first place.



TABLE 4.7 HOTEL OWNER/MANGERS' PERCEIVED BENEFIT  
(1=very unimportant; 5= very important)

	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>Std. Dev</b>
<b>Provide Convenience for Customer</b>	92	3	5	4.14	0.673
<b>Improve Image and Public Recognition</b>	92	3	5	4.13	0.759
<b>Provide Better and Easy Access to Information on Product and Services</b>	92	2	5	4.11	0.733
<b>Provide Customized Tourism Product</b>	92	3	5	4.08	0.699
<b>Channel for Promotion</b>	92	2	5	4.04	0.797
<b>Establishing Interactive Relationship with Customer</b>	92	2	5	4	0.798
<b>Create New Market</b>	92	2	5	3.96	0.837
<b>Monitor Customer Satisfaction</b>	92	2	5	3.9	0.742
<b>Found More Business Partnership</b>	92	2	5	3.66	0.917
<b>Provide Channel for Doing Research</b>	92	2	5	3.57	0.918
<b>Interacting with Other Business</b>	92	1	5	3.52	1.032

(Source: author)

TABLE 4.8 HOTEL OWNER/MANGERS' PERCEIVED CHALLENGES  
(1=very unimportant; 5= very important)

	N	Min	Max	Mean	Std. Dev
Limit Knowledge of Available Technology	92	3	5	4.00	0.695
Lack of Confidence in Benefit of Social Media	92	2	5	3.99	0.819
Awareness of Using Social Media	92	3	5	3.92	0.715
Cost of Securing Skilled Human Resources	92	2	5	3.83	0.833
Shortage of Skilled IT Workers	92	1	5	3.82	0.876
Time and Cost of Extracting and Interpreting the Content	92	2	5	3.78	0.677
Management of Online Critical and Negative Comments	92	1	5	3.74	0.863
Cost of Initial Investment	92	2	5	3.71	0.859
Cost of Raining Staff	92	2	5	3.71	0.871
Insufficient IT Infrastructure	92	1	5	3.66	0.998
Online Trust and Cutthroat Competition Issue	92	1	5	3.64	0.921
Difficulty with Integrating Social Media & Existing System	92	1	5	3.61	0.949
Social Media Develop and Change Too Fast	92	1	5	3.52	0.858
Lack of Government Support	92	1	5	3.42	1.03
Fear of Change in Corporate Culture	92	1	5	3.27	1.12

(Source: author)

#### 4.2.1.4 Factors related with using social media

Table 4.9 shows the importance of each of the factors related with adoption of social media. SMH owner/managers thought the most important factor is 'Owner/manager's knowledge and technology acceptance' (with highest mean score: 4.22). Small and medium business owners/managers play a central role in facilitating changes, and thus social media adoption largely relies on owner/managers' knowledge and capacity. A similar result is also found in qualitative analysis (Section 4.3.3.1). During their decision making, they also take into consideration 'Security of social media', 'Level of trust between customer and company', 'Their previous experiences of using Internet and

Social media', 'Knowledge sharing and information exchange with other tourism business' and 'Customer's acceptance', 'ICT infrastructure', 'Skilled IT workers', and 'Investment capital', as a high priority. Most of the factors provided in this questionnaire were supported by the qualitative analysis (Section 4.3.3), aside from 'Knowledge sharing and information exchange with other tourism businesses'. The literature on SMTEs (Thomas et al, 2011; Martin, 2004; Decelle, 2004) would lead us to anticipate that the adoption of social media will be linked to the level of tacit knowledge that is transferred and absorbed into the firm, and how knowledge is exchanged and disseminated within the tourism industry. Knowledge exchange is also an important process where organizations share learning, ideas, and experiences. Although 'Knowledge sharing and information exchange with other tourism businesses' was given a high importance (Mean score 3.95), a weak willingness of communication within SMH industry hindered the effect of this factor during social media adoption and development. There is a large gap between perceived importance of knowledge and information sharing and the actual industry communication atmosphere. By contrast, 'Age' and 'Gender' of owner/managers were chosen as the most unimportant ones that affect social media adoption.

TABLE 4.9 FACTORS RELATED WITH USING SOCIAL MEDIA BY HOTELS  
(1=very unimportant; 5= very important)

	N	Min	Max	Mean	Std. Dev
<b>Owner/manager's knowledge and technology acceptance</b>	92	2	5	4.22	0.796
<b>Security of social media website</b>	92	3	5	4.02	0.695
<b>Level of trust between customer and company</b>	92	2	5	3.99	0.749
<b>Previous experiences of using Internet and Social media</b>	92	2	5	3.97	0.845
<b>Knowledge sharing and information exchange with other tourism business</b>	92	2	5	3.95	0.790
<b>Customer's acceptance</b>	92	2	5	3.92	0.699
<b>ICT infrastructure</b>	92	2	5	3.87	0.815
<b>Availability of investment capital</b>	92	2	5	3.87	0.801
<b>IT provider support</b>	92	2	5	3.86	0.793
<b>Skilled IT workers</b>	92	1	5	3.80	0.855
<b>E-commerce market size</b>	92	1	5	3.76	0.894
<b>Policy and government support</b>	92	2	5	3.70	0.675
<b>Availability of specific tourism products and services</b>	92	2	5	3.64	0.720
<b>Corporate acceptance</b>	92	1	5	3.60	0.927
<b>Motivation of using social media</b>	92	1	5	3.60	0.890
<b>Goal/ambitious for business</b>	92	1	5	3.54	0.942
<b>Education</b>	92	1	5	3.53	1.032
<b>Corporate knowledge</b>	92	1	5	3.47	0.895
<b>Corporate culture and internal communication</b>	92	1	5	3.45	0.906
<b>Age</b>	92	1	5	2.99	1.064
<b>Gender</b>	92	1	5	2.68	1.119

(Source: author)

#### 4.2.1.5 Attitude towards using social media

Having obtained data relating to the perceived benefit and challenges of using social media, it is clear that there exist various significant factors owner-managers take into consideration during the social media adoption process. Three close-ended questions were asked in order to investigate SMTE owner/managers' attitudes towards using social media. In response to the question that asks if they 'agree the benefits of adopting social media are greater than not adopting social media', a narrow majority of 47.9% were in agreement and strong agreement, 46.7% gave a neutral response, and only 5.4% disagreed or strongly disagreed with this statement. Moreover, a 70.7% response rate of 'Yes' and 'Probably Yes' indicates that they are, to some degree,

interested in the adoption of social media in the future. However, only 39.1% have plans of adoption in next 12 months. Their attitudes toward using social media, and their adoption plan, reflected the outcome of their complex decision making process. Factors and challenges discussed previously might be the reasons why this adoption plan is of such a delayed nature.

#### **4.2.2 Bivariate Analysis**

In this section, bivariate analysis is conducted through non-parametric tests in order to compare groups. For standard parametric test to be valid, certain underlying conditions or assumptions must be met, particular for smaller sample sizes. For example, one sample t test requires a normally distributed population; two independent samples t test requires that the population standard deviation be equal. However, non-parametric tests make less stringent demands of data (normality and size of sample). In particular, the Kruskal-Wallis test was largely employed in this research. Kruskal-Wallis one-way analysis of variance by ranks is a non-parametric method for testing whether samples originate from the same distribution. It is used for comparing samples that are independent or not related. The parametric equivalent of the Kruskal-Wallis test is the one-way analysis of variance (ANOVA). The statistical significance ( $p$ ) calculated through Kruskal-Wallis test is significant for quantitative analysis. According to Martella, Nelson and Marchand-Martella (1999:104), the statistical significance 'helps researchers with the decision about whether the observed difference is great enough to reject the null hypothesis; it also help researchers accept the alternative hypothesis.' Field (2009) also states that the probability value  $p$  is an index of the weight of evidence against the null hypotheses. The  $p$  lies between 0 and 1.0, and the closer  $p$  is to zero, the smaller the risk of rejecting the null hypothesis. If the Kruskal-Wallis test leads to significant results ( $p < 0.05$ ), one of the samples is different from the other samples. The majority of the data is originally from Likert-scale questions, therefore Kruskal-Wallis tests were employed to investigate the relationship between explanatory variables (such as gender, age, education, previous jobs, years of owning/managing this business, the role in business, turnover, no. of employees, starting money and type of business) and other items (such as social media selection, perceived challenges and benefits, and factors related with social media adoption). The Kruskal-Wallis

test are suitable for dealing with these nominal and ordinal ranked scales data. However, when the Kruskal-Wallis test shows at least one of the samples being different from the other samples, the test cannot then identify where the differences occur (between which two groups). It can neither show how many differences occur (the degree of differences).

#### 4.2.2.1 Owner/manager and their Hotels

All the hotels can be divided into different groups based on their owner/manager's demographical characteristics, as well as the profile of their business such as gender, age, education, previous jobs, years of owning/managing this business, role in the business, turnover, no. of employees, starting money and type of business. A Kruskal-Wallis test was conducted in order to examine the relationship between these different groups and their turnover (Table 4.10). It is not surprising that in the case of 'No. of employees', there is a statistical difference in the turnover ( $\chi^2 = 72.626$ ,  $p = 0.020 < 0.05$ ). Pearson's correlation is 0.902, showing a strong positive relationship - which generally means hotels with a larger No. of employees have a higher mean turnover. Moreover, there is statistical significance between 'highest education', and 'turnover' - which means SMHs with larger turnover have greater possibility to employ highly educated managers, or have highly educated owners. However, no other strong trend or statistical differences were made evident in terms of other groups.

TABLE 4.10 EXPLORING THE RELATIONSHIP BETWEEN TURNOVER AND RESPONDENT/HOTEL CHARACTERISTICS USING THE KRUSKAL-WALLIS TEST

	N	$\chi^2$	df	Sig.
Gender	92	1.317	1	0.251
Age	92	5.555	3	0.135
Education	87	20.277	5	<b>0.001</b>
Previous Job	92	1.297	3	0.730
Years of owning/managing	92	9.410	14	0.804
No. of employees	92	72.626	50	<b>0.002</b>
Start money resource	92	7.030	6	0.318
Type of business	92	1.761	3	0.623

(Source: author)

#### **4.2.2.2 Adoption of social media and their type preference**

A series of Kruskal-Wallis tests were conducted to test statistical differences in 'overall social media adoption' and 'type of social media adoption' with two groups of variables. The first group concerned the owner/managers' characteristics (i.e. gender, education, age, previous job field, the role in business and years of owning/managing business). The second group concerned with the characteristics of the business (i.e. size related variables, types of business, and start-up capital).

Appendix 3 shows the results. From the table, we can see that there is a statistical significance ( $\chi^2=9.055$ ,  $p=0.029 < 0.05$ ) between different age group – in terms of whether or not they adopt social media in their business. Statistical significance also can be found in terms of adopting Product Review System websites and/or picture and video broadcasting websites. In previous data analysis, 'Age of owner/manager' was defined as an unimportant factor in terms of social media adoption. However, senior hoteliers still showed less interested in social media adoption. A possible reason for this could be the fact that younger generations enjoy e-lifestyles and are familiar with social media, therefore having a larger chance to bring it into business. In terms of other variables related with owner/manager characteristics, no more statistical significance can be found in their responses. Moreover, with respect to business profile related variables, no further statistical significance was found. Size related variables (i.e. turnover and number of employees), types of business, and startup capital source were not identified to have a direct relationship with their social media adoption and type preference.

#### **4.2.2.3 Perceived benefit and challenges**

Another series of Kruskal-wallis tests were conducted to test statistical differences between the benefits and challenges of social media adoption. As far as different age groups are concerned, the majority of the benefits are statistically significant. The three challenges (cost of initial investment, on-line trust and cutthroat competition, time and cost of extracting and interpreting content) present differences in those 4 age groups (See Appendix 4). From the results we can see hoteliers differ by age in terms of their perceived importance of benefit and challenges. Although age was chosen by respondents as

unimportant factor in questionnaire survey, it was found in this analysis that younger generations are more likely to notice the value of social media and realize this value through implementing it in their business. The possible reasons for low uptake by senior hoteliers might relate with lower acceptance of new technologies, lack awareness, and unfamiliarity of using social media. It is also supported in qualitative analysis, where one interviewee stated an advantage he felt over his father (the previous owner-manager), that of awareness and familiarity of using social media.

Moreover, it is found that owners, managers, and owner-managers present statistical differences in most of benefits, apart from 'Provide convenience for customer' and 'Interacting with other businesses'. In terms of challenges, there are statistical differences in the following attributes: 'Limited knowledge of available technology', 'Cost of securing skilled human resource', 'Management of critical and negative comments', 'Online trust and cutthroat competition issue', and 'Time and cost of extracting and interpreting the content'(See Appendix 5). The gap in understanding benefits and challenges between managers who are not owners (or visa versa) might be caused by different working preferences and goals. Although everyone has different working preferences and styles, lower motivation, propensity to innovate, and confined power in decision-making may affect managers' perceived benefits and challenges. However, this assumption was not approved in qualitative study as all interviewees were owner-managers. This is, however, a suggested area for future research that studies the effect of separate owners and managers in terms of social media adoption. Finally, there was no more statistical significance in the cases of different gender groups, education groups, and previous job groups.

With respect to business profile related variables, e.g. size related variables (no. of employee and turnover) it was shown that different number of employee groups and different turnover groups do not record statistical significance similar with their adoption of social media. Therefore, we can assume that 'size' does not affect adoption choice very much. Benefit and challenges they perceived are commonly similar. Next, in the case of groups with different start-up capital resources, there is statistical significance in the following challenges: 'Shortage of skilled IT workers' ( $\chi^2=15.409$ ,  $p=0.017 < 0.05$ ) and 'Cost of securing skilled



human resource' ( $\chi^2 = 18.304$ ,  $p = 0.006 < 0.05$ ). Most SMHs are self-funded enterprises where the lack of skilled IT staff had to be faced by without sufficient funds. It was also supported in qualitative research (See 4.3.3.4) that skilled human resource is also a key issue in social media adoption and implementation.

#### **4.2.2.4 Factors related with using social media**

This section explores the statistical differences associated with the various factors relating to the use of social media. Firstly, it is found that difference in role, i.e. owner, manager, or owner-manager, presents statistical differences across a variety of factors - namely IT related factors, corporate related factors, and owner/manger related factors (See Appendix 6). This is possibly related with their differing perceived importance of most benefits and challenges of using social media, as well as their different working preferences, goals, and actual power in decision making. In the case of education related groups, there are statistical differences in the factors 'skilled IT workers' ( $\chi^2 = 11.266$ ,  $p = 0.046 < 0.05$ ) and 'education level of owner-manager' ( $\chi^2 = 11.145$ ,  $p = 0.049 < 0.05$ ). Finally, no more statistical significance was found in other owner/managers' characteristic or business profile variables.

#### **4.2.3 Multivariate analysis (Factor Analysis)**

As previously analyzed in section 4.2, factors related to the adoption of social media by SMHs have been discussed through Univariate and Bivariate analysis. In this sub-section, factor analysis was conducted as an attempt in order to reach the fourth objective: to examine the factors associated with the intention to adopt social media. Factor analysis provides the tools for analyzing the structure of interrelationships (corelations) among large numbers of variables. It does this by defining sets of variables that are highly interrelated, known as factors. In this case, the suitability of factor analysis is indicative in the correlation matrix, which reveals that the correlation coefficient of the variables is more than 0.30. Moreover, the KMO's value is  $0.799 > 0.6$  (Table 4.11) meaning that factor analysis is suitable. Further, Barlett's Test of Sphericity produced a significant result of  $0.000 < 0.05$ , further confirming that factor analysis is suitable. However, according to the 'rule of 100' (Gorsuch, 1983), the minimum sample size should

exceed 100. 92 samples of this research are not suitable for factor analysis. Due to the difficulty of collecting data, the factor analysis in this research is an attempt to provide a possible solution of analyzing the factors determining social media adoption by SMTEs for future research with large enough sample size.

TABLE 4.11 KMO AND BARTLETT TEST

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.799
Bartlett' Test of Sphericity	$\chi^2$	802.454
	Df	210.000
	Sig.	0.000

(Source: author)

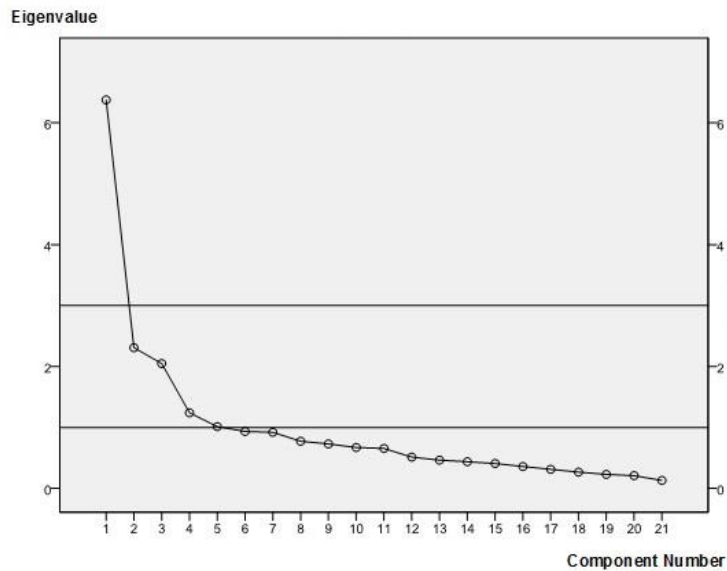
In order to determine the number of the factors to be extracted, a total variance table is used to identify the factors' Eigen value. From Table 4.12, we can see that five component's Eigen value (6.375, 2.309, 2.049, 1.240 and 1.013) were over 1, and these components have a cumulative extraction sum of 61.839%, a high percentage in relation to the input of variables, which means more than 60% of variance of all 21 variables are were explained by first five factors. Factor 1 explained 28.120% and factor 2 for 9.170% of the total variance. Factor 3 and factor 4 accounted for 7.909% and 4.005% respectively. Factor 5 only accounted 2.657%. A Scree Plot (Figure 4.5) also showed five components with Eigen values greater than 1, meaning they can be chosen as factors. This means five factors can reflect the information of initial variables.

TABLE 4.12 TOTAL VARIANCE EXPLAINED BY FACTOR ANALYSIS

Component	Initial Eigen values			Extraction Sums of Squared Loading			Rotation Sums of Squared Loading		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	6.375	30.358	30.358	5.905	28.120	28.120	3.242	15.438	15.438
2	2.309	10.993	41.351	1.926	9.170	37.289	2.529	12.041	27.479
3	2.049	9.758	51.109	1.661	7.909	45.198	2.120	10.096	37.575
4	1.240	5.904	57.013	0.841	4.005	49.202	1.689	8.088	45.663
5	1.013	4.826	61.839	0.558	2.657	51.860	1.301	6.197	51.860
6	0.934	4.449	66.288						
7	0.920	4.379	70.667						
8	0.774	3.684	74.351						
9	0.729	3.471	77.822						
10	0.671	3.197	81.019						
11	0.656	3.122	84.141						
12	0.513	2.441	86.582						
13	0.464	2.209	88.791						
14	0.437	2.082	90.873						
15	0.409	1.946	92.819						
16	0.359	1.710	94.529						
17	0.313	1.489	96.018						
18	0.267	1.271	97.289						
19	0.230	1.094	98.383						
20	0.209	0.995	99.378						
21	0.131	0.622	100.000						

(Source: author)

FIGURE 4.5 SCREE PLOT OF THE FACTOR ANALYSIS



(Source: author)

The next step was to rotate the five factors so that they could be interpreted with a common pathway and patterns. To improve the result and to make each

variable associate with one factor, different rotation methods were tried, and finally Varimax rotation was successfully employed. The results are shown in Table 4.13, where only those factors greater than 0.30 are presented. The result of the Factor analysis suggests that SMH owner/managers' decision of social media adoption is guided by five important parameters. The first is a comprehensive one, based on IT (including IT human resource, IT infrastructure, IT service support by IT provider and government, investment capital, owner/manger's experience and their knowledge about social media and IT). The second factor relates to corporate capability, i.e. how much they know, how much they can accept, and how do these things interchange within the company. Next, factor three is based on the social media environment which built by customers, tourism organizations, and social media operators. Issues associated with this environment may facilitate or hinder SMHs' social media adoption. The fourth factor is about owner/manager's demographic characteristics. Moreover, the result of factor analysis proves that motivation and goal of owner-manager is a factor that influences social media adoption. This is also supported by qualitative discussion (Section 4.3.3.1)

TABLE 4.13 RESULT OF FACTOR ANALYSIS

<b>Factor 1 IT Factor (15.438%)</b>	
Skilled IT Workers	0.773
IT Provider Support	0.740
Owner/Manager's Knowledge and Technology Acceptance	0.630
Previous Experiences of Using Internet and Social Media	0.577
Policy and Government Support	0.509
Availability of Investment Capital	0.509
ICT infrastructure	0.503
<b>Factor 2 Corporate Factor (12.041%)</b>	
Corporate culture and internal communication	0.869
Corporate knowledge	0.780
Corporate acceptance	0.514
<b>Factor 3 Social media Environmental Issues (10.096%)</b>	
Customer's acceptance	0.782
Level of trust between customer and company	0.640
Security of social media website	0.602
E-commerce market size	0.369
Availability of specific tourism products and services	0.324
Knowledge sharing and information exchange with other tourism busin	0.315
<b>Factor 4 Owner/Manger's Demographic Factor (8.088%)</b>	
Age	0.840
Gender	0.726
Education	0.529
<b>Factor 5 Owner-Manager's Motivation and Goal (6.197%)</b>	
Motivation of using social media	0.651
Goal/ambitious for business	0.568

(Source: author)

#### **4.2.4 Summary of quantitative research and questions for further discussion in qualitative research**

In this 4.2 subsection, three methods (univariate, bivariate and multivariate analysis) were employed to investigate the main objectives of this research. A series of findings were extracted from the quantitative data. However, the reason behind certain phenomena still cannot be seen from quantitative results, and require deeper exploration using qualitative data. In addition, some of the author's hypotheses need to be discussed and verified through qualitative results. Firstly, in terms of impact of social media on business operation, we found that the function selection of social media is similar with their current ICT utilization within a firm. We supposed that social media is adopted by some SMHs as new tool to implement existing ICT strategies. In addition, it was found that there are 2 respondents who replied 'don't know' to question about impact of using social media on their business performance, i.e. its effect on turnover, and no. of customers. Possible reasons for this need to be explored.

In terms of their perceived benefits and challenges of using social media, the results are similar with Kim (2004)'s study on the adoption of ICTs by Korean SMTEs. However, China SMTEs highlighted 'image making and online reputation' as one of the top three benefits. The benefits and cost of image making/online reputation management will be further discussed in qualitative study. Moreover, respondents highlighted the importance of 'Limited knowledge of available technology', 'Lack of confidence in benefit from social media' and 'Awareness of using social media.' as the top three challenges.

In this quantitative study, respondents thought the most important factor is 'Owner/manager's knowledge and technology acceptance'. We assumed that small and medium business owners/managers play a central role in facilitating changes, with social media adoption largely relying on owner/managers' knowledge and capacity.

Following bivariate analysis, we found that although 'age of owner/manager' was chosen by respondents as one of the most unimportant factor in terms of social media adoption, senior hoteliers still showed less interested in social media

adoption overall. Possible reasons for this could be younger generations who enjoy e-lifestyles are already familiar with social media, and have greater propensity to bring it into business. Hoteliers of different age groups also differ in terms of their perceived importance of benefit and challenges. The possible reasons might relate with lower acceptance of new technologies, lack of awareness, and unfamiliarity of using social media. Moreover, we found that size related variables (turnover and no. of employees of hotels) presented no direct relationship with their social media adoption in this study. Benefit and challenges are commonly perceived by differently sized hotel owner/managers as the same. Next, in case of groups with different starting money resources, there is statistical difference in the following challenges: 'Shortage of skilled IT workers' and 'cost of securing skilled human resource'. We supposed that most SMHs are self-funded enterprises, meaning the lack of skilled IT staff has to be faced by SMHs without sufficient funds. Furthermore, it is found that the groups owner, manager, and owner-manager have statistical differences across a variety of factors - namely IT related, corporate related, and Owner-manager related. These were significantly related with their differing opinion on their perceived importance of most benefits and challenges of using social media. However, the interviewees in further qualitative all belonged to owner-manager group, and it is difficult to further analyze the possible reasons for the differences in this study.

### **4.3 Qualitative Research on SMHs**

This section of the chapter describes and analyses semi-structured interviews conducted with 8 Beijing independent SMH owner-managers. It aims to address objectives of this research using narrative data and qualitative analysis. Compared to the quantitative data, the face to face semi-structured interviews are more in-depth and exploratory in scope, seeking to explain why and how the owner/managers make decisions and how they use social media. Each interview is more than one and a half hours in duration and the interviews were conducted by author himself. The characteristics of interviewees are described in Table 4.14. This subsection is structured by exploring the thesis objectives. Most key themes discussed in each subsection were formed by parts of the interview questions which came from literature, but also some of them are additional themes that were unanticipated.

TABLE 4.14 HOTELS IN THE INTERVIEW SURVEY

<i>Hotels</i>	<i>Role in Business</i>	<i>Gender</i>	<i>Years of owning/managing</i>	<i>Size of Business</i>	<i>Website in use</i>	<i>Social media in use</i>
Hotel 1	Owner-manager	Male	3	Small	Yes	PRS; SN; Blog; Microblogging
Hotel 2	Owner-manager	Male	11	Small	Yes	PRS; SN; Blog; Microblogging
Hotel 3	Owner-manager	Male	9	Small	Yes	PRS; SN
Hotel 4	Owner-manager	Male	6	Small	Yes	PRS; SN; Blog; Picture and Video sharing
Hotel 5	Owner-manager	Female	19	Small	No	PRS
Hotel 6	Owner-manager	Female	7	Small	No	PRS; SN; Microblogging
Hotel 7	Owner-manager	Male	5	Small	Yes	PRS; Microblogging
Hotel 8	Owner-manager	Female	6	Small	Yes	PRS

PRS refers to Product Review Systems; SNS refers to Social Networking Website

(Source: Author)

#### 4.3.1 Impact of social media on SMHs

Objective 1 was linked to two research questions (i.e. ‘What is the current utilization of social media by SMTEs?’ and ‘What are the impacts of using social media on SMTEs’ operation, management, and performance?’). These investigate the impact of social media on SMHs. Groups of interview questions were asked in order to obtain data related to the impact of social media on the owner-managers and their businesses, such as: The owner/managers’ perception of the concept of social media; the types of social media used; and the impact of social media on business performance and management. The analysis of the qualitative data was conducted using thematic coding. Themes relating to the research questions were developed through a close reading of the transcripts (in Mandarin). Relevant verbatim quotations were then translated into English to illustrate the arguments constructed in response to the research questions.

#### **4.3.1.1 Owner-managers' perception of the concept of social media and their brand loyalty**

It is not surprising that there is no specific and clear definition of social media among interviewees. When asked about the type of social media they used, hoteliers provided the names of specific websites, or mobile apps, or the characteristics and benefits they derived from social media, rather than providing a definition of social media types. Owner-managers understood social media through brands, and the significance of this will become apparent. The names of social networking websites (SN), such as 'renren.com' and 'kaixin.com', Microblogging (MB) sites, such as '*sina weibo*' and '*tencent weibo*', and Blog (B) sites, such as '*sohu blog*,' were used synonymously to mean social media. Some hoteliers provided answers that described social media as 'places where people are free to talk' (Hotelier 1), 'applications of media based on Internet' (Hotelier 6), and a 'place for people sharing, communicating, socializing and having fun' (Hotelier 2). Hoteliers typically refer to social media as specific brands, rather than a form of technology or in terms of its functionality, which is evidence of the success of pioneers of each type of social media in China, especially for the newest type of social media (Such as *sina weibo* in MB category). Pioneering brand advantages (Alpert & Kamins, 1995) have yet to be explored in the area of SMTEs' social media adoption. If trust in social media is based upon brand familiarity in China, then we would assume that first mover advantages are significant, which is an area of research that merits further attention given recent work in this area .

I trust them (elong.com and ctrip.com) much more than the new entrants ... they (other brands of PRS) don't have any competitive advantages, and won't survive. [Hotelier 2]

I would choose 'sina' (weibo) rather than the others. Is there any other except 'tencent' (weibo)? ... Obviously, they have the biggest users pool ... they are professional and better. [Hotelier 7]

Hoteliers show strong brand loyalty to social media brands they know, which influences their decision of which social media to adopt in their business. They started imitating other companies by opening accounts on the most popular



social media websites, albeit without understanding their functionality; therefore, they have no idea how to make good use of them at the initial sign-up stage. Some of them stated they learned by doing (i.e. trial and error), and some of them adopted an attitude of 'wait and see' or imitation strategies.

#### **4.3.1.2 Types of social media used**

##### **4.3.1.2.1 Product Review System**

Regarding social media usage websites with Product Review Systems (PRS), ctrip.com, elong.com and daodao.com (TripAdvisor in China) are the preferred types of social media, which is in line with the results from the quantitative survey data (Figure 4.4). PRS also leads the way in social media websites, in terms of product distribution and communication with customers. Noroozi and Fotouhi (2010) argued that PRS enables organizations to reach a wide audience of consumers, at a low cost, whilst facilitating a continued conversation and connection with customers, and furthermore they sometimes provide differentiation. One respondent argued that:

Compared to other types (of social media), they bring me customers in the most effective, easy, and cheapest way... people can become my customer with one click on their website, but weibo (MB) or renren.com (SN) cannot achieve it in such a direct way. [Hotelier 6]

Now, most of our businesses are from ctrip.com, elong.com and tuniu.com, we have accepted the pattern... recently, we have discussed whether to invest in our ranking in order to reach more customers. [Hotelier 4]

It is also found that PRS websites with links to direct booking websites (e.g. daodao.com) or online booking websites with PRS (e.g. ctrip.com, elong.com) are more attractive to SMHs than the pure PRS websites without booking links (e.g. douban.com), even though online booking websites charge a fee. Most respondents assumed that the charges from those websites are acceptable, however. According to one hotelier:

Elong(.com) is 5%-8%, ctrip.com is 6-8%, 128UU(.com) is 10-12%, and zhunaer(.com) is 7-9% ...they [the online booking website] are more professional, and bring me visible benefits, the revenue. [Hotelier 3]

Moreover, they also state that the service they provided is more professional, intuitive and user friendly. Hotelier 2 stated 'The procedure of joining them is clear and easy ... most importantly they can teach me how to do it step by step'.

Litvin et al (2008) classified strategies for managing e-WOM as informational and revenue generating. According to the apparent and tangible benefits, revenue generation is one of the most important reasons for PRS adoption. However, the information obtained from PRS is also important to SMHs, and none of the respondents thought information gleaned from customer's comments was unimportant or could be ignored. The comments and scores on their hotels from customers are the main type of information that SMHs can obtain from PRS. Litvin et al (2008) suggested that procedures needed to be established that allow hospitality and tourism marketers to harvest discussion and feedback created online. Harvested information about properties can be used to enhance visitor satisfaction through product improvement, to solve customers' problems, to analyze competitive strategies, and to monitor company reputation and image.

We do pay attention to the comments. It becomes a part of our hotel service, as important as other services. We replied to all of the comments, especially to the critical comments. It is a very precious chance to explain or apologize to customers.... We discussed those critical comments to adjust our service in time; the results of our discussion provide us with direction; what we need to improve in a short time or in the long term. [Hotelier 4]

It is very important to reply to customer's online feedback. Having a good conversation may help us to create and keep a good image. ... Via communication, we can remain our customers and increase the possibility of their repurchasing. [Hotelier 7]

I believe that when potential customers see our diligent and polite reply to the others, it will enhance our positive image and influence their decision. [Hotelier 8]

It is interesting that some respondents also stated that they used PRS to market their concept.

Via reply comments on PRS, not only can we get views from customers, also we can promote and spread our operation concept 'energy saving and green hotel' to them as well. It is killing two birds with one stone.' [Hotelier 4]

Moreover:

At the beginning, we learn from the other hotels and start seeking and summarizing our experiences in terms of how to reply. And now, we start to put our service concept into it... Respect, Friendly, Hospitality, and Convenience... [Hotelier 1]

#### **4.3.1.2.2 MicroBlogging**

Microblogging websites, which are called 'weibo' in Chinese mandarin, have developed rapidly in the past 3-4 years. Akehurst (2009) says the advantage of microblogging user generated content (UGC) is immediacy, and immediacy encourages participation. The fast spread of weibo in China is due to the success of their apps in mobile terminals and the network externalities associated with more and more people using smart phones. The hotel sector in China has started to pay more attention to weibo. According to the survey conducted by Wentu Online Research Ltd, only 248 Chinese hotels registered with *sina weibo* as of August 2010, however, the number increased to 1878 in the following 10 months, and by August 2012, after 2 years, the number increased rapidly to over 3000 hotels. From the quantitative survey, it was also highlighted by respondents as the most popular social media for 'marketing and advertising'. In contrast, the interview data found that hoteliers use weibo more often for customer maintenance and sending information about their promotions/products. Seldom do SMHs have good communications with existing

customers and achieve repeat customers. Most use micro-blogs occasionally with a negative laissez-faire attitude. Although most respondents admitted that weibo is the most popular and important type of social media, they still hold quite different points of view regarding the most effective use of weibo to improve their business.

Some respondents showed their interest in mining weibo's potential due to its large user base and significant online travel consumer pool. They provide information about their hotels and promotions to attract potential customers, using the lure of microblog (weibo) content. As one hotelier put it: 'There is a real customer behind each weibo user' [Hotelier 1]. However, respondents who held different attitudes towards weibo, argued that it is not easy to deliver information to customers:

It is difficult to deliver information to the people you targeted via your weibo. People who might see your weibo are solely your followers. Therefore, the spread of your weibo really depends on the quantity and quality of your followers... Followers are not equal to customers or even the ones who can bring your customers.... I know some hotels buy followers for their weibo to try to make it look hot and famous, that is stupid, the 'zombie followers', yes, they are cheap, for example, they charge you 10RMB or 15RMB for every 100 followers, you can add thousands or even millions of fake followers within one night, but what is the point? It is meaningless, but for vanity. [Hotelier 2]

Others seem to be less confident in their own ability to master the technology and also their capacity to be heard above the noise of the most popular feeds:

I admit the weibo is fast in terms of deliver speed, but, it is too fast. My weibo always deeply drown, I am not sure whether my followers can see it. I cannot flood one weibo all the time. Comparing with famous people's weibo, such as some movie star, their weibo will be reposted thousands times and keep showing on my screen... I think weibo seems a place free to talk, but no one listens. People like me who are not famous have lost the right to speak, to some degree. [Hotelier 7]

Some hoteliers who are not using weibo officially stated that they have no idea how to make good use of weibo for their business. However, Hotelier 1 shared their experience in the best use of weibo:

I was trying to invite my customer to follow me on weibo, and give them some price reductions for breakfast...join the Beijing hotelier group..... it is important to improve your weibo's quality, good timing, er....send something people or your customer may be interested in, a good picture is also important... @famous, if they reply to you, you can get more reposts.... Join the 'topic', # them, it helps you to get close to the niche market.... Be careful of using the private message function; do not annoy your customer very often, they might pull you into blacklist.  
[Hotelier 1]

Although not all respondents were confident that they could use weibo effectively, some of respondents anticipated the development of a 'sina weibo hotel growth plan', which is a plan to merge weibo with a direct booking function. It seems SMHs are still more interested in room selling rather than the other usages of weibo.

#### **4.3.1.2.3 Social networking website**

Social networking websites developed recently and quickly. It is eight years since the first Chinese social network website 'renren.com' was established in 2005. SMH owner-managers are not unfamiliar with 'renren.com', 'kaixin.com', 'QQ zone' and some tourism related social networking websites. Social networking offers multiple functions, such as status (70 characters maximum, ability to tag friends), blog, video sharing and picture uploading, online chatting, and gaming, which provides good opportunities for telling stories, promoting, communicating or even direct sales to customers.

Ditto and Pille (1998) suggest three levels for the degree of impact provided by websites; namely informational, transactional and relational. This corresponds to the use of social networking websites by respondents, which confirms informational, transactional and relational uses. Firstly, they use blogs, status, picture or video sharing functions to provide more information about their hotels,

rooms, and recent promotions to the audience - in order to convey a basic level of information. The content they provided is similar to that provided on their own websites and through traditional offline marketing methods. As one hotelier described, 'We leave our contact number or QQ at the end of our blog so they can contact us by calling or online chatting with QQ' [Hotelier 6]. Secondly, in terms of transactional usage, some hoteliers add their own website links and other third party website links to their posted information, in order to obtain direct sales. For example: 'I prefer to add daodao.com's link, which is more acceptable for customers than our website .... For sale, err....over-advertising and online distrust are a mine field' [Hotelier 1]. Finally, with aspect of interactional usage, hoteliers and customers interact using online chatting service, by reposting and commenting on customers' blogs, by replying to their comments, gaming together, and sending and exchanging e-gifts.

Two respondents also introduced an hotelier social network called 'maidianlan'.

It is good, and provides an online place for sharing knowledge and experiences. Some articles indeed give me some inspiration... making some friends within industry. [Hotelier 3]

It is similar with Renren, almost the same, but it is specific for hotelier or other related industry people. [Hotelier 1]

Maidianlan.com provided a possible channel for knowledge sharing, communication within industry, and interaction with other business. It was given high praise but respondents also stated they do not visit it very often. Similar contradictory attitudes and behaviours are found in the quantitative results, in terms of a high standard deviation of perceiving 'interacting with other businesses' as an important benefit of social media adoption (See 4.2.1.3). Hoteliers discovered or imitated innovative methods to grow revenues, to attract customers, and to reduce costs. However, they do not have a strong willingness to use social media, nor an awareness of the potential uses of social media, to communicate with other hoteliers or other businesses - although some of them admit its merits. Social media did not serve as a bridge between SMHs as expected, and communication breakdown on social media within the sector may

hinder related knowledge sharing between SMHs.

#### **4.3.1.2.4 Blogs and picture, video sharing**

The 'pure blog websites' (n=3) and picture and video sharing websites (n=1) (i.e. not based on PRS, Social Network or Microblogging websites) are not as popular as other types of social media among respondents, which is supported by the quantitative results (Figure 4.4). Although hoteliers admitted the advantages of pure blogging, picture and video sharing in terms of providing information, telling stories and communication with customers, they prefer using blogging, picture and video sharing as functions linked to social network and microblogging. Combinations were considered to have distinctive advantages over and above pure-play websites.

We can use Renren[.com] or Weibo to post or repost blogs and pictures as well, however, the pure blog website cannot provide multichannel communication and interaction with customers as Renren or Weibo does, such as online chatting function in Renren. [Hotelier 1]

The blogs and pictures we post on Renren, Kaixin or Weibo could be seen by our customers who we carefully maintained .... Information can be more easily delivered to the right people rather than using a pure blogging website [Hotelier 2]

#### **4.3.1.3 Impact on their business performance and management**

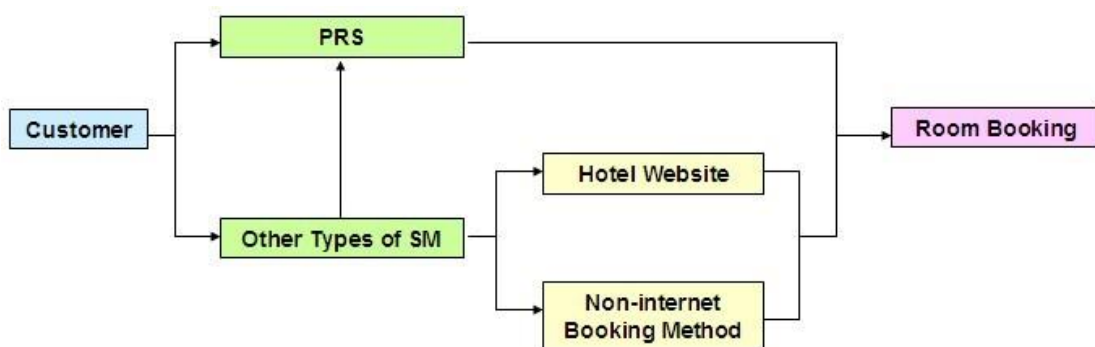
In terms of business performance, all respondents stated that their number of customers and revenues has largely increased by using Product Review System websites with links to booking platforms or their own websites. Hotelier 4 also stated that customers booking from PRS website make up the largest portion of his business. In addition, the improvement can be easily monitored by SMH managers. Pure social media websites, such as social networking and microblogging websites do not have as much direct impact as PRS with respect to revenue generation. These using pure social media websites admit that they do improve online customer relationships, and help to maintain customer loyalty and repeat purchasing rates. However, it is very difficult for hoteliers to estimate the effect of these sites on creating new customers, which suggests a reason

why some respondents in the quantitative survey chose 'don't know' when asked about the impact on their business performance. Figure 4.6 shows the customer booking process via social media. The ability to monitor revenue increases associated with using pure social media is also related to the scope of social media use (informational, transactional and interactional) and IT adoption. It reveals that difficulty exists for hoteliers without their own websites, who are using social media at a basic informational level (just posting their hotel information and contacts), to track the source of customer traffic. This is because a customer may see their information online, but persist in contacting them in traditional ways.

I think they [social networking and microblogging websites] do help gathering new customers to some degree, but the number of customers created via weibo or renren.....we are not quite sure... but I think it helps more in maintaining existing customers. [Hotelier 6]

In terms of management, three common activities influenced by social media are provided by hoteliers: Online reputation management, internal communication, and innovation management. First, online reputation management is highlighted by hoteliers as a benefit of using social media in both quantitative and qualitative results. They pay large amounts of attention to tracking and communication with customers who share opinions and experiences about their hotels, products and services.

FIGURE 4.6 CUSTOMER ROOM BOOKING CHANNEL VIA SOCIAL MEDIA



(Source: author)



I do reply to the comments online, sometimes my wife helps me... sending messages from weibo and renren...it is important, because the discussions online are more open, public, immediate, and take place on an equal footing with the customer, and it will affect our potential customers. [Hotelier 1]

It is significant that managing reputations online involves significant human resource costs, which open smaller businesses up to greater opportunities and at the same time greater challenges with respect to customer and resource management. Understanding how social media may be used alongside existing legacy systems may be complex from a technical point of view, but the daily updating of content and customer interaction can be performed using the existing skills of staff and family members.

Second, social media provides a new channel for internal communication within hotels. The literature suggests that social media plays a useful tool in training and knowledge management within a company, which is supported by the interview data (Nacht, 2007).

We can have good conversations online, sharing good blog or weibo material containing knowledge and interesting information, my managers seem more likely to talk online rather than face to face meeting (laughing) [Hotelier 2]

It is interesting that social media not only changes the method of communication between customers and hotels, but also provides opportunities to break down social and cultural barriers between staff and owners. According to Hotelier 2, although he did not transform working relationships or intentionally watch his staff online, the communication with manager level staff was still enhanced. However, Hotelier 7 holds a different opinion and felt pressure in this point.

It is not difficult to find your staff (on social media website), due to location-based services, 'friends in common' function, etc. ... I know some of my staff are using renren(.com) and weibo, but we are not friends online. ... It might change the relationship (with employees), but

not always in a good direction. I do not want to put more pressure on their online life, nor affect my personal life... [Hotelier 7]

Third, innovation processes are pushed and pulled through social media adoption. A push process is based on merging existing IT technology and new social media that the organization has access to, trying to find profitable ways to use this technology. For example, Hotelier 1 mentioned their attempts at merging existing customer data bases (stored using Excel) or marketing programs with social media. They used traditional tools, such as email and SMS to promote their social media, and they asked their existing customers to 'add them' online. At the same time, they saved customer's social media account information as a part of customer data. However, Hotelier 1 stated that social media still cannot replace their traditional way of managing customer relationship or promoting marketing programs, because customers are also in the probing stage and much like managers still need time to accept social media.

A pull process tries to find areas where customers' needs are not being met, and then focuses development efforts to find solutions to those needs.

We discussed those critical comments to adjust our service in time; the results of our discussion provided us with direction; what we need to improve in a short time or in the long term. [Hotelier 4]

This is a traditional entrepreneurial strategy of identifying the pain in the market and seeking to generate marketable solutions to customer needs.

### **4.3.2 Perceived benefit and challenges of using social media**

#### **4.3.2.1 Perceived benefit of using social media**

Benefits perceived by SM hoteliers have been summarized by the author in 3 aspects: information flow; customer reach and access to niche markets; and benefits created through improved communication with customers. However, some benefits named in the literature, such as interacting with other businesses, creating business partnerships, and doing market research were not mentioned

by respondents when asked about the perceived benefits of using social media; although some hoteliers mentioned 'Maidianlan.com' (a specific hotelier social network website), and gave it high praise.

#### **4.3.2.1.1 Broadcasting information and receiving customer information and feedback**

Tourism is an information intensive industry (Sheldon, 1997; Werthner & Klein, 1999), and the Internet has fundamentally reshaped the way tourism-related information is distributed and how people plan for and consume travel (Buhalis & Law, 2008). Social media is becoming an important tourism-related information source in the online environment and it provides SMHs with channels to broadcast specific, vivid and detailed information about their hotels', products, promotions, brand, and business model to their customers or potential customers. Hotelier 4 argued that social media was a 'Chance to talk, to show ... Free and freedom' and went on to state the benefits of using social media: 'pictures of rooms, our location, special offers, recent events, and [all] kinds of positive information can be delivered.'

Moreover:

Customers will have more chance to know us, to contact us and to communicate with us. With identification by third party social media websites, customers might put more trust in our posted information.

[Hotelier 1]

On the other hand, by using social media hotels have more opportunities to access customer information and to monitor their satisfaction through feedback on PRS and on postings on social networking or microblogging websites.

#### **4.3.2.1.2 Reach massive customer pools and niche market**

By using PRS with direct booking functions, hotels' services can be searched, accessed, and even purchased by online travellers. Hotels with a good online reputation (higher score) and higher rank in the PRS system, can easily reach a massive consumer audience. Noroozi and Fotouhi (2010) assume that PRS enables organizations to reach consumers at a large scale, at low cost, and in more depth through continued conversation and connection. All respondents

admitted that their customer base and turnover had increased after using PRS. Some of them also stated that their major customers booked rooms via PRS websites. Moreover, hoteliers also use social networking websites, microblogging sites, and travel-related blogs to reach niche markets. Hotelier 3 shared his experience about how he joined the backpacker online society, making friends and communicating with them through social networking websites.

In our traditional business mode, we overlooked this consumer segment ... However, with the expansion of the backpacker market; it becomes the important one we cannot ignore. [Hotelier 3]

It is also interesting to learn why he decided to reach the backpacker market rather than the other niche markets; he mentioned that he is a backpacker himself, and that this interest influenced his decision.

#### **4.3.2.1.3 Benefit from Communication**

Social media provides channels for hotels and customers to directly communicate online. Via communication, hotels can better understand customer's needs, and 'provide more customized products and add valuable services.' [Hotelier 1] For example:

We prepared the honey moon suite, made some decorations ... and we sent them the pictures via weibo as messages to ask them whether they were satisfied... of course, we can do it via email as what we did before, however, it is easier for them to share the pictures to their friends when they want to. [Hotelier 1]

Moreover, they stated that good communication helps hotels maintain existing customers and increases the possibility of repeat purchasing. Social media also gives hotels a chance to solve problems, providing a channel to explain and apologize in order to pacify dissatisfied customers' online.

### 4.3.2.2 Perceived Challenges of using social media

#### 4.3.2.2.1 'Free to talk, no one to listen'

Insufficient participation or concerns about their posted content is a common and significant challenge faced by SM Hoteliers. Respondents admitted that their confidence in benefitting from social media is destroyed when their blogs, microblogs or shared pictures have a low reply, repost, and click rates. The reasons why content provided by SMHs 'no one to listen' are as follows. Firstly, some respondents assumed that it is not easy to increase the quantity of friends on social networks or followers on microblogs.

Seldom are my customers interested in adding me or following me without incentives, although I know a lot of them are using renren or weibo. [Hotelier 6]

Hotelier 2 also stressed the quality is much important than the quantity of followers on Microblogs:

It is a fact that the number of our followers keep increasing day to day, however, not all of them are, as we expected, our customers or potential customers... they keep sending us spam or advertisements ... I know it is difficult to control them.

The second reason is that the content posted online via social media by hoteliers may not be attractive and interesting. Boring content is easily drowned out without reposting or sharing.

I think I am not good at it (posting content), it indeed need technique and experience ... or maybe we need to take some training in the future.  
[Hotelier 7]

Finally, over-advertisement also leads to annoyance, causing loss of followers or friends. Some researchers criticized that the content on social media should not be promotion-oriented but clearly different from the content provided in

traditional marketing information (Fernando, 2007; Schmallegger & Carson, 2008), more added value (e.g. interesting stories, unique insider information and cost-saving opportunities) should be provided by companies in order to encourage visitors' contribution (Akehurst, 2009).

#### **4.3.2.2.2 Awareness, Time and Knowledge of owner-mangers**

When using social media, especially for social networking and microblogging, the hoteliers assumed that they still had room for improvement in terms of the utilization of this media. First, there was a lack of awareness about the operation of and potential uses for social media, which presents a significant challenge for hoteliers who exhibit the following characteristics: Do not regard business development to be a priority; have not yet realized significant benefits from using this media; or have experienced failures when using social media. Second, significant investments of time are needed to deal with social media-related work, such as: posting; replying; communicating with customers; training staff on how to use social media; and extracting and interpreting online content. Paudel and Hossain (2006) suggested that lack of awareness, limited knowledge, and lack of confidence in the reported benefits of adoption by ecommerce operators and investors are the main barriers for e-tourism development. Moreover, respondents also stated that IT or social media-related knowledge is insufficient, and that they or specific staffs need to be trained in order to better utilize social media. The problem of limited knowledge and skills was not only relevant to the owner-manager, but also to employees and the wider community. Some respondents also agreed that they would hire skilled staff or third parties to handle social media-related work in future, however, none of them have short term plans for this.

#### **4.3.3 Factors related with social media adoption**

##### **4.3.3.1 Owner/Manager related factors**

Small and medium business owners/managers play an important role in facilitating changes, because they typically hold the decision-making power (Karanasios & Burgess, 2008), and the informal owner-manager control systems within the firms (Carter, 1996; Gersick, Davis, McCollom Hampton & Lansberg, 1997). It was expected that the most important factors driving the whole social

media adoption and implementation process would be owner/managers' motivations and goals, and their capacity to differentiate their firms in terms of using social media. The interviews confirmed this finding, with all respondents admitting that they had final decision-making power over innovation – and that most of time they led innovation within their firms.

#### **4.3.3.1.1 Start-up motivation: E-Lifestyle versus Business opportunities**

Several interview questions were asked to investigate SM Hotelier's motivations for social media adoption. In terms of PRS incorporation into their business, the main motivating factors were 'business growth' and 'revenue maximization'. This was because PRS has been successfully adopted by the hotel industry for many years, and innovation/benefits are certainly visible. PRS adoption strategies can be more easily accepted by 'free rider' SM Hoteliers, compared to other new types of social media. However, the adoption of social networking, microblogging, blogs and other types of social media are not always the result of rational managerial decision making. Social media is often adopted for reasons other than a specific response to a logical business strategy. Personal reasons included: communicating and staying in touch with a son who was studying overseas; the influence of a girlfriend; being interesting in joining an online backpacker society; playing games using social networking; following celebrity information and communicating with friends; keep using social networking after school life. Hotelier 1 told his story about enjoying using social networking and microblogging websites, and stated his advantage of awareness and familiarity of using social media compared to his father (previous owner-manager).

It [i.e. using weibo, renren.com] is a part of my life entertainment, and one of the most commonly used tools to communicate with my friends .... I routinely log in to their apps via my iphone everyday to find information I need or I might be interested in, ...sometimes it supports making my work more interesting ....Obviously, new generations who enjoy e-lifestyles are familiar with social media, and bring it into business, and implement. [Hotelier 1]

This demonstrates that social media is foremost a personal behavior that has business applications, which means that the impetus for business innovation can

come from lifestyles built through the use of this media rather than through strategic attempts to assimilate this technology into a business model. The adoption drive, amongst SMTE hotels in the sample, appears to come from businesses organically and opportunistically seeking to tap into exogenous innovations through the creativity of staff and owners/managers who are simultaneously part of the social media user community.

#### **4.3.3.1.2 Lack of clear operation goals and future goals**

No matter whether their staff are familiar with social media or not, once social media has been adopted hoteliers recognized the importance of social media to business success. They also realized that they lacked specific knowledge to implement this technology. Some of them learned new knowledge and techniques about best practice in social media by trial and error, by learning through doing (Decelle, 2004). Therefore, it suggests that social media adoptions are associated with high levels of tacit knowledge that might not be easily transferred within and between firms through abstract codification of that knowledge. The absence of clear and formal business plans and goals associated with social media implementation is a product of owner managers' failing to prioritize social media within their business model. The failure to develop a social media strategy may also be related to a 'wait and see' approach to implementation and even previous failures of using specific type of social media.

#### **4.3.3.1.3 Heavily rely upon Capacity of owner-managers**

Respondents agreed that successful social media adoption needs owner-mangers' to possess a strong capacity to, acquire, absorb and broadcast innovations. According to Martin (2004), SMTEs' sales and marketing techniques had been developed before the emergence of new technology. Therefore, following social media adoption, skills and techniques might be transferred and improved upon, or perhaps eroded. The development of knowledge heavily relies upon owner-manager's competencies. Some hoteliers also stressed that manager's education level and previous experiences of marketing, management and IT directly impacted manager's capacity.



### **4.3.3.2 Social Media providers related factor**

#### **4.3.3.2.1 Guidance and service provided by social media websites**

The degree of using social media by SMH managers largely depends on the services and guidance provided by social media websites. In terms of how to use social media, social media websites are expected as the main information sources by SMH managers.

We need specific guidance from social media to teach us how to deal with it for business use. It is easier for us to accept it. [Hotelier 5]

Respondents claimed that PRS is better than other types of social media in terms of providing guidance.

Daodao(.com) is better. It is specifically for room booking, and it provides a platform for gathering customer' feedback, and, the most important thing, is it plays not only as media, but also as a technology provider. It provides us with enough guidance and support in terms of adoption, implementation and plans about investment in Daodao(.com) in future. [Hotelier 2]

By contrast, social media such as microblogging sites, and social network sites do not provide as much support and guidance as PRS does.

It is not difficult or costly to create an account in Weibo or Renren(.com). However, I think most of us do not really know what the next step is. We need information and services continuously. What we can do relies on what they design for us and provide. [Hotelier 8]

#### **4.3.3.2.2 Security of social media website**

Some respondents stressed that security of social media websites are also important factors when choosing social media. Hotelier 4 shared his experience about the time when his personal QQ account was hacked:

It was dangerous and quite a bad experience, they (hackers) sent false

information to my friends, and asked my friends to transfer money to them..... I could not imagine that our enterprise account could be hacked. [Hotelier 4]

Experiences of security breaches raise the question of who ought to be responsible for data protection and online security. For one hotelier, it was clear that the responsibility lay with the host:

They (social media website) should take the responsibility in securing our online safety. We (enterprises users) need higher level of security plan than normal users. [Hotelier 1]

#### **4.3.3.3 Cost and financial constrains**

Hoteliers admitted that social media is simple to access and that it was cheap to open an account and to get started. However, some of them stressed that the operating, maintenance, and development costs, staff training costs, and cost of professional service from third parties might be needed during social media adoption and implementation. All eight hoteliers stated that they don't have short term plans to invest or reinvest in social media (except PRS), one of the reasons being unavailability of investment capital. Beck and Demirguc-Kunt (2006) argue that numerous studies have discussed that small and medium enterprises are financially more constrained than large firms and are less likely to access formal finance (such as bank finance). The financial constraints influence owner-managers' attitude towards investing in social media during their decision making process.

#### **4.3.3.4 Skilled human resource factor**

All 8 respondents stated that they do not have in-house expertise to manage social media, because their employees lack the relevant social media knowledge. Therefore, most social media-related work is done by the owner/manager themselves or their family members, and they learn by doing (i.e. trial and error). From the response, we can see that they encourage the employment of professionals, whereas one might assume that they may be reticent to entrust non-family members with the firm's valuable information.

Of course, I am glad to hire expertise to manage social media. However, with the salary we can offer it is difficult to attract IT experts or social media experts. ... I think most small hotels are in the same (situation). [Hotelier 4]

In this industry, there are not many social media experts till now. I think all of them are in large hotels. [Hotelier 7]

According to the high staff turnover rates, most employees are unskilled workers, and training capital is not made available or prioritized; it is clear that respondents are not interested in educating and training existing staff at all.

#### **4.3.3.5 Policy and government support**

In the quantitative data analysis, respondents had quite different opinions on this point. Similarly, according to the interview data, respondents admitted that if the government were to launch a program to help SMHs to adopt social media, they would benefit a great deal. However, respondents also described a low expectation of this, stating that it is not possible to get any social media help from government sources, or related tourism bodies. This finding is similar to the results from Skoko et al (2008), which demonstrated that there is no political support for the adoption of IT/ICT in China by SMEs.

Government might support adoption (of social media) by destination or state-owned travel agencies. However, I do not think it influences adoption of social media by hotels like us directly very much. [Hotelier 4]

Although the effort of *state-owned enterprise reform policy* since 1999, which provides an opportunity for individual-owned enterprises to grow and compete with state-owned tourism enterprises, has been discussed as a key factor in China's ICT adoption cases in literature, the importance of government and policy support was not highlighted by SMHs. SMHs still cannot easily and directly benefit from government support, comparing to large national-owned enterprises. Zhang and Morrison (2007) argue that even though Chinese government policy shifted in favour of a market-oriented business economy, it

should not be assumed that this could translate quickly into SME management action on the ground.

#### **4.3.4 Attitudes towards of using Social Media**

Owner/managers' attitudes towards the use of social media, and their adoption plans, reflect the outcome of their complex decision making process. The issues raised under this process are largely related to the personal reasons for using social media, their perceived benefit and challenges, as well as factors associated with social media adoption and implementation. Through the qualitative study of eight interviews with hoteliers using different types of social media, it was found that hoteliers are largely influenced by social media development. It was discovered that hoteliers started using social media as non-business users before adopting it as hoteliers. This sequence of adoption means that the impetus for business innovation can come from non-business related lifestyle experiences built through the use of this media, rather than through strategic attempts to assimilate this technology into a business model. Of course, the perceived benefits and challenges are also key drivers and barriers of social media adoption. A range of factors identified in previous sectors (4.3.3) differentiate their social media adoption and further social media improvement plans.

Although their initial use of social media with *experimental attitude* may come from non-strategic business decision making, after a period of time owner/managers found that they faced more fierce challenges than anticipated and that there was significant room for improvement. Owner/managers with sufficient resources, specific knowledge and a strong capacity to acquire, absorb and broadcast innovations will chose reinvesting and implementing. Their *experimental attitude* can shift to *active attitude*. Not all owner/managers chose social media improvement strategies, and some of them may simply hold '*wait and see*' attitudes. Similarly with the quantitative results provided in 4.2.1.5, although more than 70% respondents are interested in social media utilization, only 39% have plans to use it in next 12 months. The absence of clear and formal business plans and goals associated with social media utilization is a product of owner/managers' failing to priorities social media within their business

model.

#### **4.4 Conclusion**

This chapter investigated the impact of social media on SMHs in Beijing. It also considered SMHs' perceived benefits and challenges of using social media, factors associated with the intention to adopt social media, and owner/managers' attitudes towards using social media in both quantitative and qualitative ways. These address the objectives of this study. In terms of current utilization of social media, it is revealed that Product Review Systems with links to booking platforms are most popular type of social media websites used by SMHs - found in both quantitative and qualitative results. Moreover, Microblogging and Social networking are used to broadcasting information, customer information and feedback generating, improve online customer relationships, and to help maintain customer loyalty and repeat purchasing rates. The level of using social media (informational, transactional, and relational) by SMHs is not only determined by different functions and services provided by social media, but also by their existing ICTs strategies and owner/manager's knowledge and skills. The applications in 'communication', 'marketing and advertising', 'product distribution and sale' were employed more frequently than 'management' and 'doing research'. The advantages and potential use of social media in terms of improving business management and efficient market research have not been fully employed by SMHs in Beijing.

In terms of the impacts of social media on business performance, the results highlighted that the number of customers and the size of revenues has largely increased as a result of using Product Review System websites with links to booking platforms or their own proprietary websites. This explained why PRS websites are SMH managers' favorite type of social media. However, other social media websites, such as social networking and microblogging website, do not have as much direct impact as PRS with respect to revenue generation. It is very difficult for hoteliers to estimate the effect of these sites on creating new customers, which is one of the possible reasons why some respondents in the quantitative survey chose 'don't know' when asked about the impact on their business performance. Qualitative results further revealed that social media

yielded a positive impact on business management with respect to online reputation management, internal communication, and innovation management.

In terms of the perceived benefits of using social media, the quantitative results highlighted 'image making and public recognition' as one of the top three. Qualitative results further revealed that managing image and online reputation involved significant human resource costs, which opens smaller businesses up to greater opportunities, but at the same time greater challenges, with respect to customer and resource management. Quantitative results showed the top three benefits chosen by 92 respondents are 'Provide convenience for customer', 'Provide better and easy access to information on product and services', and 'Improve image and public recognition'. These factors have higher mean scores than 'Establishing interactive relationship with customer', 'Provide customized tourism product', 'Create new market', 'Channel for promotion', 'Monitor customer satisfaction'. It seems respondents put customer benefits as the highest priority in the list of benefits. In the qualitative survey respondents also highlighted information and revenue generation, provision and adjustment of customized services and products using communications from media, reach of niche markets and reach of larger customer pool. The gaps between quantitative and qualitative results might be caused by different methods of data collection. Due to the open nature of questions about benefits, asked during face to face interviews, respondents were more likely to answer it from a business operator's perspective, talking about what their business can get rather than the possible benefit to all participants. Moreover, previous research suggested that social media also provides free and unbiased windows through which to glimpse competitors' customer satisfaction levels (Litvin et al, 2008). However, there is little evidence to show respondents have a strong willingness to watch their competitors' customer satisfaction levels, conduct business research, or engage in any form of more sophisticated online data analysis by using social media. In terms of challenges, limited knowledge, time, and lack of awareness were both highlighted in quantitative and qualitative results. Moreover, qualitative results further revealed that insufficient participation or concerns about their posted content is a common and significant challenge faced by SMHs.

In terms of factors associated with social media adoption, owner/manager

related factors (owner/managers' motivation, goals and capacity) were emphasized as the most important factors in the whole process in both quantitative and qualitative results. Questionnaire respondents also prioritized the following: 'Security of social media' and 'level of trust between customer and company', 'their previous experiences of using Internet and Social media', 'knowledge sharing and information exchange with other tourism business' and 'customer's acceptance', 'ICT infrastructure', 'skilled IT workers', and 'investment capital'. By contrast, 'age' was chosen as one of the most unimportant factors. However, further bivariate analysis revealed that senior hoteliers showed less interest than younger generation in social media adoption. Possible reasons emerged in the interviews, where it was revealed that younger generations who enjoy e-lifestyles are familiar with social media, and have more opportunities to bring it into business operations. Senior hoteliers differ in that they have lower awareness and acceptance of new technologies (i.e. they are not digital natives). Furthermore, in the quantitative results, size related variables (i.e. turnover and no. of employees), were not significantly related to social media adoption in this study. The benefits and challenges identified by differently sized hotels are also the same. However, cost and financial constraint and shortage of skilled human resource, both common problems faced by SMHs due to their small size, were also highlighted as important factors influencing social media adoption.

In terms of the final objective, the author intended to investigate their attitudes towards using social media, further explaining how owner/managers process the complex decision making process associated with social media adoption and implementation. Different challenges were faced by owner/managers of SMHs, and different factors affected owner/manager's decision making process in different stage. It is worth mentioning that drivers for business innovation can come from non-business related lifestyle experiences built through the use of this media, rather than through strategic attempts to assimilate this technology into a business model in the initial stage, and when faced with more fierce challenges in the second stage. There was significant room for improvement in terms of their acquisition of the knowledge and skills relevant to social media utilization. During the whole process, owner/manager related factors, social media related factors, and financial and skilled human resource related factors largely influenced owner/mangers' decision-making.

# Chapter Five – Study on Small and Medium sized Travel Agencies

## 5.1 Introduction

In previous chapters, data regarding small and medium sized hotels (SMHs) have been analyzed in both qualitative and quantitative methods. As another important sample of small and medium sized tourism Enterprises (SMTEs), small and medium sized travel agencies (SMTAs) are discussed in this chapter. The aim of this chapter, therefore, is to present the results of quantitative and qualitative research in SMTAs sector, with regards to the four objectives and related research questions of this study. To re-iterate, this research aims to investigate the impact of social media on SMTEs in China, and to assess factors associated with adoption of social media by SMTEs in China. The research aims consist of four objectives: To investigate the impact and extent of social media; to investigate SMTEs perceived benefit and challenge of using social media; to examine the factors determine social media adoption; to investigate SMTE owner/managers' attitudes towards using social media.

Comparing to previous chapter, similar analysis methods are conducted in this chapter, because the same questionnaire and interview structure were used to collect data from SMTAs. In this chapter, the results of quantitative analysis of 48 questionnaire returns from travel agency owners/managers is presented firstly, followed by the results of a qualitative analysis of five semi-structured interviews. The chapter is structured in this way because the questionnaire survey was designed in response to the themes and lacunae identified in the literature review in Chapter 2. The qualitative analysis was conceived after the quantitative research design and was purposefully structured to explore specific themes identified by the quantitative research and also to provide more in-depth description to foster understanding, comparison and to further explore the quantitative results.



## **5.2 Quantitative research on SMTAs**

The quantitative study in this chapter is achieved through the analysis of 48 valid responses of questionnaires disseminated to Chinese SMTAs' owners/managers in Beijing in 2012. The raw data was firstly exported from 'Qualtric Exeter' online survey software, and saved as SPSS documents. After checking, 48 valid responses were edited and coded, using IBM SPSS Statistic 19. The quantitative result is derived through univariate analysis (descriptive statistics), bivariate analysis (Chi-square, Spearman's R, Krushal-Wallis test). Comparing with Chapter 4, multivariate analysis (Factor analysis) has not been conducted in this chapter due to the small sample size.

### **5.2.1 Descriptive Statistical analysis**

There are five parts of this descriptive statistics analysis, and the latter four parts relate directly objectives of this study: The demographic characteristics of owner/managers and profile of their business; types and aims of using social media, their perceived benefit and challenges of using social media; factors related with using social media; their attitudes towards of using social media. The results are reported below.

#### **5.2.1.1 Demographic characteristics of owner-managers and profile of their business**

The sample (N=48) includes 25 male and 23 female, and the majority age group is 30-39 years old (60.4%), followed by 20-29 years old, 40-49 years old and 50- 59 years old. 66.7% of them are owner-managers. Managers account for 29.2% and the rest are owners. In terms of their highest level of educational achievement (See Table 5.1), the largest two groups are 'Bachelor diploma' (45.8%) and 'Bachelor degree' (41.7%). With respect to previous jobs, 58.3% indicated 'either IT or Tourism related work', followed by 'Non-IT work in tourism sector' (31.3%), 'IT work in non-tourism sector' (8.3%) and 'IT work in tourism sector' (2.1%). From the result, we can see that nearly 90% of respondents have no IT work experiences, therefore, we assumed that IT related roles in these enterprise largely use IT staff, IT services providers, and ICT learning ability of owner/managers. The previous tourism related job examples they

provided are varied, such as travel scheduler, tour guide, accountant, sales, manager assistant etc. Moreover, the range of years spent managing or owning this business is from 1 year to 13 years.

TABLE 5.1 EDUCATION LEVELS OF TRAVEL AGENCY OWNER/MANAGERS

Education	N	%
Under Junior high school	0	0
Junior high school	0	0
Technical school	4	8.3
Senior high school	0	0
Bachelor diploma	22	45.8
Bachelor degree	20	41.7
Postgraduate	2	4.2
Sum	48	100

(Source: author)

In terms of the profile of their business, four questions were asked including 'last year turnover', 'number of employees', 'money to start business' and 'type of business'. The questions about turnover and number of employees are related with their 'size'. Table 5.2 shows the mean, minimums, maximums, and standard deviation of 48 hotels. Due to the definition of small and medium travel agency in China provided by CNTA, only 5 enterprises have more than 100 employees and more than 10,000,000 CNY turnovers, thus being defined as medium enterprises. It is not surprising that most of respondents are owner/managers of small travel agencies in the long tail. The average turnover is 11,104,200 CNY (Approximate 1,110,000 Pounds) and the average number of employees is 51.44.

TABLE 5.2 TURNOVER AND EMPLOYEES OF SMALL AND MEDIUM SIZED TRAVEL AGENCIES

	N	MIN	MAX	MEAN	Std. Dev
Turnover (10 Thousand CNY )	48	100	4000	1110.42	895.559
No. of Employees	48	3	157	51.44	45.612

(Source: author)

An open-end question was asked in this questionnaire regarding 'How did you get the money to start your business?' 30 respondents answered this question. After summarizing and translating, the majority answer is 'personal saving'

(n=20), followed by 'borrowed from friends or family' (n=10). It is similar with SMH sector that a number of respondents did not answer this question, for which there may be two reasons: Either they are sensitive to this question and don't want to answer it, or they are managers and they don't know. Table 5.3 demonstrates the types of their businesses, and the most common type is independent business (89.6%).

TABLE 5.3 TYPE OF SMALL AND MEDIUM SIZED TRAVEL AGENCIES

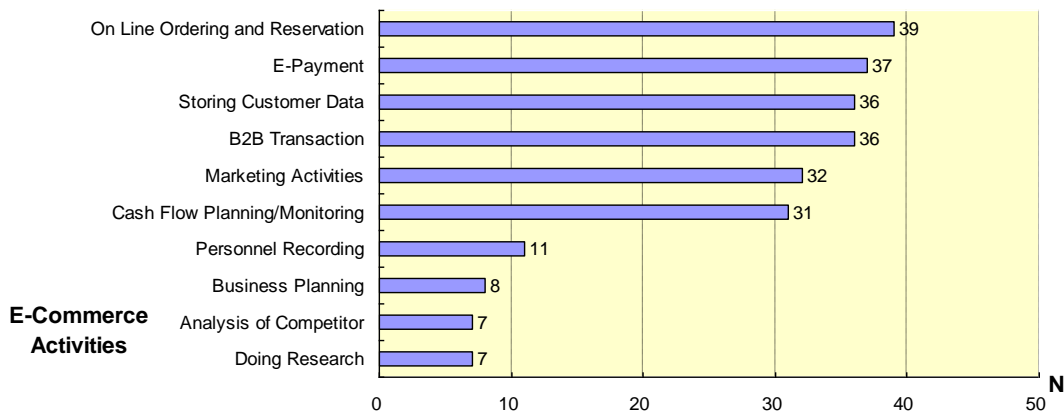
Type of business	N	%
Independent	43	89.60
Part of Chain	0	0.00
Franchise	5	10.40
Other	0	0.00
Valid	48	100.00
Miss	0	0.00
Sum	48	100.00

(Source: author)

### 5.2.1.2 Status of using Social Media

In order to address the first objective, four questions about the use of e-commerce and social media by SMTAs were asked in the questionnaire. Firstly, Figure 5.1 shows how the 48 respondents categorized 'e-activities that your business is currently involved in'. The activities they are involved with reflect the impact of ICT to their business, and show their business needs from an ICT adoption perspective. 'Communication with customers', 'online ordering and reservation', 'e-payment', 'B2B transaction', and 'Storing customer's data' were the top 5 activities, and doing research is the most unpopular e-activity for SMTAs in Beijing. When using ICT, online customer communication and reducing transaction costs are of greater concern than corporate management and doing research by SMTAs.

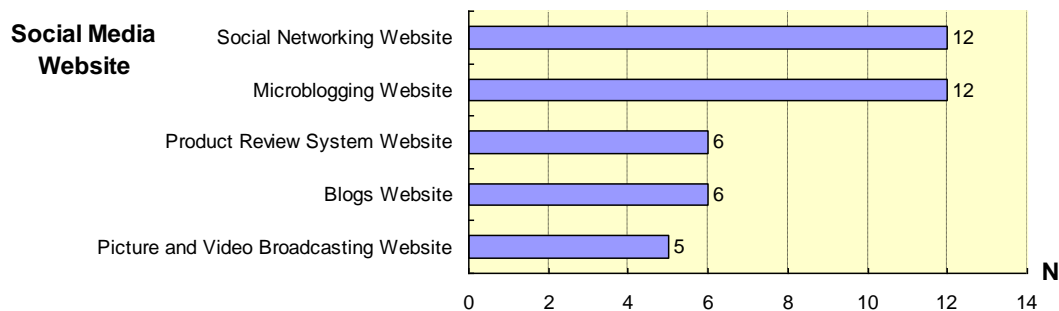
FIGURE 5.1 E-ACTIVITIES GET INVOLVED WITH TRAVEL AGENCIES



(Source: author)

Secondly, with respect to usage, 29.2% (n= 14) confirmed that they used social media, with 71.1% (n= 34) reporting no use. For those that used social media, two questions were asked, one about the ‘type of social media’ adopted, and the other about ‘aims of using’ social media and its impact upon ‘turnover and the volume of customers’. From the Figure 5.2, we can see that the most popular type of social media is the microblogging websites (MB) and social networks (SN), followed by blogs (B), product review system websites (PRS), and picture and video broadcasting websites (PV).

FIGURE 5.2 TYPES OF SOCIAL MEDIA USED BY TRAVEL AGENCIES



(Source: author)

From frequency Table 5.4 we can see that microblogging (MB) and social networking websites (SN) are the most popular social media for marketing and advertising. The advantages of MB and SN in this function are their fast speed of information dissemination, and extensive network of users. It is free and easy to open a verified MB or SN account, and most related assistant software developed by third parties is free, providing great opportunities for adoption and

further development of microblogging or social networking marketing in SMTAs. In terms of communication, SN and MB are also led the way. They provided travel agencies additional channels of communication with their customers and potential customers. The advantages of MB and SN in this function are their high popularity, immediacy, and large user base. These advantages are due to the success of their apps in mobile terminals and the network externalities associated with more and more people using smart phones.

Moreover, 'Product distribution and sale' is a function with fewer uptakes in comparison to 'marketing and advertising' and 'communicating with customer and business', functions already related with the current business model of SMTAs and the complexity of their products. Travel agencies are not as keen to adopt as hotels as PRS cannot easily bring direct product distribution. More discussion and possible reasoning is explored in further qualitative analysis (section 5.3.1.1.3). In addition, 'doing research' and 'management' related activities are functions with little adoption compared to functions which are similar with their current utilization of ICT. We supposed that social media is adopted by some SMTAs as a new way of implementing their existing ICT strategies. This suggests the advantages and potential uses of social media, in terms of ways to improve business management and conduct efficient marketing research which were highlighted in the literature review (See 2.2.4.4 &2.2.4.5), have not been fully employed by SMTAs in Beijing.

TABLE 5.4 FUNCTION PREFERENCE OF USING SOCIAL MEDIA

Aim of Using Social Media	Marketing and Advertising	Communicating with Customer or Business	Product Distribution and Sale	Management	Doing Research
PV	5 (35.7%)	2 (14.3%)	0	0	0
SN	11 (78.6%)	9 (64.3%)	4 (28.6%)	1 (7.1%)	1 (7.1%)
PRS	6 (42.9%)	3 (21.4%)	5 (35.7%)	0	0
MB	12 (85.7%)	10 (71.4%)	5 (35.7%)	0	0
BF	6 (42.9%)	6 (42.9%)	3 (21.4%)	0	0

(Source: author)

Moreover, in order to investigate the impact of social media on their overall business performance, another question was asked. The result showed a strong trend that over 92.9% of SMTAs who are using social media agree that their number of customer and overall turnover levels are increased by using social

media. However, it is hard to get information about the degree of the increase in this quantitative analysis. Similar results were also found in interview survey, discussed in 5.3.1.2

### **5.2.1.3 Perceived benefits and challenges of using social media**

From Table 5.5 we can see that the four most important benefits are 'Provide convenience for customer', 'Provide better and easy access to information on product and services', 'Provide channel for promotion' and 'Create new market'. The first two benefits are in line with Kim (2004)'s study which investigated the benefits of e-commerce perceived by Korean SMTEs. However, some respondents also stated that social media cannot fully replace existing ways of introducing specific or complex travel products to customers. They also stated better information delivery largely depends on quality of content posted and skill level of the staff member using social media. Respondent also highlighted the function of providing promotion channel. Social media seems cheaper than traditional channel for promotion or online advertising, and technically easier than hosting their own websites. 'Creating new market' is also stressed by respondents - social media can help marketers to reach targeted niche markets by joining online societies or discussion groups based on social media websites. 'Improve image and public recognition', 'Monitor customer satisfaction' and 'Establishing interactive relationship with customer' are in the middle area (Mean score 4.35-4.31). Improving customer relationship and managing reputations online involve significant human resource costs, which opens smaller businesses up to greater opportunities, but at the same time greater challenges, with respect to customer and resource management. However, benefits with lower mean score 'Found more business partnerships' 'Interacting with other businesses' (3.90), 'Provided channel for doing research' (3.62) are not mentioned as important benefits in qualitative results as well.

TABLE 5.5 SMTA OWNER/MANGERS' PERCEIVED BENEFITS OF USING SOCIAL MEDIA  
(1=very unimportant; 5= very important)

	N	Min	Max	Mean	Std. Dev
<b>Provide convenience for customer</b>	48	2	5	4.48	0.743
<b>Provide better and easy access to information on product and services</b>	48	3	5	4.46	0.617
<b>Channel for promotion</b>	48	3	5	4.44	0.616
<b>Create new market</b>	48	2	5	4.40	0.736
<b>Improve image and public recognition</b>	48	2	5	4.35	0.838
<b>Establishing interactive relationship with customer</b>	48	2	5	4.35	0.699
<b>Monitor customer satisfaction</b>	48	3	5	4.33	0.753
<b>Provide customized tourism product</b>	48	2	5	4.31	0.803
<b>Found more business partnership</b>	48	2	5	4.10	0.805
<b>Interacting with other business</b>	48	1	5	3.90	0.928
<b>Provide channel for doing research</b>	48	2	5	3.62	0.981

(Source: author)

In this quantitative research, respondents highlighted the importance of challenges faced by decision makers, such as 'Limited knowledge of available technology', 'Lack of confidence in benefit from social media' and 'Awareness of using social media' (See Table 5.6). This showed investment in technical know-how is necessary for social media adoption by SMTEs. Further qualitative analysis (See 5.3.2.2.1) also supports that limited knowledge, confidence, and awareness of owner/manager hindered social media adoption and development by SMHs. Moreover, human resource related challenges, such as 'Shortage of skilled IT workers' and 'Cost of training staff', are also stressed. In contrast, 'Fear of change in corporate culture', 'Government support', 'Insufficient IT infrastructure' and 'Online trust and cutthroat competition issue' were chosen as the most unimportant challenges perceived by respondents.

TABLE 5.6 SMTA OWNER/MANGERS' PERCEIVED CHALLENGES OF USING SOCIAL MEDIA  
(1=very unimportant; 5= very important)

	N	Min	Max	Mean	Std. Dev
Awareness of using social media	48	3	5	4.52	0.583
Shortage of skilled IT workers	48	2	5	4.46	0.683
Limit knowledge of available technology	48	3	5	4.44	0.542
Cost of training staff	48	2	5	4.42	0.679
Lack of confidence in benefit of social media	48	3	5	4.35	0.635
Time and cost of extracting and interpreting the content	48	2	5	4.25	0.668
Cost of securing skilled human resource	48	2	5	4.23	0.692
Cost of initial investment	48	2	5	4.15	0.714
Difficulty with integrating social media & existing system	48	2	5	4.15	0.899
Management of on line critical and negative comments	48	3	5	4.02	0.758
Social media develop and change too fast	48	3	5	3.92	0.710
Insufficient IT infrastructure	48	1	5	3.83	0.996
Fear of change in corporate culture	48	1	5	3.83	0.996
On line trust and cutthroat competition issue	48	2	5	3.83	0.808
Lack of government support	48	1	5	3.60	1.125

(Source: author)

#### 5.2.1.4 Factors related with using social media

Table 5.7 shows the importance of each of the factors related with adopting social media. SMTA owner/managers thought the most important factor is 'Owner/manager's knowledge and technology acceptance' (with highest mean score 4.71). Small and medium business owners/managers play a central role in facilitating changes, with social media adoption largely relying on owner/managers' knowledge and capacity. Their technology acceptance may also largely influence their company's technology acceptance. Owner/manger related factors, such as 'Previous experiences of using social media', 'Motivation of using social media', and 'The goal and ambition for the business', were also highlighted in this research. It was also supported by qualitative analysis in 5.3.3.1. Moreover, customer related factors, such as 'Customer acceptance' and 'Trust between customers and travel agencies', was largely related to target customer segments and their respective purchasing behaviors. Customer's acceptance was also highlighted in qualitative results in 5.3.3.2. Next, during the decision making process, they also take IT related factors into



consideration, such as 'Skilled IT workers' and 'IT provider support'. This suggests that adopting social media within a business model may largely rely on technology support that comes from IT staff within the company, or indeed professional IT service providers. Further, 'Security of social media' was chosen as an important factor. It was also supported by qualitative analysis that a higher level of online security and data protection for verified business accounts was expected by interviewed travel agencies. Finally, 'Availability of investment capital' was also highlighted by respondents. Investment capital is needed to cover social media operating costs, staff training costs, and the costs of professional services from third parties.

TABLE 5.7 FACTORS RELATED WITH USING SOCIAL MEDIA  
(1=very unimportant; 5= very important)

	N	Min	Max	Mean	Std. Dev
Owner/manager's knowledge and technology acceptance	48	3	5	4.71	0.544
Previous experiences of using Internet and Social media	48	3	5	4.69	0.552
Customer's acceptance	48	3	5	4.52	0.652
Level of trust between customer and company	48	3	5	4.46	0.683
Goal/ambitious for business	48	3	5	4.44	0.580
Corporate acceptance	48	3	5	4.42	0.679
Security of social media website	48	3	5	4.42	0.647
Motivation of using social media	48	3	5	4.42	0.577
IT provider support	48	3	5	4.40	0.536
Availability of investment capital	48	3	5	4.33	0.694
Skilled IT workers	48	3	5	4.29	0.651
E-commerce market size	48	3	5	4.25	0.636
Knowledge sharing and information exchange with other tourism business	48	3	5	4.13	0.761
Corporate knowledge	48	3	5	4.00	0.825
Availability of specific tourism products and services	48	3	5	3.98	0.729
ICT infrastructure	48	2	5	3.94	0.783
Corporate culture and internal communication	48	3	5	3.92	0.767
Policy and government support	48	2	5	3.50	0.799
Education	48	2	5	3.42	0.613
Age	48	2	4	3.13	0.489
Gender	48	1	3	2.42	0.794

(Source: author)

### 5.2.1.5 Attitude towards of using social media

Three closed-ended questions were asked in order to investigate SMTE owner/manager attitudes toward using social media. In response to the question that asks if they 'agree the benefits of adopting social media are greater than not

adopting social media', half of respondent were in agreement and strong agreement, 50.0% gave a neutral response, and no one disagreed, or strongly disagreed with this statement. Moreover, 79.2% 'Yes' and 'Probably Yes' responses indicate that they are interested in the adoption of social media in the future to some degree. However, only 35.4% have plans of adoption in next 12 months

### **5.2.2 Bivariate Analysis**

In this part, bivariate analysis is conducted through non-parametric tests to compare groups, which is suitable for dealing with data from nominal and ordinal ranked scales. In particular, the Kruskal-Wallis test was employed. Kruskal-Wallis one-way analysis of variance by ranks is a non-parametric method for testing whether samples originate from the same distribution. It is used for comparing two samples that are independent. The parametric equivalent of the Kruskal-Wallis test is the one-way analysis of variance (ANOVA). If the Kruskal-Wallis test leads to significant results ( $p < 0.05$ ), and then one of the samples is different from the others. As most of data is originally from likert-scale questions, the Kruskal-Wallis tests was employed to investigate the relationship between explanatory variables (Such as gender, age, education, previous jobs, years of owning/managing this business, owner/manager, turnover, number of employees, starting money and type of business) and other items (such as social media selection, perceived challenges and benefits, factors related with social media adoption). Although the Kruskal-Wallis test can tell if one of the samples is different from the other samples, the test cannot identify where the differences occur (between which two groups) or how many differences actually occur (the degree of differences).

#### **5.2.2.1 Owner/manager and their Travel Agencies**

48 travel agencies were divided into different groups due to their owner/manger's demographical characteristics and profile of their business, (such as gender, age, education level, previous job field, years of owning/managing business, role in business, turnover, no. of employees, starting money and type of business). A series of Kruskal-Wallis tests was conducted in order to find out the relationships between these different groups and their turnover. In the case of 'no. of employees', there was a statistical

difference in the turnover ( $\chi^2=44.578$ ,  $p=0.024 < 0.05$ ). Pearson's correlation is 0.864, showing a strong positive relationship - which generally means travel agencies with the larger no. of employees have a higher mean turnover. However, no other strong trend or statistical differences shows in terms of other groups.

#### **5.2.2.2 Adoption of social media and their type preference**

A series of Kruskal-Wallis tests was conducted to test statistical differences in overall adoption of social media website in different groups, as well as differences in types of social media used. Firm size variables (i.e. turnover and no. of employees) did not present direct relationships with their social media adoption and type preferences in this study. Moreover, in terms of age, gender, education, previous jobs, years of owning/managing this business, and starting money source, no more statistical significance can be found in their responses – meaning those variables do not affect their social media adoption directly.

#### **5.2.2.3 Perceived benefit and challenges**

Kruskal-Wallis tests were also conducted to test statistical differences in the benefits and challenges of social media adoption. Size related variables (no. of employee and turnover) was also analyzed, Number of employee groups and different turnover groups did not record statistical differences similar to their adoption of social media. Therefore, we can assume that 'size' does not affect their choice greatly. Benefit and challenges that differently sized groups perceived were commonly similar. Moreover, in terms of age, gender, education, previous jobs, and years of owning/managing this business, no more statistical significance could be found in responses - which mean those variables did not influence travel agencies' owner/manager's perceived benefit and challenges of social media adoption.

#### **5.2.2.4 Factors related with using social media**

This section explores the statistical differences amongst the various factors relating to the use of social media, with similar results being found. In the case of size related groups (i.e. no. of employee and turnover), there are no statistically different factors to report. Conversely, it is found that different education groups

have statistical difference across two factors - namely 'Customer's acceptance' ( $\chi^2=10.143$ ,  $p=0.017 < 0.05$ ) and 'Level of trust between customer and company' ( $\chi^2=9.078$ ,  $p=0.028 < 0.05$ ). Owner/managers of SMTAs with a higher education level gave a higher mean score to the importance of customer-related factors. Finally, there is also lack of statistical significance to be found in the rest of the different groups.

### **5.2.3 Summary of quantitative research and questions for further discussion in qualitative research**

In section 5.2, two methods (univariate and bivariate) were employed to investigate the main objectives of this research. A series of findings were extracted from the quantitative data. Despite this, the reasons behind phenomena still cannot be seen from quantitative results. They need to be deeply explored using qualitative data. In addition, some assumption supposed by the author require discussion and verification through qualitative results. Firstly, in terms of impact of social media related issues, we found that the function selection of social media is similar with current utilization of ICT. We supposed that social media is adopted by some SMTAs as a new way of implementing their existing ICT strategies. Secondly, the reason for type preference of social media, and how do they use social media, still needs to be explored in further qualitative analysis. Moreover, although most of the respondents who are using social media admit that their business performance is enhanced by it, it is hard to get information about the degree of the enhancement from the questionnaire alone.

In terms of the benefits and challenges they perceive, the following were chosen as the most important benefit to SMTAs: 'Provide convenience for customer', 'Provide better and easy access to information on product and services', 'Provide channel for promotion' and 'Create new market'. Meanwhile, 'Limited knowledge of available technology', 'Lack of confidence in benefit from social media', 'Awareness of using social media.', 'Shortage of skilled IT workers' and 'Cost of training staff' were the most important challenges they faced. It is also worthwhile to explore more in-depth data of these themes by using qualitative methods.

In terms of influence upon social media adoption, owner/manager related factors, customer related factors, and IT related factors were highlighted by the 48 respondents. We assumed that SMTA owners/managers play a central role in social media adoption, and the adoption is closely linked to the knowledge, skills, and attitudes of owner/managers. The quantitative results need to be compared and tested by qualitative results.

From the bivariate analysis results, we found that size related variables seemed to not affect SMTAs social media adoption directly. Few statistical differences were found in different variable groups, except different education groups - who exhibit statistical differences across two customer related factors of social media adoption.

### **5.3 Qualitative Research on SMTAs**

This section of the chapter describes and analyses semi-structured interviews conducted with five Beijing small and medium sized travel agency owner-managers who are using social media in their enterprises (Table 5.8). It aims to address the objectives of this research using narrative data and qualitative analysis. Compared to the quantitative data, the face to face semi-structured interviews are more in-depth and exploratory in scope, seeking to explain why and how the owner-managers make decisions and how they use social media. Each interview was more than one and a half hours in duration and the interviews were conducted by author himself. This subsection is structured by exploring the thesis objectives. Key themes discussed in each subsection stem from interview questions influenced by the literature, but also some are additional themes that were unanticipated.

Table 5.8 Travel agencies in the interview survey

<i>Travel agency</i>	<i>Role in Business</i>	<i>Gender</i>	<i>Years of owning/managing</i>	<i>Size of Business</i>	<i>Website in use</i>	<i>Social media in use</i>
TA 1	Owner-manager	Male	10	Medium	Yes	SN; Microblogging
TA 2	Owner-manager	Male	6	Small	Yes	PRS; SN; Blog; Microblogging
TA 3	Owner-manager	Female	8	Medium	Yes	SN; Microblogging
TA 4	Owner-manager	Female	13	Small	Yes	Blog; Picture and Video sharing
TA 5	Owner-manager	Female	2	Small	No	SN; Blog; Microblogging

TA refers to travel agency; PRS refers to Product Review Systems; SN refers to Social Networking Website

(Source: Author)

### 5.3.1 Impact of social media on SMTAs

Groups of interview questions were asked in order to obtain data related to the impact of social media on the owner-managers and their businesses, such as: Types of social media used; aims and strategies of using social media; and impact of social media on business performance and management. The analysis of the qualitative data was conducted using thematic coding. Themes relating to the research questions were developed through a close reading of the transcripts (in Mandarin). Relevant verbatim quotations were then translated into English to illustrate the arguments constructed in response to the research questions.

#### 5.3.1.1 Social media Type preference and using strategies

Regarding social media usage websites, microblogging (MB), social networking (SN) are the preferred types of social media, rather than blogs (B), product review system (PRS) and picture and video sharing websites (P&V). This is similar with the results from the quantitative survey data. The reasons for the selection or rejection of each type of social media, and their social media usage strategies, are explored respectively in the following subsections.

### 5.3.1.1.1 Microblogging

Microblogging websites, which are called 'weibo' in Chinese mandarin, are the most popular type of social media used by respondents. This is despite them being the newest among all types of social media included in the research. The fast spread of weibo in China is due to the success of their apps in mobile terminals and the network externalities associated with more and more people using smart phones. It is free and not difficult to open a weibo account, and most weibo related assistant softwares (such as 'Pipi Shiguangji') developed by third parties are free, providing great opportunities for social media adoption in SMTAs. Four interviewees said that they set up official verified weibo accounts; and the remaining two have normal weibo accounts, but used them infrequently. Respondents highlighted the 'communication' function of weibo, in line with the quantitative results. Weibo provides another channel for travel agencies to contact and communicate with their customers or potential customers. However, they also stressed that microblogging still cannot replace any of their existing communicating tools (such as telephone, QQ, email or fax), if customers have some queries of specific products.

If people have any queries of our product, and contact us via weibo, we will provide them the telephone number, QQ number or email address of related department or staff that can help them... of course, if it is a simple question, we will answer it directly through weibo. [TA 3]

Respondents further stated that the functions provided by microblogging websites (such as online chatting and private message box) can achieve the requirement of answering questions, or facilitate online chat, between travel agencies and customers. The reasons why they still prefer traditional channels rather than contacting customers directly through weibo, however, are related to their loose and informal social media management structures.

Our weibo related work is managed by two girls who are working in our reception, they reply to the comments when they are free... they will leave our contacts with people who have queries... To some specific questions about our product or consulting work they cannot do it. [TA 1]

Now, our official weibo account is not shared with each department, such as the flight ticket department, the domestic travel department, and they can operate their own accounts and doing related job to improve their performance respectively.... Yes, we are still exploring a good way to create a unified social media management approach, but now, if anyone leaves messages or comments on our corporate weibo, we will provide our contacts for a related department. [TA 3]

Their official weibo presences are operated by travel agencies as press centres, and they intend to broadcast travel related information or their product related information to their target audience. The content they post through weibo is in the form of replying to comments, reposting messages, conducting private messages or creating hot topics. The biggest challenge faced when seeking to get a fast and widespread distribution of posts is insufficient participation. Respondents noted that it is important to create attractive content, but they are still seeking the knowledge of what this entails. TA 5 shared their experiences of using weibo related assistant software ('Pipi Shiguangji') developed by third parties to help create better content and to save time. This software allows users to access its Content Repository and access a picture database, helping users to find interesting content with beautiful pictures and visual designs to post. Moreover, it has a timer function, which can help users to post and repost content automatically at a set time. In addition, it allows users to manage their different brands of weibo (such as sina weibo, and tencent weibo) at the same time.

In terms of advertising and promotion, weibo provides a channel for travel agencies to show information about their products and conduct promotion activities in order to get more sales. Some interviewees also stated that they add their own website links to their posted information, in order to help customers contact or purchase online directly. However, some respondents hold different opinions on whether direct advertising or promotion of their travel products through weibo is appropriate.

We mainly introduce culture, customs, pictures and the history of destinations and interesting stories of travellers to people in our weibo



posts, in order to attract their interest and to stimulate their willingness to travel. As you can see, we seldom directly post information of our product, because it might lead to over-advertisement and would be annoying. [TA 3]

It is wiser to post or repost some information or knowledge of travelling, or something else they are really interested in, rather than your product. If they feel your weibo is useful or interesting, they might follow you, and then, they will know you and your product gradually and spontaneously. [TA 1]

In order to avoid immunity of followers to advertising, and loss of audience caused by over-advertisement, some travel agencies are more likely to post travel related information rather than their own products.

#### **5.3.1.1.2 Social Networking Websites**

Social networking websites developed recently and quickly. It is eight years since the first Chinese social network website 'renren.com' was established in 2005. Social networking websites offers multiple functions, such as status (70 characters maximum, ability to tag friends), blog, video sharing and picture uploading, online chatting, and gaming. These all provide good opportunities for telling stories, promoting, communicating or even directly selling to customers. Social networks are used by respondents for travel blog sharing and reposting, broadcasting information about products, online chatting, etc. In terms of communication or advertising, they adopted the same strategies as they had used for microblogging or blogs.

Comparing to microblogging, respondents thought information can be delivered to an audience in greater detail and accuracy when using social networks. This was due to no limitation of the number of words and pictures that can be used. Moreover, they argued that it was easier to access target audiences. Travel agencies take users of social networking websites into consideration during their social networking website selection. TA 5 provided their analysis of different social networking website's user demographic.

Different social networking websites have different users' demographic, for example, as I know, users of QQ-zone are mainly teens, [users of] renren.com are mainly college or university students, [users of] kaixin.com are mainly white collar...that is why we chose kaixin.com as our first corporate used social network.[TA 5]

TA 3 also shared their experiences of using renren.com and campus agents in universities to sell travel products designed for students. Their campus agent based product distribution strategy, which is developed upon campus social networking sites, provides a potential of using social media for reaching the student/youth market. The success of using renren.com gave TA 3 more confidence in the benefits of social media adoption.

We have some products designed for students, such as one-day trip or weekends-trip, and we hired campus agents in over 20 universities or colleges. They used renren.com a lot, day to day, and their classmates, roommates as well. It is difficult to refuse the requirements of sharing a blog or status from friends or classmates, especially when they @ you... They trust their classmates or friends more than us... Students always play as groups... it sells pretty good...Right product, right target, and right way. [TA 3]

TA3 successfully took the advantage of social networking and campus agents in universities to implement their Peer to Peer marketing strategies to promote and distribute their product. Campus agents are physical members of college campus communities, but it is their virtual presence on social networks sites that the travel agent uses to access the student market. Peer recommendation is extremely valuable because people believe their friends more readily than a company or marketer. Social networking sites harness the interpersonal trust that is developed in everyday communities and makes this available virtually for businesses to exploit. In this case, campus agents are a strong influence on the kind of conversation that is taking place. The balance of power in the market place over social media between the service provider and the consumer was tipped towards to travel agency.

### 5.3.1.1.3 Product Review Systems (PRS)

Regarding social media usage websites with Product Review Systems (PRS), travel agencies were found to be not as keen to adopt as hotels – mainly because it cannot easily bring them direct bookings. However, they stated that they used PRS as an online informational source to help them create their weibo, blog or other content. Moreover, they also used the information to design new travel products. As TA 2 said, I use it to ‘generate information, and design my possible product for my customers.’

Travel agencies cannot enjoy the benefits provided by PRS as hotels do. Most of the products discussed on travel review websites are provided by tourism suppliers in the supply chain, such as hotels, B&B, cruise lines, automobile rental companies, restaurant, and attractions. These travel products, especially accommodation, restaurants, and attractions, are more suitable for commenting and sharing upon by consumers. Therefore, due to the more complex product provided by SMTAs, it is not as easy for SMTAs to benefit from PRS – particularly in terms of product distribution and obtaining feedback from their customer via PRS websites. Moreover, although package tours are also sold on some PRS websites (e.g. qunar.com), TA 2 stated that ‘most of the products are provided by OTAs or large travel agencies, and it is hard to compete with them’. Furthermore, some travel review websites are even owned by OTAs or large agencies (E.g. Lvping.com is owned by Ctrip.com). In terms of package tour sales, PRS operates like OTA rather than social media. Travel agencies have to change their positions and strategies to deal with the danger of being cut off and replaced by OTA and social media. They should serve as important informational conduits (Akehurst, 2009) and provide access to tourism products for consumers. The discussion of disintermediation and re-intermediation has persisted for more than 10 years, ever since the e-commerce model appeared with the internet boom (Ma, Buhalis & Song, 2003). In order to regain their power in the sales and informational channel, travel agencies must put more emphasis on consulting and guidance through complex products. TA 1 showed his confidence in his salesmanship and products:

I do not worry about being cut off by OTA or social media, because I have confidence with my products and my well-trained salesman. They

(social media) might have advantages in terms of marketing, saving transaction costs, and some simple product selling (such as hotels, flight tickets), however, in terms of complex travel products, such as package tours, and introducing and exploring customer's specific needs, we obvious have advantages.[TA 1]

This comment shows that online mass customization has limits. The travel agency still has a competitive advantage in regard to the personalization of travel experiences, but is nonetheless strategic in using social media to make customers aware of its expertise and product range. Therefore, what we are witnessing are hybrids of bricks and clicks working in tandem, a reality that demonstrates that the disintermediation and re-intermediation debates are still relevant more than 10 years following the internet boom.

#### **5.3.1.1.4 Other types of social media**

The 'pure blog websites' and picture and video sharing websites are not as popular as other types of social media among respondents, supported by the quantitative results. Although respondents admitted the advantages of pure blogging and picture and video sharing in terms of providing information, telling stories, and communication with customers, they still prefer using microblogging or social networking as it combines blogging, picture and video sharing as function. Moreover, they also mentioned the identity of uploaders of pictures and video are often ignored by audiences, which does not help firms using these platforms to promote their brand and enhance their image with consumers.

#### **5.3.1.2 Impact of social media on business performance**

The quantitative results show a strong trend that over 92.9% of SMTAs who are using social media agree that their number of customers and overall turnover has increased by using social media - which is in line with qualitative results. However, the degrees of growth are different. TA 2 provided his estimated growth as 1-2 people contacting with them via social media per month during the first year. Whereas TA 3 stated that the success of their social networking strategies had made their student-orientated one day and three day trips to be one of the most important aspects of their business. None of respondent had a clear summary of their business performance growth after using each type of

social media, and the possible reasons for this are related to their loose and informal social media management structure. Moreover, the inability to monitor revenue increases associated with using social media is also related to the scope of social media use (informational, transactional and interactional) and level of IT adoption. It is difficult for the travel agencies, who are using social media at a basic informational level (just posting their product information and contacts), to track the source of customer traffic. This is because a customer may see their information online, but persist in contacting them in traditional ways. In order to collect related data, SMTAs might need not only a systematic social media management structure and specific staff in charge, but also technical help from social media hosts or third party software developers.

### **5.3.2 Perceived benefit and challenges of using social media**

The second objective is to investigate SMTAs' owner-managers perceived benefits and challenges of using social media. Groups of open interview questions were asked in order to obtain more wide and in-depth qualitative data.

#### **5.3.2.1 Perceived benefit of using social media**

##### **5.3.2.1.1 Assisting demonstrating complex travel products**

It has been argued that a main issue in tourism is the lack of direct experience with a tourism product, which means that its quality and benefits can hardly be evaluated before the product is consumed. Travel agencies making good use of information sourced from social media (such as pictures, videos, articles) can help customers understand their products. Word of mouth has been regarded as one of the most important information sources for travel planning, mainly due to the higher perceived credibility of consumer's opinion as compared to traditional tourist information sources. Content spread via social media has the same nature of word of mouth, but with more vividness.

Our first experience of using travel blogs created by our previous customers was to assist demonstrating our product to a new client who wished to book an incentive tour for their staff... It is successful and a big step for us...maybe the pictures (from travel blog) are not as

beautiful and smart as the ones in our brochure, the article wrote is not... professional, but it wins trust, because it is real. [TA 5]

#### **5.3.2.1.2 Improving Public recognition and Image making**

One of the most important perceived benefits is improving their public recognition and image. Tourism is deeply related to image making media (Beeton et al, 2006). However, traditional media (such as TV, newspaper, magazines) charges are too high for small travel agencies, and are still great burdens for medium travel agencies. Social media provides SMTAs with a good channel to create their online images with acceptable costs. Verified accounts of social media websites are pointed out by TA1, TA3, TA 4 and TA 5 as the first and essential step of using social media to win public recognition. Moreover, TA 3 and TA 5 stated they do not solely post or repost travel-related information, but also broadcast touching stories with positive energy, notices for missing persons, or information about someone seeking help in order to improve their levels of public recognition.

#### **5.3.2.1.3 Reach: targeted segments and niche markets**

Interviewees stated that they used social networking websites, microblogging sites, and travel-related blogs and forums to reach targeted segments and niche markets. Most respondents assumed that their targeted social media users are normally under 35-years old, because it is the largest demographic segment of social media users. They still believed that senior citizens preferred traditional ways of communicating with them.

Social media can be a powerful tool that can be used to intensify the interest of potential travellers. The nature of interactions between content uploaders and viewers enables social media to develop an online travel community where important experiential information is shared and exchanged. Joining these communities can bring more opportunities for new product development and selling.

Joining their groups, trying to understand their needs, and designing a specific product for them... such as a motorcycle driving club, golf club... [TA 5]

We designed outbound travel product with a ‘Snooker theme’ for snooker fans...watching games, visiting a pool cue factory and some other added services are all developed base on their needs. [TA 1]

### **5.3.2.2 Perceived Challenges of using social media**

#### **5.3.2.2.1 Lack of Awareness, Time and related Knowledge**

Similar to the results from the hotel businesses (see chapter 4), some owner-managers of travel agencies also found that they lack awareness social media, especially when they are busy or have experienced failures when using social media. It seems some have not realized significant benefits from using social media. Moreover, investments of time are needed to deal with social media-related work, such as: Posting; replying; communicating with customers; training staff on how to use social media; extracting and interpreting online content. The challenges are faced most heavily by small or micro travel agencies, which do not have sufficient employees who can aid owner-managers overcoming their lack of social media knowledge and experience. Paudel & Hossain (2006) suggested that lack of awareness, limited knowledge, and lack of confidence in the reported benefits of adoption by ecommerce operators and investors are the main barriers for e-tourism development. Moreover, respondents also stated that IT or social media-related knowledge is insufficient, saying that they, or specific staff, need to be trained in order to better utilize social media. The problem of limited knowledge and skills was not only relevant to the owner-manager, but also to employees and the wider community. Some respondents also agreed that they would hire skilled staff or third parties to handle social media-related work in future, however, none of them have short term plans for this.

#### **5.3.2.2.2 Lack of in-house experts and systematic social media management**

None of the respondents stated the existence of well-trained staff/experts in using social media/ the provision of systematic social media management in their companies. In medium sized firms, owner-managers and few key staff from

top management were found to be controlling corporate official social media accounts. Aside from this different departments were using their own accounts for promotion, advertising and communication with customers. However, there is a lack of interaction between top management and different departments and between different departments themselves. There is no unified social media management control, nor specifically designated staff with responsibility to manage social media as a whole. Therefore, it is difficult to exactly estimate or evaluate the effect of using social media, and make ongoing plans. Although the encouragement of internal communication has been identified as one of the important benefits of using social media, an organizational information silo effect still exists during the use of social media in medium sized travel agencies. Organizational silos typically do not share the same priorities, goals or even the same tools, so departments operate as individual business units or entities within the enterprise. The reasons for the silo effect are recognized as: Lack of cooperation, internal competition, and breakdown in communication. Therefore, it is suggested that managers of different units must learn to trust and respect their peers and share their objectives of using social media.

For some small firms, owner-managers and a few key staff used corporate official social media accounts together, because they engage in interconnected discussions and interactions. Despite this, they do not have clear tasks or schedules for using social media, and owner-managers and key staff used it occasionally when they are free.

#### **5.3.2.2.3 Insufficient participation**

Insufficient participation, or concerns about their posted content, is a common and significant challenge faced by SMTAs as well. Most of the respondents admitted they struggled with how to improve the quantity and quality of their followers or friends in order to deliver information. Some of them also stressed over-advertisement leads to user fatigue or annoyance, with the result of losing followers or friends. However, there is no answer from respondents about how to find a quick and effective way to solve this problem. Moreover, low reply rates, reposts and click rates for their blogs, microblogs, or shared pictures, destroyed their confidence in the benefits of social media.



### **5.3.3 Factors related with SM adoption**

#### **5.3.3.1 Owner/Manager- related factors**

It was expected that the most important factors driving the whole social media adoption and implementation process would be owner-managers' motivations and goals. It was expected that their capacity for technology acceptance (i.e. social media) would depend upon the ability of that technology to differentiate their firm. The interviews proved this finding, with all respondents admitting that they had final decision-making power over innovation, and most of time they led innovation within their firms. Small and medium business owners/managers play an important role in facilitating changes, because they typically hold the decision-making power (Karanasios & Burgess, 2008), and the informal owner-manager control systems within the firms (Carter, 1996; Gersick et al 1997).

##### **5.3.3.1.1 Technology acceptance and capacity of owner-mangers**

Due to the owner-managers strong decision-making power within their firms, their social media and related technology acceptance (such as third party support software) can either stimulate or hinder the adoption of social media. Their knowledge and understanding of social media and previous experience of IT adoption has direct impacts on their technology acceptance.

The use of the social media website was forbidden within our intranet during working hours, because I thought staff might pay too much attention on their 'games', and would not concentrate on working, therefore I asked the IT people to block some social media websites. [TA 1]

I am careful with IT adoption related work, and social media as well, because I had a bad experience with building our first websites six or seven years ago. I was cheated... The popularity of using social media today is quite similar with the popularity of web construction 8 or 10 years ago. Most of us in this industry do not really understand it, and can easily be cheated or fail when we are impulsive. [TA 2]

Moreover, respondents agreed that for successful social media adoption, owner-managers' need to possess a strong capacity to acquire, absorb, and broadcast innovations. According to Martin (2004), SMTEs' sales and marketing techniques had been developed before the emergence of new technology. Therefore, following social media adoption, skills and techniques might be transferred and improved upon, or perhaps eroded. The development of knowledge heavily relies upon owner-manager's competencies.

#### **5.3.3.1.2 Owner-manager's motivation of using social media**

Social media is foremost a personal behavior that has business applications, which means that the impetus for business innovation can come from lifestyles built through the use of this media rather than through strategic attempts to assimilate this technology into a business model. The samples in the travel agencies sector also confirmed these findings. 'Business growth' and 'revenue maximization' are not the only motivating factors of social media adoption. The adoption of social networking, microblogging, blogs, and other types of social media are not always the result of rational managerial decision making. Social media is often adopted for reasons other than a specific response to a logical business strategy. Owner-managers, who enjoyed E-lifestyle and social media personally, have more creativity in exploring methods of success using social media.

#### **5.3.3.1.3 Further social media operation goals vs. business growth stages**

No matter whether SMTAs were familiar with social media or not, once social media had been adopted some of them recognized the importance of social media to business success. However, they also realized that they needed further investment/time to deal with online content, reply and communicate with customers, train staff, and learn related knowledge – all with a view to implementing social media properly. More work in new fields might affect the future social media operation goals and strategies of travel agencies in different growth stages.

During the course of this research it was discovered that travel agency management decision making and strategy are strongly influenced by regulation. This regulation imposes a three tier structure upon the sector, which is

determined by minimum levels of investment to operate in different markets. According to their qualification, a business can operate: domestic travel business; inbound travel business; and outbound travel business. In China, the government asks for 0.2million CNY, 0.6 million CNY, 1.6 million CNY as deposits respectively, which means that travel agencies need to find appropriate levels of finance if they want to expand their business range and move into the next stage. The respondents argued:

The money we earned in an earlier stage was all used to pay the deposit for the next stage. Our goal was just try to earn money as soon as possible, and get all qualification. [TA 1]

It is faced by all small travel agencies without sufficient funds. They are very cost conscious, and try to avoid risks, because they have clear business growth plans: [i.e.] transition to next stage. [TA 2]

Therefore, social media development might be indirectly disrupted by owner-manager's strategic plans for stage transition, especially for small firms. By contrast, large travel agencies or medium sized firms, which occupy a higher stage in the business growth cycle, have less pressure to direct funds to achieving the next stage. It is a significant finding that even though the quantitative results showed 'size' related factors did not influence owner-managers' decisions to adopt social media, the qualitative research showed that 'size' was a significant issue that effected their further social media development plan. The reason for this is that small businesses operating in the domestic market experience a persistent opportunity cost when spending money on social media, i.e. it may indirectly divert funds from progressing to a larger market. It begs the question of how owner-managers perceive the impact of social media, because it is uncertain that these managers are able to evaluate accurately the opportunity cost, precisely because they are unable to evaluate the return on investment of the adoption of social media.

### **5.3.3.2 Customer's acceptance**

Similar results to the quantitative findings for customer acceptance are also found in the qualitative analysis, where it was found that customer acceptance

was highlighted by SMTAs as a significant factor. As we mentioned before, the users of social media websites are defined by respondents as mainly younger generations who might have higher levels of utilization and acceptance of social media. However, there are still large groups of their targeted segments who are not using social media or even the Internet, such as the senior tourism market.

To follow the trend, we have plans to gradually reduce the budget on paper media, and shift to new media, but it won't be too rapid, because we don't want to lose the market we already have. [TA 1]

For new generation, such as 25-35 years old, they may have higher social media acceptance, but their income might be ... 2,000-3,000 CNY per month, and their consumption levels are not high... by contrast, the 35-45 segment, they have high acceptance of emailing... for the 55+ years old segment, they still prefer to find travel-related information from newspapers. Social media still has a long way to go. We will change our strategy on traditional media and social media, but not now. [TA 2]

Although owner-managers admitted the users of social media had increased rapidly, and more senior people had started using the Internet and social media to search for travel related information, make travel plans, and evaluate products, they still believed that their customers preferred to make the decision and purchases in physical stores. Therefore, the traditional channels of advertising, communication, and retailing have not been fully replaced by using social media.

There are still a lot of customers who wish to book their travel by visiting our high street store, although they might use the Internet or social media. That is their purchasing habit. 'Brick and click' are our strategies to provide multiple channels. It (high street store) cannot be replaced by internet or social media, for my enterprise. [TA 5]

With understanding of their customer's behaviour, and informed by interrogation of in-house and third party data sources (e.g. social media), travel

agencies conducted multiple channel retailing strategies. They were turning to interactive shopping experiences to solidify relationships. They were using social media in order to get more 'social media consumers' into their stores or websites. Travel agencies intended to engage with those customers the way they would like to be engaged with, whether in store, online or via email, social media or their mobile device. Therefore, it is assumed that the degree of social media adoption is largely determined by their targeted customer's social media acceptance.

#### **5.3.3.3 Social media related factors**

It was found that owner-managers take demographics, size of the user pool, and with security levels associated with social media websites into consideration during their decision making. Firstly, it is not surprising that respondents pay attention to the demographics of users of selected social media, because they need to know whether they are targeting the right people and adopting suitable strategies to get in touch with them with the right product offerings. Moreover, the size and high online activeness of users were also important for information delivery. Furthermore, the security of social media websites was also important when choosing social media. Respondents expected higher level of online security and data protection for verified business accounts.

#### **5.3.3.4 Operation cost, reinvestment capital and skilled human resource**

Social media is simple to access and respondents stated that it is cheap to open an account and to get started. However, they also stressed that there are operating, maintenance, and development costs, staff training costs, and the costs of professional services from third parties during social media implementation. Moreover, availability of reinvestment capital in social media is also important for their social media development plan. As we mentioned in 5.3.3.1.3, limited financial resources might hinder their further social media implementation and development plans, especially for smaller sized firms. Furthermore, it is found that respondents are not very interested in educating and training existing staff due to high staff turnover rates, and training capital is not made available or prioritized. However, they also complained that they do not have in-house expertise to manage social media, because their employees lack the relevant social media knowledge that is necessary. Therefore, for small

firms most social media-related work is done by the owner/manager themselves; for some medium sized travel agencies, they leave the work to the heads of different departments.

#### **5.3.4 Attitudes towards using social media**

In terms of social media utilization, three types of owner-managers' attitudes were identified in this interview program, namely *experimental attitude*, *active attitude* and *'wait and see' attitude*. Their different attitudes are the outcome of their complex decision making processes, and these process may be influenced by their characteristics, business goals, previous experience with social media, and non-business related personal reasons. Their perceived benefits and challenges, as well as personal reasons, are key drivers and barriers of social media adoption. *The experimental attitude* normally comes with owner/managers who first attempted to use social media within business. Owner/managers choose a certain type of social media due to the number and activeness of users, the security of websites, and their existing customers' acceptance, and then apply into their business carefully. *Experimental attitude* can shift to *active attitude*, when owner/managers are confident in benefiting from social media, or when they enjoy social media related work. However, once social media is adopted, a number of travel agency owner/managers may notice they need more time, knowledge, and resources in order to better use social media. A wider range of issues would have to be taken into consideration, such as the degree of time and money reinvestment in: Skilled human resources; Reaching of targeted segments via social media websites; the recruitment of third party social media professionals; improvement of social media management structure – all with a view to acquiring greater revenue and information generating sophistication. Limited knowledge and resources, as well as their failed previous experience of using social media, may hinder their further social media implementation and improvement plans. In this case their *experimental attitude or active experimental attitudes* may shift to *'wait and see' attitudes*. Moreover, owner/manager who holds *'wait and see' attitudes* may also turn to *experimental attitudes*, when they are enlightened by successful examples of using social media within industry.

## 5.4 Conclusion

This chapter discussed the impact of social media on SMTAs in Beijing. It also laid out SMTAs' perceived benefits and challenges of using social media, factors associated with their adoption of social media. It aimed to prove the complexity of the adoption process. Quantitative and qualitative analysis methods were conducted in order to reach these research objectives. Main findings will be summarized in this section.

In terms of the impact of social media, it is revealed that the function selection of social media by SMTAs was similar with their current utilization of ICT, and applications in 'communication', 'marketing and advertising', 'product distribution and sale' were employed more frequently than 'management' and 'doing research'. Social media was adopted by some SMTAs as a new way to implement their existing ICT strategies - meaning the advantages and potential use of social media have not been fully employed by SMTAs in Beijing. While an ultimate goal for adopting social media is to convert website visitors into paying customers, the opportunities to use social media for direct product distribution are more limited than for communication and marketing functions. In both quantitative and qualitative study, 'product distribution and sale' is a function with fewer uptakes than 'marketing and advertising' and 'communicating with customer'. This is reflected by the current business model of SMTAs and the complexity of products. However, it is worth mentioning the interesting case of an SMTA's good use of social networking (renren.com) and campus agents in universities to sell travel products designed for students; it demonstrated a possibility of using social media to distribute products.

Moreover, different types of social media were studied and it was found that Microblogging and Social Networking Websites are the most popular types of social media adopted by respondents. This was due to their advantages in communication, marketing and advertising. Qualitative results also highlighted the 'communication' function of these media, which is in line with the quantitative results. Despite new media providing extra channels for travel agencies to contact and communicate with their customers or potential customers, owner/managers stated that social media still cannot compete with any of their

existing communicating tools (such as telephone, QQ, email or fax), due to their loose and informal social media management. SMTAs also posted information about their products and conducted promotion activities in order to get more sales. However, some respondents held different opinions on whether doing direct advertising or promotion of their travel products through social media was appropriate - due to immunity of social media audience to advertising, and loss of audience caused by over-advertisement. Next, travel agencies are not as keen to adopt as hotels, because of the lack of direct distribution channels in social media. Finally, social media forms such as blog, video, and picture sharing websites are not as popular as other types of social media among respondents, which is supported by both qualitative and quantitative results. This is because their function is limited, with lower immediacy and ignorance of uploader identity.

In terms of impact on their business performance, although most of respondent who are using social media admit that their business performance was enhanced after using social media, none of respondents had a clear summary of their business performance growth that stemmed from each type of social media. Possible reasons for this are related to their loose and informal social media management structure. Moreover, the inability to monitor revenue increases associated with using social media is also related to the scope of social media use (informational, transactional and interactional) and IT adoption.

In terms of perceived benefits and challenges of using social media, 'Provide better and easy access to information on product and services' was one of the top three important perceived benefits in quantitative result, and it was supported by qualitative results. Interviewees highlighted social media's advantages in 'Assisting demonstrating complex travel products', however, they also stated that social media cannot fully replace existing ways of introducing specific or complex travel products to customers - and better information delivery is largely dependent on quality of content posted and skills of using social media. 'Creating new markets' is also stressed by respondents in both qualitative and quantitative studies. Here social media can help marketers to reach targeted niche markets through the joining of online societies or discussion groups based on social media websites. Further, 'Improve image and public recognition', 'Monitor customer satisfaction' and 'Establishing interactive relationship with



customer' were all mentioned as important benefits in the quantitative results. Improving customer relationships and managing reputations online involved significant human resource costs, which opened smaller businesses up to greater opportunities, but at the same time greater challenges, with respect to customer and resource management. However, benefits with lower mean scores in the quantitative study were not mentioned as important benefits in qualitative results, namely: 'Found more business partnership 'Interacting with other businesses', and 'Provide channel for doing research'. With respect to perceived challenges, 'Limit knowledge of available technology', 'Lack of confidence in benefit from social media', 'Awareness of using social media.', 'Shortage of skilled IT workers' and 'Cost of training staff' were highlighted as the most important challenges in the quantitative study, and this was supported by qualitative results. Moreover, qualitative results further revealed that insufficient participation or concerns about their posted content is a common and significant challenge faced by SMTAs.

In terms of factors associated with the social media adoption, factors were categorized into different groups in the qualitative research, namely: owner/manager related factors, social media related factors, financial and human resource related factors, and customer acceptances. First, small and medium business owner/managers play a central role in facilitating changes; social media adoption largely relies on owner/managers' knowledge and capacity as well as their previous experiences, motivation and goals of using social media. From the qualitative study, similar results to the previous hotel chapter were found, suggesting that that the impetus for social media adoption can come from lifestyles built through the use of this media rather than through strategic attempts to assimilate this technology into a business model. The samples in the travel agencies sector also confirmed these findings. Owner/managers who enjoyed E-lifestyle and social media personally exhibited more creativity in exploring methods of success using social media. Once social media was adopted, they also realized that they needed further investment or time to deal with online content, replying and communicating with customers, training staff, and learning related knowledge. More activity and investment in new fields might affect the future social media operational goals and strategies of travel agencies in different growth stages. Social media development might be

indirectly disrupted by owner-manager's strategic plans for stage transition, especially for small firms. It is a significant finding that even though the quantitative results showed 'size' related factors did not influence owner/managers' decisions to adopt social media, the qualitative research showed that 'size' was a significant issue that affected their further social media development plan. This is due to the fact that a small businesses operating in the domestic market experiences an opportunity cost when spending money on social media with respect to progressing to a larger market,. Second, customer acceptance was highlighted both in the quantitative and qualitative studies. Travel agencies intended to engage with customers the way they wished to be engaged with - whether in the store or online. Therefore, the degree of social media adoption is largely determined by their targeted customer's social media acceptance. There are still large groups of their targeted segments who are not using social media or even the Internet. With understanding of their customer's behavior, travel agencies conducted multiple channel retailing strategies: 'brick and click'. They were turning to interactive shopping experiences to solidify relationships by using social media in order to get more 'social media consumers' into their stores or websites. Third, social media related factors were discussed. SMTAs expected higher levels of online security and data protection for verified business accounts, and they are more likely to chose social media websites with large amount of users which fit into their targeted markets and exhibit higher online activeness. Finally, cost and financial constrains were shown. A shortage of skilled human resource, a common problems faced by SMTAs, was also highlighted as important factors of social media adoption and implementation.

In terms of the final objective, three types of attitudes toward the use of social media were identified, namely *experimental attitude*, *active attitude* and '*wait and see*' attitude. Respondents' different attitudes are the outcome of their complex decision making process, and this process may be influenced by their characteristics, business goals, previous experience with social media, and non-business related personal reasons. The attitude held by owner/manager may change and shift during different stages of using social media over time.

# **Chapter Six – Comparison between Small and medium sized Hotels and Travel agencies**

## **6.1 Introduction**

In the previous two chapters, quantitative and qualitative methods were conducted in order to generate valuable information from small and medium sized tourism enterprises (SMTEs) in Beijing. All respondents to the questionnaires and interviewees were owner/managers of small and medium sized hotels or small and medium sized travel agencies (SMHs or SMTAs) in Beijing. As mentioned previously, it is appropriate to analyze those 48 travel agencies and 92 hotels respectively as two samples, because of differences in the size of enterprise in each sample, both in terms of turnover and the number of employees. It is also assumed that there may be significant differences between two different sub-sectors, which have different customer relationships and business models.

The aim of this chapter is to make a comparison between the two empirical analysis chapters. This comparison takes two approaches. First, the comparison explores differences and similarities between the sectors by exploring the data regarding the adoption of social media by hotels and travel agencies. Second, the comparison compares differences between the two sectors by exploring whether significant differences within the samples are held in common or whether variations within the samples differ in certain respects. The key question is whether these two sectors are significantly similar, because they are both operating in the 'tourism industry', or whether they are different due to the differences in their business model and operating environment. The chapter is structured around the thesis objectives. For each objective the chapter presents a comparison of the quantitative and qualitative

analysis. Quantitative analysis will be employed firstly, followed with qualitative analysis.

## **6.2 Quantitative analysis**

The quantitative study of this chapter is achieved using the Mann-Whitney  $U$  test, in order to provide a comparison of the results presented in the previous two chapters (Chapter 4 and Chapter 5). The Mann-Whitney  $U$  test provides a nonparametric equivalent to the  $t$  test that allows comparisons of samples which are statistically dependent, not normally distributed, and are of significantly different sizes that limits the application of other tests. Therefore, it is appropriate to use the Mann-Whitney  $U$  test to compare the samples of SMHs and SMTEs. If the Mann-Whitney  $U$  test leads to significant result ( $p < 0.05$ ), then one of the samples is different to the other sample. In other words the SMHs and SMTAs had different opinions regarding a specific question. Conversely, when the  $p$  value is greater than 0.05, there is no statistical significant between SMHs and SMTAs for a specific question.

### **6.2.1 Impact of social media on SMTEs**

Tourism, as an information-intensive industry, is impacted by the fast development of social media. Therefore, some SMTEs have attempted to follow the 'mega trend' and adopt different types of social media as new marketing or management tools in order to meet their business needs. The usage of social media and ICT by SMTEs' was explored in Chapter 4 and Chapter 5 using questionnaire data, which included commentary on SMTEs social media preferences, their application of social media, and business performance following social media adoption. In this research it was found that SMHs' social media adoption rate (41.3%) is higher than SMTAs' (29.2%), but we cannot generalize from this finding to the wider industry due to the limited sample sizes

utilized. However, some similarities and differences between the two sectors were found in their social media type preferences, application of social media, and impacts on their business performance. (See Table 6.1)

TABLE 6.1 SIMILARITIES AND DIFFERENCES OF IMPACT OF SOCIAL MEDIA ON SMHS AND SMTAS

	<i>Similarities</i>	<i>Differences</i>
Type Preference	Popular: Microblogging; Social networking Unpopular: Blog; Picture and video broadcasting	Product review system
Application of social media	Popular: Communication; Marketing and advertising Unpopular: Management; Doing Research	Product sale and distribution
Business Performance	Turnover and No. of Customers increase; Rely 'don't know' by some respondent	

(Source: Author)

Firstly, in terms of type preference, microblogging (MB) and social networking websites (SN) are popular in both sectors, with over 50% (in both samples) of respondents who adopted social media in their business choosing these two options. Although MB and SN are the most recent types of social media, their popularity has risen quickly and their development has been rapid in China. The advantages of MB and SN are connected to the speed with which they are able to disseminate information to a wide network of users. The rapid spread of MB and SN in China is due to the success of their apps in mobile terminals and the network externalities associated with more and more people using smart phones. Moreover, they provide business users opportunities to reach a massive user pool and in an easy way. It is free and easy to open a MB or SN account, and most related assistant software (such as 'Pipi Shiguangji') developed by third parties is free - which provides great opportunities for social media adoption in SMTEs. By contrast, Blogs (B) and Picture and Video broadcasting and sharing websites (PV) are not as popular as MB and SN in both sectors, due to the fact that blogging, picture and video broadcasting and sharing are considered as functions linked to other types of social media. This finding is supported by the qualitative results, which suggests that the identity of uploaders of pictures and video are often ignored by audiences, hindering firms using these platforms from promoting their brand and enhancing their image

with consumers.

The significant difference among the social media types chosen is the usage of Product Review System (PRS) websites. On the one hand, revenue generation is one of the most important reasons behind PRS adoption by SMHs, it is more effective than other types of social media in terms of distributing hotel room inventory. It also helps SMHs which do not have their own websites to reach online customers, collect customer review, and fulfill their online strategy with lower cost. On the other hand, travel agencies are not as keen to adopt PRS websites as hotels, because it cannot provide them with a direct distribution channel or opportunity to collect feedback on their services

Secondly, in terms of the application of social media, 'communication' and 'marketing and advertising' are both highlighted by the two sectors, whilst 'management' and 'doing research' are functions with little uptake. In the era of social media, a shift in the communications approach of companies has occurred. Firms are moving away from pushing information outwards to consumers, instead opting for an approach where they seek to create a fully interactive and mutual relationship with consumers and customers (Li & Wang, 2011). The motivation informing the latter approach is that tourism companies would like to learn and improve by listening to their customers. Pantelidis (2010) demonstrated the importance of monitoring and managing electronic communications on social media. Not only can tourism suppliers achieve a better understanding of what consumers want and how they perceive their companies, customer's comments and opinions can also highlight areas of improvement and enable suppliers to protect their brands and images. Further, more and more small to medium sized companies have started to pay attention to social media marketing (such as microblogging marketing, social network marketing), and have tried to explore new cost-saving opportunities to market themselves via social media. Social media offers an alternative web-based tool for tourism firms to provide information, promote products and offerings, and

respond to customer inquiries. By contrast, 'doing research' and 'management' related activities are functions with little uptake in comparison to others. It was found in both samples that the functions demanded of social media are similar to those currently utilized within existing ICT. The starting presupposition in this research was that social media are adopted by both SMHs and SMTAs as new tools of improving management and doing market research. However, it was found that social media did not change the functionality demanded by these businesses nor the way they planned and managed their businesses.

There is a significant difference in social media applications adopted between the two samples with respect to product distribution and sale. While an ultimate goal for adopting social media is to convert website visitors into paying customers, the opportunities to use social media for direct product distribution are more limited than for communication and marketing functions (Law, 2001). Noone, McGuire and Rohlfs (2011) suggest that practitioners generally regard social media as a marketing and information dissemination platform, not a distribution channel. However, the distribution of hotel rooms on TripAdvisor, daodao.com, zhunar.com, and other PRS websites is widely employed by SMHs as an important marketing and sales strategy. Although stimulating demand via other types of social media is a possibility for suppliers, one which may enhance indirect distribution and decrease distribution costs, it currently being not emphasized by SMHs. Instead they utilize only PRS for the purpose of revenue generation, due to the obvious and apparent advantages of PRS in terms of direct room distribution. By contrast, small and medium travel agencies, who normally sell more complex products (such as package tours), find there are limited opportunities to use social media for direct distribution and sale. Knowledge about using social media in product distribution is still relatively limited (Leung et al, 2013), although some researchers (Noone et al, 2011) and several respondents agreed that providing a link on social media pages to a SMTEs website, or direct access to a booking engine, will encourage fans and followers to book directly. However, respondents also assumed that

over-advertising also leads to annoying potential customers and losing followers or friends.

Thirdly, in terms of the impact on their business performance, two similarities are found. The results showed a strong trend, with over 89% of SMHs and over 92% of SMTAs who use social media agreeing that their number of customers and overall turnover have increased because of it. However, it is found that some respondents replied 'don't know' to these questions in both samples. Therefore, it appears to be very difficult for SMTEs to estimate the effect of these sites on creating new customers accurately, because it is hard for them to track the source of customer traffic. For example, a customer may see their information online, but persist in contacting them in traditional ways. The ability to monitor revenue increases associated with using pure social media (without links to booking platform) is also related to the scope of social media use (informational, transactional and interactional) and IT adoption. Considering that social media is a relatively new marketing media, there is limited evidence on its financial returns. This is a possible explanation for some companies' lack of commitment to sustained social media marketing and management efforts. Ultimately, SMTEs' owner/managers may have no idea on how much resource they should reinvest in social media.

## **6.2.2 Perceived benefits and challenges**

### **6.2.2.1 Mann-Whitney U test of Perceived benefits**

In the questionnaire survey, respondents were asked two Likert-Scale questions in order to investigate SMTEs' owner/managers' perceived benefits and challenges of using social media. In the benefit related questions, respondents were asked to evaluate 11 benefits of social media adoption. Using the Mann-Whitney U test, similarities and differences are concluded (See Table 6.2). The result of this comparison test shows that there is no statistical significance between SMTAs and SMHs in their opinion of the importance of 'Improve image and public recognition', 'Provide convenience for customer',



‘Establishing interactive relationship with customer’ and ‘Provide channel for doing research’. According to the results, we can conclude that the two samples can be defined as one population (SMTEs) in these aspects. They wish to benefit from social media in ‘public image making’, ‘customer relationship enforcement’ and ‘providing convenience for customer’ due to the recent success of social media in terms of its wide large user base; high activeness; impact on traveller’s travel planning process; and popularity as an online communication tool. Hotels and travel agencies both operate in the tourism industry, which is an information intensive industry. Therefore, it is not surprising that the cheap and easily accessible information, the rapid speed at which information flows, and the high volume of users is attractive to tourism enterprises. Moreover, both of them underestimated the application of social media in doing research (lower mean score in both samples). Despite the fact that some researchers and large firms stated that UGC on social media is increasingly being considered as a new source of information for market research, as well as internal and external environmental analysis, SMTEs owner/managers showed less interest in doing research. This was due to lack of market research and information analysis skills, as well as experience with modern information technology (Poutziouris et al, 2002), and financial and resources constraints (Kim &Hardin, 2010).

TABLE 6.2 SIMILARITIES AND DIFFERENCES BETWEEN SMHS AND SMTAS ON PERCEIVED BENEFIT OF USING SOCIAL MEDIA

<i>Similarities</i>	<i>Asymp. Sig (<math>\rho&gt;0.05</math>)</i>
Improve image and public recognition	0.054
Provide channel for doing research	0.832
Provide convenience for customer	0.164
Establishing interactive relationship with customer	0.257
<i>Differences</i>	<i>Asymp. Sig (<math>\rho&lt;0.05</math>)</i>
Create new market	0.002
Provide better and easy access to information on product and services	0.007
Monitor customer satisfaction	0.001
Provide customized tourism product	0.039
Channel for promotion	0.005
Found more business partnerships	0.005
Interacting with other businesses	0.032

(Source: author)

In contrast to these points of similarity between SMHs and SMTAs, we can see that the rest of the benefits differ between the two samples (see Table 6.2). SMHs and SMTAs are significantly different in their opinion of importance of social media benefits. The possible reasons for the differences were analyzed. First, different types of products and product distribution models differentiate the two sectors in 'product related benefits', such as 'Provide better and easy access to information on product and services', 'Provide customized tourism product' and 'Channel for promotion'. Travel agencies normally sell more complex products as intermediaries, than Hotels as simple product suppliers. This determines the degree and effect of using social media, in terms of providing information about products and even product distribution. Hotels can use social media to post the information of their simple products, and obtain indirect booking via links or direct booking via PRS websites. It cannot be easily imitated by travel agencies who use social media as an online tool to support their existing strategies rather than as a substitute for them or a parallel distribution model. SMTAs use social media as an additional communication tool with consumers, where it is viewed as an informal and casual information source, and as a broadcast platform to attract potential customers and to communicate with loyal customers. However, it cannot fully replace any of their existing methods of product customization, distribution and promotion. Moreover, the different business models and marketing techniques in these two sectors (i.e. SMHs and SMTAs) differentiate how they benefit from social media, in terms of exploring new online markets and their response to niche markets. For example, by using PRS with direct booking functions, hotels services can be searched, accessed and even purchased by online travellers. Hotels with a good online reputation (higher score) and higher rank in the PRS system, can easily reach a massive market. Noroozi and Fotouhi (2010) posited that PRS enables organizations to reach consumers at a large scale with low cost. In contrast, travel agencies are more likely to reach targeted market segments by using specific types of social media with targeted user pools – with a view to obtaining selling opportunities. It was also supported by qualitative research

that travel agencies noted different social media websites' user demographics, in order to reach target markets better (See 6.3.2). Furthermore, different types of social media provide different benefits to travel agencies and hotels. For example, PRS websites directly and systematically offer hotels a good summary of customer satisfaction with their delivered products. Hotels can view customers' comments and, through rating scores on PRS websites, can monitor customers' satisfaction online. This is easier and more effective than collecting, analyzing, and interpreting large volumes of user generated comments on other types of social media. Finally, different operational environments and positions in supply chains might be possible reasons for how the two samples consider the importance of 'Interacting with other businesses' and 'Found more business partnerships' in different ways.

#### **6.2.2.2 Mann-Whitney U test of Perceived Challenges**

In the challenges related questions, 15 challenges were provided to respondents. Using the Mann-Whitney U test to compare the two samples, similarities and differences were identified (See Table 6.3). From Table 6.3, we can see that 'Insufficient IT infrastructure', 'Lack of government support', 'Management of online critical and negative comments' and 'Online trust and cutthroat competition issues' are challenges which are commonly perceived by both SMTAs and SMHs. We know from the literature that these are indeed common weaknesses of SMEs in China, whether in the tourism industry or in similar online environments. The tourism organizations with limited access to finance are short of investment capital to develop IT infrastructure, e.g. cost of ICT hardware and software maintenance, operation and development (Buhalis, 2008; Schmallegger & Carson, 2007; Huang et al, 2002). However, due to the rapid development of Internet and IT in recent years, generating IT infrastructure that assists social media adoption has not been highlighted as the most important challenges by both SMHs and SMTAs in Beijing. Moreover, the importance of government and policy support have not been highlighted by SMTAs and SMHs This is despite the efforts of new government policy since

1999, which provides an opportunity for individual-owned enterprises to grow and compete with state-owned tourism enterprises. These policies have been discussed as a key factor in China's ICT adoption cases in literature, but were not touched upon to a great extent by respondents. Qualitative result also supported that respondents showed low expectations of this, and stated that it is not possible to get any help from government sources or related tourism bodies, particularly in terms of social media assistance. This finding is similar to the results from Skoko et al (2008), which demonstrated that there is no political support for the adoption of IT/ICT in China by SMEs. Zhang and Morrison (2007) argue that even though Chinese government policy shifted in favour of a market-oriented business economy, it should not be assumed that this could translate quickly into SME management action on the ground. Finally, they both face similar challenges of online competition environment and reputation management, due to limited skills and experiences with social media and UGC related works.

By contrast, statistical significances are found in 11 perceived challenges. In the paragraphs that follow these significances are reported and possible reasons are explored. First, as previously mentioned, different types of social media provide different benefits to travel agencies and hotels, which influence their 'Awareness of using social media', and consequently their 'Confidence in benefiting from social media'. For example, PRS websites provides more product distribution opportunities to hotels rather than travel agencies, therefore, a key finding is that a direct revenue generating opportunity will strengthen owner-managers' awareness of social media, their willingness to learn about social media, and their confidence in using social media. In addition, not only PRS websites, but also some microblogging website (such as sina weibo) has started to develop their applications to facilitate hotel room booking. Moreover, PRS websites directly, intensively, and systematically offer hotels a good summary of customer's comments on their delivered products, thus reducing the 'time and cost of extracting and interpreting the content'. The advantages

provided by PRS to Hotels, however, might influence their willingness to use other types of social media to obtain more UGC. Second, although a lack of skilled labor and financial resources are common characteristics of SMTEs, SMTAs and SMHs are still different in respect to their business model and operating goals - which influences their decision making regarding expenditure and how they perceive resource related challenges. As mentioned in Chapter 5, most SMTAs in the sample were faced with decision making related to business stage transition, which was a key factor in allocating their limited financial resource; saving for the deposit that has to be paid to the government to enter a new market and grow their business was a key strategic decision.

TABLE 6.3 SIMILARITIES AND DIFFERENCES BETWEEN SMHs AND SMTAs ON THE PERCEIVED CHALLENGES OF USING SOCIAL MEDIA

<i>Similarities</i>	<i>Asymp. Sig (<math>\rho &gt; 0.05</math>)</i>
Insufficient IT infrastructure	0.337
Lack of government support	0.435
Management of on line critical and negative comments	0.072
Online trust and cutthroat competition issue	0.974
<i>Differences</i>	<i>Asymp. Sig (<math>\rho &lt; 0.05</math>)</i>
Awareness of using social media	0.000
Limit knowledge of available technology	0.000
Lack of confidence in benefit of social media	0.012
Shortage of skilled IT workers	0.000
Cost of securing skilled human resource	0.000
Cost of initial investment	0.003
Cost of training staff	0.000
Difficulty with integrating social media & existing system	0.001
Fear of change in corporate culture	0.008
Time and cost of extracting and interpreting the content	0.000
Social media develop and change too fast	0.011

(Source: author)

### 6.2.2.3 Comparison of Kruskal-Wallis tests results (Perceived benefits and challenges)

In the previous two chapters, Kruskal-wallis tests were conducted to test statistical differences in the benefits and challenges of social media adoption using different variables (owner/manger's demographical characteristics and profile of their business, such as gender, age, education level, previous job field, years of owning/managing this business, owner/manager, turnover, no. of

employees, starting money). For the SMHs sector, different age groups of hoteliers had significant differences in the majority of perceived benefits, as well in the three challenges (cost of initial investment; on-line trust and cut-throat competition; time and cost of extracting and interpreting the content). Possible reasons were explored, such as a lower acceptance of new technologies, and lack awareness and associated unfamiliarity of using social media amongst senior hoteliers. This finding is also supported in the qualitative analysis of SMHs, with one interviewee stating the advantage of his own personal awareness and familiarity of using social media compared to his father (the previous owner-manager). Moreover, it is found that the group of owner, the group of manager and the group of owner-manager have statistical differences in most of the benefits within the hotels sample, apart from 'Provide convenience for customer' and 'Interacting with other businesses'. In terms of challenges, there are statistical differences in the attributes 'Limited knowledge of available technology', 'Cost of securing skilled human resource', 'Management of critical and negative online comments', 'Online trust and cutthroat competition issue', and 'Time and cost of extracting and interpreting the content'. The gap in understanding of benefits and challenges between different roles might be caused by different working preferences and goals. Although everyone has different working preferences and styles, lower motivation, propensity to innovate, and confined power in decision-making may affect managers' perceived benefits and challenges. However, this assumption was not approved in qualitative study due to all interviewees being owner-managers, and it suggests the need for future research to study the affect caused by difference between owner and manager in terms of social media adoption. Next, we turn to the examination of the differences between SMH groups with different amounts of start up capital. In the case of groups with different start-up capital, there was a statistical difference in the challenges 'Shortage of skilled IT workers' ( $\chi^2 = 15.409$ ,  $p = 0.017 < 0.05$ ) and the 'Cost of securing skilled human resource' ( $\chi^2 = 18.304$ ,  $p = 0.006 < 0.05$ ).

In the SMH study, age, role in business, and start-up capital resource were identified as possible variables that influenced SMH owner/managers' perceived benefits and challenges of using social media. However, using the same method, these variables were not highlighted as statistically significant in SMTAs study. In terms of similarities, it was found that size related variables (turnover and no. of employees), gender, education, and previous job of owner/managers did not directly affect their perceived benefit and challenges in both samples.

### **6.2.3 Factors related with social media adoption**

#### **6.2.3.1 Mann-Whitney U tests of factors related to social media adoption**

In this subsection, Mann-Whitney *U* tests are also employed to compare SMHs and SMTAs in terms of factors related to social media adoption. In total, respondents were asked their opinion about 21 factors through the use of Likert-Scale questions. Similarities and differences are reported in Table 6.4. In terms of similarities, the understanding of 'ICT infrastructure' and 'government support' for both sectors was similar, which was in line with their perceived challenges mentioned in section 6.2.2.2. Compared to other factors, age (Sinha, 1996; Reynolds et al, 2000; Kristiansen et al, 2003), gender (Kolvereid, 1996; Mazzarol et al, 1999), and education level (Sinha, 1996) of owner/mangers are considered as the most unimportant factors in both samples, although owner/manger demographic characters (i.e. age, gender, and education level) influence their experience, work style, management skills, and entrepreneurial intentions, and consequently influence enterprises' growth and future.

Moreover, the literature on SMTEs would lead us to anticipate that tourism innovation is linked to the degree by which tacit knowledge is transferred and absorbed into the firm, and how this tacit knowledge is combined with codified knowledge (Shaw & Williams, 2010). Hallin and Marnburg (2008) stressed the significance of organizational learning via knowledge sharing and knowledge

capture. Therefore, 'knowledge sharing and information exchange' was provided to respondents as a possible factor influencing social media adoption. No significant difference between SMHs and SMTAs were shown regarding opinions of 'knowledge sharing and information exchange among tourism businesses' which contribute to social media adoption. Decelle (2004) argued that knowledge passed on in tourism is not via the same channels as manufacturing industry – and the role of trade and of the institutional framework is vital in this respect. Therefore, the problems of limited knowledge sharing and information exchange between tourism enterprises are not only relevant to the actual owners, but also to employees and the wider community.

TABLE 6.4 SIMILARITIES AND DIFFERENCES ON FACTORS COMPARING SMHs AND SMTAs RESPONSES RELATED TO SOCIAL MEDIA ADOPTION

<i>Similarities</i>	<i>Asymp. Sig (<math>p &gt; 0.05</math>)</i>
ICT infrastructure	0.655
Policy and government support	0.149
Knowledge sharing and information exchange with other tourism business	0.230
Age of owner/mangers	0.644
Gender of owner/mangers	0.178
Education of owner/mangers	0.192
<i>Differences</i>	<i>Asymp. Sig (<math>p &lt; 0.05</math>)</i>
Availability of specific tourism products and services	0.014
Skilled IT workers	0.001
Availability of investment capital	0.001
Corporate knowledge	0.002
Corporate culture and internal communication	0.006
Corporate acceptance	0.000
IT provider support	0.000
Customer's acceptance	0.000
Level of trust between customer and company	0.000
E-commerce market size	0.001
Security of social media website	0.001
Owner/manager's knowledge and technology acceptance	0.000
Owner/manager's Previous experiences of using Internet and Social media	0.000
Owner/manager's Motivation of using social media	0.000
Owner/manager's Goal/ambitious for business	0.000

(Source: author)

Differences are also found in this test, and possible reasons for these differences are explored. First, understanding about the 'Availability of specific tourism products and services' differs, which is possibly related to different types of products provided online, and their different applications of social



media that were previously discussed. For example, small and medium travel agencies, who normally sell more complex and value-added products (such as package tours), find it more difficult to identify opportunities and platforms for direct distribution and sales than hotels. Second, resource related factors (such as skilled IT workers, availability of investment capital) and owner/manger related factors (knowledge, previous experiences, motivation and goals) are different, which is understandable when we consider the different challenges faced by these two sub-sectors (due to different cost consciousness and resource arrangement, see 6.2.2.2). Third, different usage goals, function selection, and technical support requirement (i.e. IT support, security level of social media) of SMHs and SMTAs might be the reason for their different opinions on the importance of social media related factors. Moreover, the owner/managers of both SMTAs and SMHs play central roles in social media decision making. Here, the difference between owner/managers of SMHs and SMTAs in their preference of social media, perceived benefits and challenges, and their knowledge and skills may differentiate corporate knowledge and corporate technology acceptance between hotels and travel agencies. Finally, SMHs and SMTAs might have different concerns about customer acceptance. Despite this, both of them pay attention on how to make their target audience accept more information i.e. avoiding immunity to social media advertising, as well as encouraging their customer to create comments and participate in their social media activities. High level of activeness of their online audiences will increase their confidence in benefiting from social media, and accelerate social media adoption agendas. Conversely, low level of activeness may damage their passion with social media, and slow down their social media adoption process. Conversely, in chapter 5 it was revealed that social media acceptance of their existing customers influenced SMTAs social media adoption agenda as well. The users of social media websites are defined by SMTAs as mainly younger generations who have higher utilization and acceptance of social media. However, there are still large groups of their targeted segments who are not using social media or even the Internet, such as the senior tourism market,

which cannot be ignored by travel agencies. SMTA owner/managers stated that although the users of social media are increasing rapidly, and more senior people have started using the Internet and social media to search for travel related information, there is still a strong perception that the traditional channels of advertising, communication, and product sales cannot be fully replaced by using social media.

### **6.2.3.2 Comparison of Kruskal-Wallis tests (factors related with social media adoption)**

In this section, the results of Kruskal-Wallis tests regarding factors influencing social media adoption by SMHs and SMTAs are compared in order to find out differences between these two samples. In the SMHs sector, it is found that different roles in organizations (i.e. owner; manager; owner-manager) have statistical differences across a variety of factors namely: IT related factors, corporate related factors, and owner-manager related factors. Moreover, in the case of education related groups, there are statistical differences for the factors 'skilled IT workers' ( $\chi^2 = 11.266$ ,  $p = 0.046 < 0.05$ ) and 'education level of owner-manager' ( $\chi^2 = 11.145$ ,  $p = 0.049 < 0.05$ ). By contrast, in the SMTAs sector, it is found that different education groups have statistical significances across two factors, namely 'Customer's acceptance' ( $\chi^2 = 10.143$ ,  $p = 0.017 < 0.05$ ) and 'Level of trust between customer and company' ( $\chi^2 = 9.078$ ,  $p = 0.028 < 0.05$ ). Owner/managers of SMTAs who have higher education levels provided higher mean scores for the importance of customer-related factors.

## **6.3 Qualitative Analysis**

Attention is now given to the comparison of the qualitative analysis in this thesis. This is achieved by comparing the two sets of semi-structured interview data, which were gathered to investigate the differences and similarities between the SMHs and SMTAs sectors, with respect to the impacts of social media, the benefits and challenges perceived by SMTEs of adopting social media, and the factors related to social media adoption. The analysis of the qualitative data was

conducted using thematic coding (see Chapters 4 and 5). Key themes identified in the literature were converted into questions, with subsections organized according to specific themes of enquiry (See Chapter 3). The data were coded in Mandarin and relevant verbatim quotations were then translated into English to illustrate the arguments constructed in response to the research questions.

### **6.3.1 Impact of social media on SMTs**

From the interview data, we review the perceived impact of social media, from the owner/manager perspective, in terms of business performance (revenue and customer growth), changes to operations, and more generally managing their businesses. Although a number of similarities in impacts were found, there were still significant differences between SMTs and SMHs in specific areas, such as in the use of specific type of social media (such as PRS). Table 6.5 shows the thematic framework used to analyze the qualitative data for the impact of social media on SMTs and SMHs.

#### **6.3.1.1 Impact on business performance**

It is found in both sectors that most of the interviewees stated that their revenues and numbers of customers increased after using social media, and few of them stated that there was little effect, with none of them citing a decrease of revenue. It should be emphasized that PRS makes a good contribution to revenue generation in the hotel sector. As the most popular type of social media adopted by SMHs, PRS provides a huge visible advantage in product distribution to SMHs, which is not replicated for SMTs. All SMH respondents stated that their customers and revenues had increased by using PRS websites with links to booking platforms or their own websites, and that the increases were easily monitored. Hotelier 4 also stated that customers booking from PRS websites account for the largest portion in his business. By contrast, without direct booking opportunities from PRS, SMTs used PRS less effectively than SMHs. They used PRS as an online informational source to help them create their weibo, blog or other content, which they then shared with their audience. Travel agencies cannot enjoy the benefit provided by PRS as hotels do, because most of the products discussed on travel review websites' are provided by tourism suppliers in the supply chain, such as hotels, B&B, cruise lines, automobile rental companies, restaurants, and attractions. These travel products, especially

accommodation, restaurant and attractions are more suitable for commenting and sharing by consumers. Therefore, due to the more complex product provided by SMTAs, it is not easy for them benefit from PRS, particularly in terms of product distribution and obtaining feedback on their services from their customer via PRS websites. In terms of package tour sale on these sites, limited opportunities were monopolized by large travel agencies and OTAs. TA 2 stated that 'most of products are provided by OTAs or large travel agencies, and it is hard to compete with them'. Furthermore, some travel review websites are even owned by OTA or large agencies (E.g. Lvping.com is owned by Ctrip.com).

By contrast, with respect to the impacts of other types of social media adoption (social networking websites, microblogging, picture and video broadcasting and sharing, blogs and forums) by SMHs and SMTAs: the similarity was found that both of them have difficulties in estimating the effects of and monitoring revenue increases, due to a lack expertise with data analysis and a lack of sustained effort on social media monitoring. It is difficult for SMTEs who are using social media at a basic informational level (just posting their product information and contacts) to track the source of customer traffic without the technical help from social media hosts, third party software developers or professional IT services. Due to the various effects of using social media in different cases, between and within two samples, we assumed that different impacts on performance are the result of firm level activity (degree of adoption and the type of functionality utilized), rather than sector (i.e. hotels or travel agencies) specific related factors.

TABLE 6.5 KEY THEMES DERIVED FROM INTERVIEWS, EXPLORED BY CODES, FOR THE IMPACT OF SOCIAL MEDIA ON SMHS AND SMTAS

<i>Key Themes</i>	<i>Codes</i>	<i>SMHs</i>	<i>SMTAs</i>	<i>Comparison</i>
<b>Business Performance</b>	<b>Using PRS</b>	<ul style="list-style-type: none"> <li>● Largely increased;</li> <li>● Impact can be easily evaluated.</li> </ul>	<ul style="list-style-type: none"> <li>● No direct booking opportunities using PRS.</li> </ul>	<ul style="list-style-type: none"> <li>● Different impacts due to different advantages provided by social media sites to different sectors.</li> </ul>
	<b>Using other types of social media</b>	<ul style="list-style-type: none"> <li>● Various effects on SMHs;</li> <li>● Effects on customer growth difficult to calculate;</li> <li>● Size of effects unknown.</li> </ul>	<ul style="list-style-type: none"> <li>● Various effects on different SMTAs;</li> <li>● Effects difficult to calculate;</li> <li>● Size of effects unknown.</li> </ul>	<ul style="list-style-type: none"> <li>● Similar results were found in both sectors;</li> <li>● Assume that different impacts on performance are the result of firm level activity (degree of adoption and the type of functionality utilized), rather than sector specific related factors.</li> </ul>
<b>Operation and management</b>	<b>Marketing and advertising</b>	<ul style="list-style-type: none"> <li>● Advertising, marketing campaigns and intensive promotional activities;</li> <li>● Actions taken to limit over-advertisement;</li> <li>● Intensive learning associated with new knowledge and the transfer of existing marketing expertise into social media environment;</li> <li>● Social media marketing (i.e. SEO). Higher ranking in PRS.</li> </ul>	<ul style="list-style-type: none"> <li>● Advertising, marketing campaigns and intensive promotional activities;</li> <li>● Actions taken to limit over-advertisement;</li> <li>● Intensive learning associated with new knowledge and the transfer of existing marketing expertise into social media environment;</li> <li>● Relation marketing;</li> <li>● Building parallel channels for marketing and advertising.</li> </ul>	<ul style="list-style-type: none"> <li>● Similarities of utilization for daily marketing activities and the knowledge learning process (learning by doing) at a technical level;</li> <li>● Different investment decision: SMHs pursue SEO strategies; SMTAs pursue customer relationship marketing to stimulate WOM and eWOM.</li> </ul>
	<b>Product sale and distribution</b>	<ul style="list-style-type: none"> <li>● PRS becoming more significant as a customer source;</li> <li>● Anticipate growth of microblogging-related room bookings in future.</li> </ul>	<ul style="list-style-type: none"> <li>● Attempts to drive consumers to social media platforms using offline strategies (e.g. TA3 using campus agents) and online links to proprietary website;</li> </ul>	<ul style="list-style-type: none"> <li>● SMHs rely more on services provided by social media than SMTAs;</li> <li>● SMTAs have to innovate and explore alternative distribution opportunities, because their complex products are not easily distributed using existing social media platforms.</li> </ul>
	<b>Communications and interaction with Customers, staff and destination</b>	<ul style="list-style-type: none"> <li>● Benefits and challenges of communications with customers via social media;</li> <li>● Internal communication opportunities; Connection with located and nearby tourism destination.</li> </ul>	<ul style="list-style-type: none"> <li>● Benefits and challenges of communications with customers via social media;</li> <li>● Benefits from internal communication opportunities;</li> <li>● Connection with tourism destinations linked to products.</li> </ul>	<ul style="list-style-type: none"> <li>● Generally same.</li> </ul>

(Source: Author)

### **6.3.1.2 Changes in operation and management**

Social media not only provided firms with an increase of revenue and transaction opportunities, but also changed the way they managed their business. Firstly, social media offers alternative web-based tools for tourism enterprises to provide information, promote products and offerings. It is often considered as an inexpensive and accessible marketing tool in comparison to traditional advertising channels (e.g. printed brochures and press advertising). In both SMHs and SMTAs sectors, similar findings were recorded, that is some of the interviewees did online advertising, marketing campaigns, and intensive promotional activities through social media - in line with quantitative result (See 6.2.1). In the process of servicing their daily social media activities, (e.g. posting information of their products and promotions; reviewing and replying to customer comments) new social media-related marketing techniques were discovered, explored, and understood by SMTEs. These include: the critical timing of posting information and content in order to enhance the effectiveness of information delivery; techniques to create buzz; lures to attract audience and encourage participation; and the problems associated with over-advertisement. Changes were found in their firms not only at a technical level, but also at a strategic level. Some interviewees in both sectors stated that they would like to pay more attention to social media marketing (such as microblogging marketing, and social network marketing), and transfer some of their traditional marketing budget into social media. However, a difference was found in their further strategic plans. SMHs are more likely to respond to searching engine optimization (SEO) by using social media websites, and they also pursue higher rankings in booking system of PRS to improve the effectiveness. They aim to obtain more new online customers. By contrast, SMTAs pursue customer relationship marketing to stimulate WOM and eWOM by using social media. Moreover, they are more likely to build multiple marketing and advertising channels in order to attract younger customer segments by using social media, whilst simultaneously reaching their senior market segments using traditional channels (such as email, newspaper advertising, lifestyle magazine adverts and online banner advertising).

Secondly, it was mentioned previously that PRS with links to booking platforms

greatly impacted upon SMHs' product distribution, and PRS cannot be easily used as product distribution channel by SMTAs. In terms of other types of social media, most SMTAs and SMHs generally regard social media as a marketing and information dissemination platform, not a direct distribution channel due to loss of control over the media itself. However, an interesting case of good social networking (renren.com) and campus agent use in universities (to sell travel products designed for students) shows a possibility of using social media to distribute products. In this case, campus agents are a strong influence on the kind of conversation that is taking place, and the balance of power on social media in the market place, between the service provider and the consumer, was tipped towards to travel agency. The travel agency successfully took the advantage of social networking to implement their Peer to Peer (P2P) marketing strategies to promote and distribute their product.

We have some products designed for students, such as one-day trip or weekends-trip, and we hired campus agents in over 20 universities or colleges. They used renren.com a lot, day to day, and their classmates, roommates as well. It is difficult to refuse the requirements of sharing a blog or status from friends or classmates, especially when they @ you... They trust their classmates or friends more than us... Students always play as groups... it sells pretty good...Right product, right target, and right way. [TA 3]

Thirdly, it was commonly found in both sectors that more communication and interaction opportunities were presented to SMTE owner/managers. This was not only with consumers, but also with their staff and tourism destinations. Although the function of communication with customers provides benefits to tourism firms (such as conveying the value of their brand; generating clues for the design of new products or product updates; and recovering a service failure to unsatisfied customers), respondents stated that they had pressure mediating against daily social media related work due to lack of time, lack of knowledge and staff. More benefits mean more work to do, and some managers of small firms in both sectors admitted that most social media related work was done by the manager themselves. Moreover, it was highlighted by previous researchers (Natch, 2007; Leung et al, 2013) that social media plays an important role in

terms of internal communication, training and knowledge management within a company. Although SMTE owner/managers used social media to communicate and interact with their staff without an intentional human resource management strategy, the evidence suggests that internal use of social media provides opportunities to break down social and cultural barriers between staff and owners. This has the power to transform working relationships and to implement social media related knowledge management. In addition, it was found that the connection between SMTEs and tourism destinations were enhanced via social media. Hotels and travel agencies are likely to interact with destinations or scenic locations through social media. SMHs are more likely to respond to information provided by hotels located near tourism destinations via reposting blogs and microblogging about destinations. They may also re-blog or repost information posted by a destinations' official social media account. In contrast, travel agencies are more likely to connect with destinations linked to their products.

### **6.3.2 Benefits perceived by SMTAs and SMHs**

In the interviews with SMTAs and SMHs, a series of questions were asked to owner/managers about the perceived benefits of social media adoption. Table 6.6 shows the thematic coding framework used for the comparison of qualitative analysis in respect to perceived benefits by SMTAs and SMHs. Similarities and differences between two sectors are summarized as follows. Firstly, providing information broadcasting platforms is considered as an important benefit of social media adoption by both sectors. They used social media to broadcast not only information about their products and promotions to their subscribers, but also insider information on various categories of interest to audiences, such as food, interesting stories of their firms, and their operation concept. Moreover, online image and public recognition had been improved via interacting with destinations and celebrities, and participation in online social activities (such as reposting notices for missing persons, information for someone seeking help, and hot topic discussions). Next, another consistent perceived benefit is building interactive relationships with customers. Through communication and interaction with customers, trust with new customers is instilled and loyalty of previous customers maintained. Once trust and loyalty are built, more direct information on product and services offerings can be incorporated into social media by



SMTEs – with a view to increasing sales and repeat sale opportunities. Salkhordeh (2009) suggested that social media can be a valuable tool to collect consumer's feedback, which is then used to attract new customers and keep current consumers by creating strong and effective customer relationship that strengthens loyalty. Furthermore, customer created content collection also helps SMTEs get a better understanding of customers' needs, facilitating product development and service improvement. Finally, social media gives SMTEs chances to monitoring customer' satisfaction and to solve complaints, providing channels to explain and apologize in order to pacify dissatisfied customers' online. This can defuse public relationship crises.

Different opinions are also found in the perceived benefits of social media between SMHs and SMTAs. Firstly, due to the different impacts produced by PRS with booking platforms, SMHs reported more advantages in terms of product distribution and direct revenue generating opportunities than SMTAs. SMTA owner/managers had to seek indirect distribution opportunities through links to company's e-commerce sites or provision of other traditional contact details. Moreover, PRS websites directly and systematically offer hotels a good summary of customer satisfaction with their delivered products. By viewing customers' comments, and through rating scores on PRS websites, hotels can easily monitor customers' satisfaction online - which is easier and more effective than collecting, analyzing and interpreting large volumes of user generated comments on other types of social media (as travel agencies had to). Therefore, difficulties in dealing with online content hindered SMTAs benefiting from social media in terms of collecting feedback and monitoring customer's satisfaction via social media websites. Thirdly, social media provides opportunities to SMTAs and SMHs to reach new markets online. However, each sector was using different strategies and techniques to explore different new markets, mainly due to their different business models and product complexity. For example, by using PRS with direct booking functions, hotels services can be searched, accessed and even purchased by online travellers. Hotels with a good online reputation (higher score) and higher rank in the PRS system, can easily reach a massive market. By contrast, travel agencies are more likely to reach targeted market segments by using specific types of social media with targeted user pools, in order to obtain selling opportunities. It was found that they were more interested

in different social media websites' user demographics. TA 5 provided his analysis of different social networking websites' user demographics, and TA 5 chose kaixin.com as their first corporate social network, because the users of kaixin.com are mainly white collar workers. TA 3 sold bespoke day-trips and weekend trips to university students by using campus agents and renren.com. Furthermore, travel agencies are more likely to explore and respond to niche markets by joining online interest groups and communities, designing tailored customized products for group members whilst seeking opportunities of business cooperation with group or community leaders. Examples were provided by SMTA interviewees, such as motorcycle driving clubs, golf clubs and snooker clubs. By contrast, SMHs provided fewer cases about niche market creation or access. Hotelier 3 was unusual in this respect and had expanded the backpacker market through social networking websites, stating that the idea is an original one arising from his personal interest and lifestyle.

TABLE 6.6 COMPARISON OF PERCEIVED BENEFITS OF ADOPTING SOCIAL MEDIA BY SMHS AND SMTAS

<i>Key Themes</i>	<i>SMHs</i>	<i>SMTAs</i>	<i>Comparison</i>
<b>Information Broadcasting Platform (B2C)</b>	<ul style="list-style-type: none"> <li>●Information about products, promotions, brands and insider information;</li> <li>●Communicate business model and firm innovations to customers as part of marketing and brand strategy.</li> </ul>	<ul style="list-style-type: none"> <li>●Information about products, promotions and marketing activities;</li> </ul>	Similar, but SMTAs do not perceive social media as a forum to tell customers about firm innovation.
<b>Image Making and Public Reorganization</b>	<ul style="list-style-type: none"> <li>●Interacting with destinations and celebrities, and participation in online social activities.</li> </ul>	<ul style="list-style-type: none"> <li>●Posting or reposting travel-related information;</li> <li>●Touching stories with positive energy, notices for missing persons, or information about someone seeking help;</li> <li>●Hot topics discussion.</li> </ul>	Similar
<b>Building Interactive Relationships with Customers</b>	<ul style="list-style-type: none"> <li>●Helps hotels maintain existing customers and increases the possibility of repeat purchasing.</li> </ul>	<ul style="list-style-type: none"> <li>●Maintaining existing customers and increasing the possibility of repeat purchasing.</li> </ul>	Similar
<b>Product Development and Service Improvement</b>	<ul style="list-style-type: none"> <li>●Better understanding customers' needs, and doing product development and service improvement.</li> </ul>	<ul style="list-style-type: none"> <li>●Analysis of UGC, and contributes to product development and service improvement.</li> </ul>	Similar
<b>Pacify Dissatisfied Customers' Online and Release Public Relationship Crises.</b>	<ul style="list-style-type: none"> <li>●Channel for speaking and apologizing to customers.</li> </ul>	<ul style="list-style-type: none"> <li>●Channel for speaking and apologizing to customers.</li> </ul>	Similar
<b>Product Distribution Opportunities</b>	<ul style="list-style-type: none"> <li>●Easy direct distribution opportunities using PRS.</li> </ul>	<ul style="list-style-type: none"> <li>●Indirect distribution and discovering direct distribution opportunities</li> </ul>	Different
<b>Collecting Feedback and Monitoring Customers' Satisfaction (PRS)</b>	<ul style="list-style-type: none"> <li>●By viewing customers' comments and monitoring ratings scores on PRS websites they can easily monitor customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>●Collecting, analyzing and interpreting large volumes of UGC on other types of social media.</li> </ul>	Different
<b>Create New Market</b>	<ul style="list-style-type: none"> <li>●Aim to reach online massive market.</li> </ul>	<ul style="list-style-type: none"> <li>●Reach target market segments.</li> </ul>	Different
<b>Niche Market Creation</b>	<ul style="list-style-type: none"> <li>●Lifestyle-oriented;</li> <li>●Small number of examples (e.g. tapping into the expansion of the backpack market).</li> </ul>	<ul style="list-style-type: none"> <li>●Joining online interest groups and communities, designing tailored customized products for group members, and seeking opportunities of business cooperation with group or community leaders;</li> <li>●Business growth prioritized;</li> <li>●Many examples (e.g. motorcycle driving club, golf club, snooker fans.)</li> </ul>	Different

(Source: author)

### 6.3.3 Challenges perceived by SMTAs and SMHs

In the interviews with SMTAs and SMHs, series of questions were asked to owner/managers about the challenges to social media adoption they faced. Table 6.7 shows the thematic coding framework used for the comparison of qualitative analysis in respect to perceived challenges by SMTAs and SMHs. Similarities and differences between two sectors were found and summarized as follows. It was found that insufficient audience participation and engagement with posted content is a common and significant challenge faced by both SMHs and SMTAs. Some respondents admitted that their confidence in benefitting from social media was destroyed when their blogs, microblogs or shared pictures received low reply, repost and click rates. Developing techniques that would encourage participation is a significant challenge for firms seeking to use social media effectively. More knowledge and training are needed about how to improve the quantity and quality of their followers or friends in social media environments. Two significant challenges were presented: How to post interesting and attractive content to audiences, and how to find a balance between product promotion and over-advertisement.

In relation to using social media effectively, owner-managers in both sectors stated the critical issues were a lack of 'awareness', 'time', and 'knowledge'. However, some differences between the sectors with regards to these aspects were found in the qualitative data analysis. These differences can be explained if we consider firstly the different 'benefits' provided by different types of social media to travel agencies and hotels, and secondly owner-managers' 'awareness of using social media' in different sectors, and consequently, their 'confidence in benefitting from social media'. PRS websites provide more product distribution opportunities to hotels than travel agencies, and therefore a key finding is that a direct revenue generating opportunity will strengthen owner-managers' awareness of social media and their willingness to learn about social media, as well as their confidence in using social media. In addition, not only PRS websites, but also some Microblogging websites (such as sina weibo) have started to develop their applications related to hotel room bookings, and this is stimulating hoteliers' awareness of using microblogging. Further, the degree of popularity of specific types of social media (such as PRS) in a sector (hotel industry or travel

agency industry) will influence their awareness, confidence, and usage strategies - directly due to 'wait and see' attitudes of owner/managers. Moreover, PRS websites directly, intensively, and systematically offer hotels a good summary of customer's comments on their delivered products. The advantages provided by PRS to Hotels are not only the time and cost-savings of extracting and interpreting the content, but also the experiences and tacit knowledge creation opportunities stemming from dealing with online comments and information. This might then influence their willingness to use other types of social media to obtain more UGC, as an introductory exercise in social media adoption. Next, although a lack of skilled labour and financial resources for investment on social media are a common challenge faced by SMTEs, SMTAs are still different in respect of their business model and operating goals. This influences their decision making regarding expenditure and how they perceive resource related challenges. Most small travel agency owner/managers stated that they were faced with decision making related to business stage transition, and this was a key factor in allocating their limited financial resource; saving for the deposit that has to be paid to the government to enter a new market and grow their business was a key strategic decision. Furthermore, different challenges were faced by medium sized travel agencies or travel agencies with multiple departments, in terms of a lack of systematic social media management. This phenomenon presented itself in the form of insufficient co-operation between top management with departments, and between different departments. For example, owner-managers and a few key staff from top management may control official corporate social media accounts, yet a different department uses their own accounts for doing promotion, advertising, and communication with customers. There is no unified social media management control, nor specifically designated staff with responsibility for managing social media as a whole. Therefore, it is difficult to exactly estimate or evaluate the effect of using social media, and make a plan for its application. Although social media's encouragement of internal communication has been identified as one of the important benefit from using social media, the organizational information silo effect still exists when using social media in medium sized travel agencies. Organizational silos typically do not share the same priorities, goals or even the same tools, so departments operate as individual business units or entities within the enterprise. The reasons for the silo effect are recognized as: Lack of

cooperation, internal competition, and breakdown in communication. It is therefore suggested that managers of different unit must learn to trust and respect their peers and share their objectives of using social media.

TABLE 6.7 COMPARISON OF CHALLENGES PERCEIVED BY SMHS AND SMTAS

<i>Key Themes</i>	<i>SMHs</i>	<i>SMTAs</i>	<i>Comparison</i>
<b>Insufficient participation</b>	<ul style="list-style-type: none"> <li>●Low customer reply, repost and click rates;</li> <li>●Increasing the quantity and quality of followers;</li> <li>●Recognition that over-advertisement leads to user fatigue, with the result of losing followers and/or friends;</li> <li>●Developing knowledge about how to make posted content interesting and attractive.</li> </ul>	<ul style="list-style-type: none"> <li>●Low reply, repost and click rates;</li> <li>●Increasing the quantity and quality of followers;</li> <li>●Recognition that over-advertisement leads to user fatigue, with the result of losing followers and/or friends;</li> <li>●Developing knowledge about how to make posted content interesting and attractive.</li> </ul>	Similar.
<b>Lack of awareness and confidence</b>	<ul style="list-style-type: none"> <li>●Product distribution and revenue generating opportunities (provided by PRS) encourages and strengthen hotels;</li> <li>●High Popularity of PRS, and examples of successful utilization in hotels.</li> </ul>	<ul style="list-style-type: none"> <li>●No specific advantages;</li> </ul>	<ul style="list-style-type: none"> <li>●Lack of awareness, time and knowledge of using social media cited by owner-mangers in both sectors;</li> <li>●Different degrees of challenges found in each sector.</li> </ul>
<b>Lack of knowledge, experience and time</b>	<ul style="list-style-type: none"> <li>●PRS directly, intensively and systematically offers hotels a good summary of customer comments on their delivered products, which contributes to time saving and stores of knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>●No specific advantages;</li> <li>●More effort, knowledge and time required to develop expertise in using social media.</li> </ul>	<ul style="list-style-type: none"> <li>●Lack of awareness, time and knowledge of using social media cited by owner-mangers in both sectors;</li> <li>●Different degrees of challenges found in each sector.</li> </ul>
<b>Lack of systematic social media management</b>	<ul style="list-style-type: none"> <li>●Lack of systematic social media management in both small and medium sized hotels.</li> </ul>	<ul style="list-style-type: none"> <li>●Lack of systematic social media management in both small and medium sized hotels;</li> <li>●Silo effect in medium sized travel agencies.</li> </ul>	Similar, but Silo effect was found in medium sized TA.
<b>Lack of financial and skilled human resource</b>	<ul style="list-style-type: none"> <li>●Further investment capital;</li> <li>●Skilled staff.</li> </ul>	<ul style="list-style-type: none"> <li>●Further investment capital;</li> <li>●Skilled staff;</li> <li>●Faced with decision making related to business stage transition, especially for small travel agencies.</li> </ul>	Partly different.

(Source: author)

TABLE 6.8 COMPARISON OF FACTORS RELATED WITH SOCIAL MEDIA ADOPTION AND IMPLEMENTATION

<i>Key Themes</i>	<i>SMHs</i>	<i>SMTAs</i>	<i>Comparison</i>
<b>Start-up motivation</b>	<ul style="list-style-type: none"> <li>●Lifestyle-oriented;</li> <li>●Business growth and revenue maximization oriented.</li> </ul>	<ul style="list-style-type: none"> <li>●Lifestyle-oriented;</li> <li>●Business grow and revenue maximization oriented.</li> </ul>	Similar
<b>Further operation goals</b>	<ul style="list-style-type: none"> <li>●Absence of clear and formal business plans and goals;</li> <li>●Hoteliers' 'wait and see' approach to implementation.</li> </ul>	<ul style="list-style-type: none"> <li>●Small travel agencies: social media development might be indirectly disrupted by owner-manager's strategic plans for stage transition.</li> </ul>	Different
<b>Capacity for technology acceptance and management</b>	<ul style="list-style-type: none"> <li>●Knowledge, understanding of social media and previous experience of IT adoption, has direct impacts.</li> </ul>	<ul style="list-style-type: none"> <li>●Knowledge, understanding of social media and previous experience of IT adoption, has direct impacts.</li> </ul>	Similar
<b>Security of social media websites</b>	<ul style="list-style-type: none"> <li>●Higher level of security demanded from social media platforms by hotels.</li> </ul>	<ul style="list-style-type: none"> <li>●Higher level of security demanded from social media platforms by travel agencies.</li> </ul>	Similar
<b>Advantages specifically provided to tourism firms</b>	<ul style="list-style-type: none"> <li>●Direct product distribution opportunities;</li> <li>●PRS provide specific guidance and service for hotel users.</li> </ul>	<ul style="list-style-type: none"> <li>●Indirect product distribution opportunities.</li> </ul>	Different
<b>User amount and activeness</b>	<ul style="list-style-type: none"> <li>●Strong brand loyalty with first mover of social media website who have larger amount of users and higher activeness.</li> </ul>	<ul style="list-style-type: none"> <li>●Large amounts of users which are aligned with their targeted markets and higher levels of user traffic.</li> </ul>	Similar
<b>Resources needed</b>	<ul style="list-style-type: none"> <li>●Operating, maintenance and development costs, staff training costs, and cost of professional service (financial constrains);</li> <li>●Skilled human resource.</li> </ul>	<ul style="list-style-type: none"> <li>●Operating, maintenance and development costs, staff training costs, and cost of professional service (financial constrains);</li> <li>●Skilled human resource.</li> </ul>	The influence of these factors on social media related decision process might be different, due to different perceived benefits and resource related challenges, return on investment evaluation and resource.
<b>Customer acceptance</b>	<ul style="list-style-type: none"> <li>●Loss or increase of audience (i.e. friends, followers);</li> <li>●Activities participation (i.e. No. of comments, shares and repost on their services).</li> </ul>	<ul style="list-style-type: none"> <li>●Loss or increase of audience (i.e. friends, followers);</li> <li>●Activities participation (i.e. No. of comments, shares and repost on their services);</li> <li>●Concerning technology acceptance of offline customers;</li> <li>●Interested in the social demographic of social media users;</li> <li>●Evidence of segmentation of users.</li> </ul>	Partly different

(Source: author)



### **6.3.4 Factors related with social media adoption and implementation**

Factors related with social media adoption and implementation by SMHs and SMTAs were identified through qualitative analysis in Chapter 4 and Chapter 5 respectively. In this subsection, a comparison of identified factors and sub-factors is conducted to find out similarities and differences between SMHs and SMTAs; with a view to exploring possible reasons behind differences. Table 6.8 shows the thematic coding framework of the comparison of qualitative analysis in respect to factors related with social media adoption.

#### **6.3.4.1 Owner/manager related factors**

The adoption of social media, for both SMTA and SMH owner-managers, were largely influenced by start-up motivation, operational goals, and their capacity for technology acceptance and management. Firstly, in terms of social media start-up motivation, it was confirmed in both samples that 'business growth' and 'revenue maximization' were not the only motivating factors behind social media adoption. The adoption of social networking, microblogging, blogs, picture and video sharing websites are not always the result of rational managerial decision making. Social media is often adopted for personal reasons other than a specific response to a business goal or as part of a logical business strategy. Social media is first and foremost a personal behavior that has business applications. This that the impetus for business innovation can come from lifestyles built through the use of this media, rather than through strategic attempts to assimilate this technology into a business model. In addition, it is found that owner/managers who enjoyed E-lifestyles and social media personally have more creativity in exploring methods of successfully using social media. Secondly, due to SMTes owner-managers' strong decision-making power within their firms, their social media/related technology acceptance level can stimulate or hinder the adoption of social media. Their knowledge of social media and previous experience of IT has direct impacts on their: Technology acceptance; search for social media applications; management of social media; and transformation of existing marketing and management skills used to engage with social media applications. Finally, it was found that most SMHs and SMTAs lacked social media development goals and plans, but the reason why social media

development strategies were abandoned or hindered differed in each sector. For hotels, the absence of clear and formal plans and goals associated with social media implementation was a result of owner/managers failing to prioritize social media within their business model. Failure to develop a social media strategy may also be related to hotelier's 'wait and see' approach to implementation, and further influenced by previous failures of using specific type of social media. For travel agencies, social media development might be indirectly disrupted by owner/manager's strategic plans for stage transition, especially in small firms. By contrast, large travel agencies or medium sized firms, which occupy the top stage, have less pressure to direct funds to achieving the next stage. (Stage transition was discussed in Chapter 5, See 5.3.3.1.3) In addition, it is uncertain that small travel agencies' managers are able to accurately evaluate the opportunity cost of social media adoption due to difficulty in calculating return on investment.

#### **6.3.4.2 Social media related factors**

It was found that the security of websites is an important factor for both SMTAs and SMHs in the process of choosing social media. Both of them expected social media with higher levels of online security (data protection for verified business accounts). Both groups also expected higher levels of user traffic and a larger amount of users. In terms of differences between the respondent groups, SMHs were more concerned about product distribution opportunities and guidance/services provided by social media websites for business users. In contrast, SMTAs were more likely to choose social media websites with large amount of users which matched their targeted markets

#### **6.3.4.3 Resource related factors**

Resource related factors (such as financial resources and skilled human resources) were mentioned by interviewees from SMTAs and SMHs. Some of them stressed that they cannot meet the costs of operation, maintenance and development, staff training, and professional advice from third parties during the social media development process. This is not surprising, especially given that SMTAs are more financially constrained than larger corporations. In terms of human resources, they stated that they needed skilled in-house expertise to

manage social media because their employees lacked the relevant social media knowledge. Furthermore, they are less interested in training or educating existing staff, because training capital is not made available or prioritized. Resource related factors are similar for both sectors, however the influence of these factors on social media related decision making might be different. This would be due to different perceived benefit and resource related challenges, return on investment evaluation, and resource arrangements of SMHs and SMTAs (See 6.3.2 & 6.3.3)

#### **6.3.4.4 Customer acceptance**

Both SMTAs and SMHs were found to pay attention to customer acceptance of social media marketing activities and advertising. They did this via monitoring the loss or increase of audience (i.e. friends, followers) and their level of participation (i.e. no. of comments, shares and repost on their services). A high level of activeness in their online audience encouraged confidence in the benefits from social media, accelerating the social media adoption agenda. Conversely, low level of activeness may strike their enthusiasm for social media, and slow down the social media adoption process. Moreover, SMTAs also stated that the social media acceptance of their existing customers also influenced their social media adoption agenda. In Chapter 5, customer acceptance was highlighted by SMTAs as a significant factor. The users of social media websites are defined by owner/managers of SMTAs as mainly younger generations, and as those who might have higher levels of utilization and acceptance of social media. However, there are still large groups of their targeted segments who do not use social media or even the Internet - such as the senior tourism market. They stated that users of social media had increased rapidly, and that more senior people had started using the Internet and social media to search for travel related information. They subsequently stated, however, that traditional channels of advertising, communication, and product sales still cannot be fully replaced by using social media. SMTAs intended to engage with those customers the way they would like to be engaged with, whether in store, online or via email, social media or their mobile device. Therefore, it is assumed that the degree of social media adoption is largely determined by their targeted customer's social media acceptance.

## 6.4 Conclusion

This chapter provided a comparison between two tourism sectors (SMHs and SMTAs) through comparing of quantitative and qualitative data. The chapter explored the differences and similarities between the sectors in terms of the impact of social media, benefits and challenges perceived by owner-managers, and other factors related to social media adoption and implementation. Differences were mainly caused not only by the feasibility of product distribution (influenced by complexity of products offered), operation environments, business management structure, and strategic plans for growth or transition, but also by the different advantages provided by each type of social media and the popularity of social media among their industry.

The impact of social media, the impact on business performance (revenue and customer generation), and the changes in business operation and management related to different applications of social media were analyzed quantitatively and qualitatively. According to the results, Product Review Systems (PRS) with links to booking platforms were highlighted by SMHs due to their direct product distribution opportunities. PRSs brought hotels more customers and revenue generating opportunities, gradually changing their marketing efforts to the online field. However, the advantages provided by PRSs to SMHs cannot be easily obtained by SMTAs - supported by both quantitative and qualitative analysis results. The products sold by travel agencies are normally more complicated than those offered by hotels, and cannot be easily distributed through social media channels. Therefore, travel agencies had to divert their effort to other social media applications, such as marketing and advertising, communication, and management. In terms of applications in other types of social media, similar results were found in both the quantitative and qualitative results. It was assumed that differences in impact on small and medium tourism firms are a result of firm level activity (degree of adoption and the type of functionality utilized), rather than sector (i.e. hotels or travel agencies) specific related factors.

In the study of the benefits and challenges perceived by SMHs and SMTAs, Mann-Whitney U tests were conducted on the quantitative data to analyze the similarities and differences among the perception 11 benefits and 15 challenges. Tables 6.2 and 6.3 demonstrated the quantitative results. Significant differences between SMTAs and SMHs were found in their opinions of the importance of 11 benefits. Product and distribution related benefits were also considered as important benefits of social media adoption by, due to the successful application of PRS and the less complex constitution of hotel products. Hotels, with easy access to view customer comments via PRS, enjoyed the benefit of 'monitoring customer satisfaction', in contrast to travel agencies who had to collect, analyze, and interpret large volumes of user generated comments on other types of social media. Moreover, different business models and marketing techniques in the two tourism related sectors differentiated how they benefited from social media in terms of exploring new online markets and their response to different niche markets. These findings were supported by the qualitative results (See Table 6.6).

In terms of challenges, owner/managers' knowledge, awareness, confidence, and resource related challenges were perceived differently by SMHs and SMTAs in both quantitative and qualitative results. Due to the differing benefits provided by alternate types of social media, travel agencies' and hotels' 'awareness of using social media', and consequently their 'confidence in benefiting in social media', was different. In addition, although a lack of skilled staff and financial resources for further investment on social media were common challenges faced by SMHs and SMTAs, SMTAs were different in that their business model and operating goals influenced their decision making regarding expenditure, and how they perceive resource related challenges. This was supported by qualitative data, as most small travel agency owner/managers stated that they were faced with decision making related to business stage transition, and this was a key factor in allocating their limited financial resource. Ultimately, saving for the deposit that must be paid to the government to grow their business was a key strategic decision. Furthermore, it is worth mentioning that 'insufficient participation', of customers and online audiences was identified as important challenges by both SMHs and SMTAs in

the qualitative research, although this was not captured in the quantitative survey.

In the study of factors related to social media adoption, various factors were highlighted by both SMHs and SMTAs. These were: Owner/manager related factors, social media related factors, customer related factors, and resource related factors. Using Mann-Whitney U tests, significant differences between SMHs and SMTAs were identified quantitatively in Table 6.4. It showed that owner/manager related factors (such as motivation, goals, knowledge and acceptance, previous experience), social media related factors (such as security and IT provider support), resource related factors (cost and skilled human resource), and customer acceptance all differentiated between SMHs and SMTAs. The qualitative study not only supported the quantitative results in these aspects, but also provided detailed evidence and possible explanations for these differences. The qualitative data was used to explore the differences associated with further investment on social media and the setting of strategic goals, the different advantages provided by social media, the different concerns on usage and activeness and customers' acceptance, and different resource arrangements.

In summary, a number of differences between SMTAs and SMHs were found. Aspects relating to the impact of social media, the perceived benefits and challenges of adoption, along with factors related to adoption and implementation were highlighted in this comparison chapter. Possible reasons for these differences were explored in terms of different advantages provided by social media websites to hotels and travel agencies (external), and differences in the complexity of products provided, operation environments, business management structure, and strategic plans for growth or transition (internal). Therefore, SMHs and SMTAs should not be seen as one population in further research into social media impact and adoption related studies, especially regarding the study of PRS. In addition, the typology of social media can be defined by different advantages and challenges provided to SMHs and SMTAs, with aspects of product distribution, marketing, communication and management.

# Chapter Seven – Conclusion

## 7.1 Introduction

As highlighted in Chapter 2, the rapid development of Web 2.0 and UGC has meant that social media is becoming an important tourism-related information source in the online environment. This has significant impacts on the tourism industry. The impact of social media on tourism organizations, as well ways in which to take advantage of these new media, in terms of marketing and advertising, communication, product distribution, improving business management, and efficient marketing research have been stressed in tourism research literatures. However, the investigation of the impact of social media on SMTEs in China, as well as the diffusion of best practices of social media adoption among SMTEs in China, was rather limited in its exploration by previous tourism researchers. Therefore, this study is informed by the synthesis of ideas in three distinctive bodies of knowledge (i.e. impact and utilization of social media, SMTEs in China, tourism ICT adoption). The overall aim was to investigate the impact of social media on SMTEs in China, and to assess factors associated with the adoption of social media by SMTEs in that region.

In order to fulfill the aim of this study, four specific research objectives were identified and investigated, these are: (1) To investigate the impact and extent of social media; (2) to investigate SMTEs perceived benefits and challenges of using social media; (3) to examine the factors determining social media adoption; (4) to investigate SMTE owner/managers' attitudes towards using social media.

In this final chapter, the first section discusses the main findings of this

research in the context of the main objectives, followed by an assessment of the research contribution of this study. Next, the main research limitations are stated, and the final part concentrates on providing recommendations for future research.

## **7.2 Main findings of research**

In the following sections, the main findings for each research objective will be presented. The reporting of these findings will be structured according to the research questions associated with each objective. The conclusion reports specific answers to these questions, each of which can be supported by the data and relevant discussion, should interpretation of the results and findings be required.

### **7.2.1 Objective 1: Impact and extent of social media on SMTEs**

*Research Question 1: What is the current utilization of social media by SMTEs? (exploring the type and functionality of social media adopted)*

It was found that SMTEs in Beijing utilized a wide range of social media, and adopted a similarly wide range of social media practices (i.e. product review sites, microblogging, social networking sites, blogs, multimedia broadcasting and sharing sites). Similarly, a wide range of functions were adopted by both groups (i.e. marketing, communication, product distribution, management and conducting market research).

Among SMHs in Beijing, the research provided strong evidence demonstrating the successful application of product distribution and diffusion through product review sites. It is suggested that hotel room inventory distribution is one of the



most important impetuses for using social media by hotels. Therefore, this study confirms previous research exploring Tripadvisor (Miguéns et al, 2008; Krempl, 2007; Law, 2006), which suggested that distributing hotel room inventory on travel product review sites (PRS) can be a successful strategy to generate revenue via links to booking platforms. The research into PRS confirms that these sites bring hotels revenue generating opportunities, and in the meantime gradually change their marketing efforts to the online field. However, the advantages provided by PRSs to SMHs cannot be easily acquired by SMTAs - supported by both quantitative and qualitative analysis results in Chapter 5 and Chapter 6. Most products discussed on travel review websites are provided by tourism suppliers in the supply chain, such as hotels, B&B, cruise lines, automobile rental companies, restaurant and attractions. These travel products, especially accommodation, restaurants, and attractions, are more suitable for commenting on and sharing by consumers. The products and services provided by travel agencies (e.g. package tours) are typically more complicated, and cannot be easily discussed or distributed through PRS channels. SMTAs used PRS less effectively than SMHs, more often as an online informational source to help them create their weibo, blog or other content, which they share with their audience.

In terms of utilizing other types of social media (i.e. microblogging, social networking sites, blogs, multimedia broadcasting and sharing sites), similar results were found in both SMHs and SMTA sectors. It was revealed that the differences associated with the adoption of social media were associated with firm related factors rather than sector related factors (i.e. hotels or travel agencies). New and popular types of social media, for example microblogging and social networking sites, had been utilized more than blogs and multimedia broadcasting/sharing websites among SMTEs. The advantages of microblogging and social networking sites related to the speed with which they are able to disseminate information to a wide network of users. The rapid

spread of these in China is due to the success of their apps in mobile terminals, and the network externalities associated with more and more people using smart phones. They provide business users opportunities of rapidly reaching a massive user pool.

The potential of using multimedia broadcasting and sharing sites in tourism was also highlighted by previous studies, in terms of image making and attracting potential travellers (Beeton et al, 2006; Tussyadiah & Fesenmaier, 2009). Moreover, blogging related tourism studies (Choi et al, 2007; Nacht, 2007; Schmallegger & Carson, 2008) suggested that blogs can be used by tourism organizations in areas of communication, promotion, product distribution, management, and market research. However, this research revealed that pure blogging and picture/video broadcasting are used by SMTEs only as functions linked to other types of social media (e.g. social networking and microblogging). SMTEs also stated that the identities of the uploaders of pictures and video content are often ignored by viewers, which does not aid firms using these platforms to promote their brand or enhance their image with consumers. Therefore, this study suggested that in order to stimulate SMTEs utilizing blogging, multimedia broadcasting/sharing sites, these media in China need to provide more social functionalities and services which help organizations to create images and brands (such as verified organizational accounts).

Having explored the utilization of different types of social media in SMTEs, we turned to examining the functions of social media that are adopted by these organizations. Five comprehensive functions (communication, marketing and advertising, product distribution, management and market researching) that can be applied in tourism businesses had been identified in previous research (Schmallegger & Carson, 2008; Leung et al, 2013). This study confirmed the findings of previous research, emphasizing that social media can be applied,

and make a significant contribution to, 'communication', 'marketing and advertising' (Li & Wang, 2011; Chan & Denizci Guillet, 2011; Pantelidis, 2010; Munar, 2010; Fernando, 2007; Schmallegger & Carson, 2008). The findings of this research suggest that a shift in communication approach is occurring, with some organizations seeking to create an interactive relationship with their customers, moving away from solely pushing information out to customers. Some SMTEs have learned about customers' demands, and improved their products and services by assessing these demands through social media. Moreover, small and medium sized companies have started to pay attention to social media marketing (such as microblogging marketing, social network marketing), and have tried to explore new, cost-saving opportunities to conduct online marketing activities via social media. These opportunities offer alternative web-based tools for tourism firms to provide information, promote products and offerings, and respond to customer inquiries.

While one of the ultimate goals for adopting social media is to convert website visitors into paying customers, it is emphasized by previous research that the opportunities to use social media for direct product distribution are more limited than for communication and marketing functions (Law, 2001; Noone et al, 2011; Leung et al, 2013). Some researchers (Noone et al, 2011) suggest that providing a link on social media pages to an SMTEs website/booking engine will encourage online viewers to book directly. In contrast, this research reflected the fact that promotion oriented content cannot easily bring firms online customers, and over-advertising may lead to the danger of annoying and losing followers or friends. One interesting distribution case, aside from PRSs, was exemplified. This was the potential of using social networking (renren.com) for distribution through campus agents in universities, who are used to implement Peer to Peer (P2P) marketing strategies and to sell travel products designed for students. In that case, social networking sites harnessed the interpersonal trust that is developed in everyday communities and makes

this available virtually for businesses to exploit. Campus agents are a strong influence on social media conversation, and therefore the balance of power in the market between the service provider and the consumer was tipped towards the travel agency.

'Improving business management' (Salkhordeh, 2009; Litvin et al, 2008, Rosman & Stuhura, 2013) and 'efficient marketing research' (Choi et al 2007; Noone et al, 2011) were highlighted as important applications of social media in the literature. However, in this study, 'doing research' and 'management' related activities were revealed to be functions with little uptake in comparison to others. It was found in both samples that the functions demanded of social media are similar to those currently utilized with existing ICT. The starting presupposition in this research was that social media is adopted by both SMHs and SMTAs as new tools of improving management (e.g. customer relationship management, online reputation and brand management) and doing market research. However, it was found that social media did not change the functionality demanded by these businesses, nor the way they planned and managed their businesses. The reasons businesses were static in this respect are related with two problems associated with tourism innovation, identified by Decelle (2004). These are namely: inadequate know-how and lack of a propensity to change. The lack of know-how limits internal opportunities for innovation, whilst the lack of propensity to innovate is affected by the increasing instability of their environment and 'free rider' behavior amongst SMTEs. In this latter respect, first mover advantages do not appear to be great enough to stimulate innovation and risk taking.

*RQ2: What are the impacts of social media on SMTEs' operation, management and business performance?*

In the study regarding impact on business performance, the majority of owners

and managers responding to the research in both travel and hotel sectors stated that their revenue and number of customers had increased through using social media. A few owners/managers stated that there was little effect, and none of those interviewed cited a decrease in revenue. In response to RQ1, it was found that PRS made a good contribution to SMHs' revenue generation, and the increase can be easily monitored via PRS platforms themselves. However, SMTEs in both sectors experienced difficulties in tracking the source of new customers, specifically, and customer traffic more generally, on other types of social media sites. For example, a customer may see product information online, but persist in contacting the business in traditional ways. Therefore, the impact of social media is difficult to evaluate. The ability to monitor revenue increases, associated with using social media is related to the scope of social media use (informational, transactional and interactional) and overall IT utilization. Considering that social media are a relatively new marketing media, there is limited evidence on the returns on investment that are feasible. This lack of validation information regarding effectiveness and yield is a possible explanation for some companies' lack of commitment to sustaining social media marketing/management efforts. Currently SMTEs' owner/managers may have little idea as to how many resources they should reinvest in social media. The organization's inability to monitor and estimate the impact of social media utilization has not been stressed sufficiently by previous research. This research suggests that demonstrating the return on investment in social media is a critical factor in business planning of social media implementation, reinvestment, and improvement.

This research revealed that owner managers are cautious about the capability of social media to improve business performance, because of the demonstrable impacts on SMTA's operations and management. Online reputation management is a task faced by SMTAs following the adoption of

social media. Significantly, managing reputations online involves significant human resource costs. This opens up smaller business to greater opportunities, but at the same time greater challenges, with respect to customer service and resource management. Understanding how social media may be used alongside existing legacy systems may be complex from a technical point of view, but the daily updating of content and customer interaction can be performed using the existing skills of staff and family members. In the process of servicing their daily social media activities (e.g. posting information of their products and promotions, reviewing and replying to customer comments), new social media-related marketing techniques were discovered, explored, and understood by SMTEs. These techniques include: The critical timing of posting information/content improvement in order to enhance the effectiveness of information delivery; techniques to create buzz and lures to attract audience and encourage participation; and the problems associated with over-advertisement.

Changes were found in firms adopting social media, not only at a technical level, but also at a strategic level. Some interviewees in both sectors stated that they wished to pay more attention to social media marketing (such as microblogging marketing, and social network marketing), and transfer some of their traditional marketing budget into social media. Moreover, the results confirm the literature, highlighting that social media plays an important role in internal communication, training, and knowledge management within a company (Natch, 2007; Kim & Hardin, 2010). Although SMTE owner/managers used social media to communicate and interact with their staff without an intentional human resource management strategy, the evidence in this research suggests that internal use of social media provided opportunities to break down social and cultural barriers between staff and owners, to transform working relationships, and to implement social media related knowledge management.

### **7.2.2 Objective 2: To investigate the perception of owner/managers regarding the benefits and challenges of using social media.**

The key drivers and barriers associated with social media adoption by SMTEs were reported in the thesis. The following sections summarize the findings from the analysis of the survey and interview data, which addresses the perceived benefits and challenges of social media practices from the perspective of the owner/managers of SMTEs.

#### *RQ 3 What are the perceived benefits of using social media?*

The research on the benefits of using social media confirms previous research, emphasizing that establishing interactive relationships and trust with customers is one of the most important core advantages of social media adoption (c.f. Li & Wang, 2011; Schmallegger & Carson, 2008; Chan & Denizci Guillet, 2011; Pantelidis, 2010). Once an interactive relationship is built, organizations can convey their brands, product updates, and other information to customers through social media. With careful management, the reputation of suppliers and the company itself can be dramatically improved. Serving as an information source, social media enables organizations to develop a brand voice and instill trust with customers (Leung et al, 2013). When trust is developed, more direct promotion is facilitated and more detailed product information can be delivered to audiences. As a consequence, social media subsequently contributes to brand building, product awareness, attracting new customers and the retaining of current consumers. Social media also enables firms to collect UGC (e.g. feedback, opinions and comments from consumers) that is used to better understand customers' needs and to facilitate product development/service improvement. Moreover, it is revealed that social media makes a contribution to monitoring customer satisfaction, helping to solve complaints, and providing channels to explain and apologize in order to pacify

dissatisfied customers' online and defuse public relationship crises.

Another perceived benefit identified in this study is simply the reaching of the online market. SMHs and SMTAs used different strategies and techniques to explore different new markets due to their different business models and product complexity. For example, by using PRSs with direct booking functions, hotels services can be searched, accessed, and even purchased by online travellers. Hotels with a good online reputation (higher score) and higher rank in the PRS system, can easily reach a massive market. Meanwhile, travel agencies are more likely to reach targeted market segments by using specific types of social media with targeted user pools, in order to obtain selling opportunities. It is also found that SMTAs are more interested in different social media websites' user demographics, in order to facilitate this reaching of certain target markets. Furthermore, some active owner/managers in this study also showed willingness to explore and respond to niche markets by joining online interest groups and communities. They then designed tailored/customized products for group members, and sought opportunities for business cooperation with group or community leaders. These activities did not always result from strategic business decisions, they may also come from original ideas arising from owner/managers' personal interests and lifestyles.

Moreover, the perceived benefits associated with Interacting with other businesses were not highlighted by both SMHs and SMTAs owner/managers in this study. This is despite these benefits being suggested in the literature, particularly in terms of the importance of Business to Business (B2B) communication through social media, such as sharing opinions and information on latest trends, technological developments, research findings and marketing tips (Lew, 2007). The potential of using social media for B2B communication and collaboration is still an opportunity that these tourism organizations have yet to take up.



#### *RQ 4 What are the perceived challenges of using social media?*

The perceived challenges were identified as the main barriers to social media adoption. First, this study argues that lack of time, awareness, confidence in benefit of social media adoption, and knowledge of available technology are crucial barriers faced by SMTEs owner/managers. The results are similar with previous research on barriers of e-tourism adoption and innovation (Paudel & Hossain, 2006; Brown & Kaewkitipong, 2009; Zhang & Morrison, 2007; Buhalis & Murphy, 2009). The results of this study reveal that there is a lack of awareness about the operation of, and potential uses for, social media. This presents a significant challenge for SMTEs owner/managers who: Do not regard business development to be a priority; have not yet realized significant benefits from using this media; or have experienced failures when using social media. Moreover, significant investments of time were also required to deal with social media-related work, such as: Posting; replying; communicating with customers; training staff on how to use social media; and extracting and interpreting online content. With further comparison between SMTAs and SMHs, a key finding identified was that a direct revenue generating opportunity will strengthen owner-managers' awareness, of social media, their willingness to learn about social media, and consequently, their confidence in using social media.

Second, this study confirms previous research emphasizing that a lack of skilled labor (International Trade Forum, 1999; Kim, 2004; Lu et al, 2002; Shanker, 2008; Paudel & Hossain, 2006) and financial resources (Beck & Demirguc-Kunt, 2006; Ma et al, 2003; Lu & Lu, 2004) are common characteristics of SMTEs, influencing their decision making regarding expenditure and how they perceive resource related challenges. As mentioned in Chapter 5, most SMTAs in China were faced with decision making related to business stage transition, a key factor in allocating their limited financial

resource. Saving for the deposit that has to be paid to the government to enter a new market was a key strategic decision. Moreover, 'insufficient IT infrastructure' is a less important barrier, a view shared equally by SMTAs and SMHs. The literature, however, cites a lack of IT infrastructure as a common weakness of SMEs, whether in the tourism industry or in similar online service environments. It is assumed by researchers that SMTEs, with limited access to finance, are short of investment capital to develop IT infrastructure, e.g. cost of ICT hardware and software maintenance (Buhalis, 2008; Schmallegger & Carson, 2007; Huang et al, 2002). However, due to the rapid development of Internet and IT in Beijing in recent years, most weibo related assistant softwares (such as 'Pipi Shiguangji') developed by third parties are free. Therefore, it is not surprising that generating IT infrastructure to assist social media adoption was not highlighted as a significant challenge by both SMHs and SMTAs in Beijing.

Furthermore, the qualitative results revealed that insufficient participation, or concerns about their posted content, was a common and significant challenge faced by SMTEs. This phenomenon had not been highlighted in previous social media related SMTE studies. Difficulties in control quality and quantity of followers and fans, providing interesting and attractive contents, and issues related with balance between promotion and over-advisement were main challenges in encouraging participation.

### **7.2.3 Objective 3: To examine the factors determining social media adoption.**

*RQ 5 What are the factors associated with adoption of social media?*

This section explores social media adoption in more depth by summarizing the findings associated with factors that are identified as significant.

Owner/managers related factors, social media related factors, customer related factors, and resource related factors were demonstrated by results derived from analysis. First, in terms of owner/manager related factors, the results confirmed the literature. Certain factors were emphasized, namely motivation, business goals and growth ambitions, capacity (i.e. financial, marketing and management skills, ability of information processing, analyzing and transferring), as well as awareness, personal reasons and trust of ICT (Martin, 2004; Buhalis & Main, 1998; Martin & Matlay, 2001; Paudel & Hossain, 2006; Brown & Kaewkitipong, 2009). Small and medium business owners/managers play an important role in facilitating changes, because they typically hold the decision-making power (Karanasios & Burgess, 2008). With regard to social media start-up motivation, a key finding is confirmed in both samples that 'business growth' and 'revenue maximization' were not the only motivating factors of social media adoption. The adoption of social networking, microblogging, blogs, picture and video sharing websites were not always the result of rational managerial decision making. Social media was often adopted for personal reasons other than a specific response to a business goal or part of a logical business strategy. The impetus for business innovation can come from lifestyles built through the use of this media rather than through strategic attempts to assimilate this technology into a business model. In addition, it is further revealed that owner/managers, who enjoyed e-lifestyles and social media personally, had more creativity in exploring techniques of using social media. They then became lead users among SMTE owner/managers. However, it is speculated by this study that this trend may not last, and companies' social media adoption will become more strategic. This is particularly likely, as the advantages of using social media are further widely recognized, skills increasingly explored, or if the social media host provides more professional service to help small business users simplify social media related tasks. Moreover, once social media is adopted, SMTE owner/managers also realized that they need further investment/time to deal

with online content, replying and communicating with customers, training staff, or learning related knowledge. More work and investment in new fields might affect the future social media operation goals and strategies. The results also revealed the reasons why social media development strategies were abandoned or hindered. The absence of clear and formal plans and goals of social media implementation are related with the inability to evaluate the opportunity cost of social media reinvestment, a 'wait and see' approach, and failures experienced in previous rounds of social media adoption by owner/managers. Furthermore, previous literature argues that ICT adoption and business success is influenced by the profile of the owner/manager, such as age (Sinha, 1996; Reynolds et al, 2000; Kristiansen, Furuholt, & Wahid (2003), gender (Kolvereid, 1996; Mazzarol et al, 1999), and education level (Sinha, 1996). These influencers are presented because they might influence their experience, work style, management skills, and entrepreneurial intentions, which may consequently influence enterprises' growth. However, relatively limited evidence is reflected in this study in these respects.

Second, with regard to social media related factors, it is found that owner/managers prefer social media sites with higher levels of online security (data protection for verified business accounts), more specific guidance and services for business users, higher levels of user traffic, and greater numbers of users. The security and services provided by social media hosting firms can facilitate or hinder SMTEs' social media adoption. Therefore, it has been suggested by this study that the development of social media technology and the appearance of social media derived service companies make a great contribution to the application of social media application in the tourism industry. Moreover, interesting findings in the qualitative results suggest that a number of Chinese owner/managers understand social media through brands. The names of social networking websites, such as *renren.com* and *kaixin.com*, microblogging sites, such as *sina weibo* and *tencent weibo*, were used

synonymously to mean social media. Owner/managers typically refer to social media as specific brands, rather than a form of technology or in terms of its functionality. This is evidence of the success of pioneers of each type of social media in China, especially for the newest type of social media (such as *sina weibo*). However, pioneer brand advantages (Alpert & Kamins, 1995) have yet to be explored in the area of social media adoption in previous SMTEs studies. If trust in social media is based upon brand familiarity in China, then we would assume that first mover advantages are significant, which is an area of research that merits further attention given recent work in this area .

Third, as mentioned previously, limited financial and skilled human resource related issues are faced by SMTEs owner/managers. The availability of social media investment capital determines the level of social media utilization. This is due to the costs of operating, training staff, and paying for professional service from third parties. It is not surprising, given that SMTEs are more financially constrained than larger corporations. They indeed may have difficulties in meeting the requirement of social media investment, constraining them in social media utilization. Moreover, another barrier preventing social media adoption is a lack of experienced and skilled staff within SMTEs. It is revealed that employees lack the relevant social media knowledge that is necessary, and owner/managers are less interested in training or educating existing staff because training capital is not made available or prioritized.

Fourth, this study confirms previous research stating that customer acceptance is one of the main factors of innovation in tourism sectors (Lu & Lu, 2004; Murphy & Kielgast, 2008). SMTAs and SMHs pay attention to customer acceptance of social media marketing activities and advertising, via monitoring the loss or increase of audience (i.e. friends, followers) and their activities (i.e. number of comments, shares and repost on their services). A high level of activeness in their online audiences will encourage their confidence in

benefiting from social media, accelerating the social media adoption agenda. Conversely, low levels of activeness may erode their passion with social media, and delay their social media adoption. Moreover, SMTAs also stated that the social media acceptance of existing customers also influenced their own social media adoption agenda. SMTAs intended to engage with those customers the way they would like be engaged with, whether in the store, online or via email/social media, or on their mobile device. Therefore, it is assumed that the degree of social media adoption is largely determined by their targeted customer's social media acceptance.

Fifth, previous research (Zhang & Chong, 1999; Lu et al, 2011) has highlighted government policy initiatives to boost SMTEs ICT adoption in China (e.g. *state-owned enterprise reform policy* since 1999, which has provided opportunities for individual/private owned enterprises to grow and compete with state owned tourism enterprises. There exists the *Golden Travel Project*, which has the aim of helping SMTEs to promote their products online). However, the results of this research reflect that government and policy support are not effective and hardly a benefit to SMTEs. Qualitative results also support that respondents stated a low expectation of, and difficulties in engaging with, assistance from government sources or related tourism bodies (e.g. financial support or training programs for social media). Zhang and Morrison (2007) argue that even though Chinese government policy shifted in favor of a market-oriented business economy, it should not be assumed that this translates quickly into SME management action on the ground.

Finally, the importance of knowledge acquisition, development, and sharing within SMTEs is stressed by researchers in terms of ICT adoption related tourism studies (Martin, 2004; Thomas et al, 2011). This study confirms the literature, and further reveals that owner/managers' knowledge of social media and previous experience of IT has direct impacts on their: Technology

acceptance; search for social media applications; management of social media; and transformation of existing marketing and management skills to connect with social media applications. Social media related knowledge was obtained and developed by owner/managers through their daily social media activities. Their learning ability, motivation, and goals when using social media largely influenced their knowledge creation. Previous literature also suggested that knowledge sharing and reinvention within firms can lead to effective use of new technology (Martin, 2004). However in this study, knowledge sharing has not been recognized as an important factor by SMTE owner/managers in Beijing. It is found that most social media-related work is done by the owner/manager themselves, or perhaps their family members, in most of the small businesses. Moreover, organizational structures create a silo effect between different departments in medium sized travel agencies, which provides a possible reason for the failure of knowledge sharing in these organizations. The reasons of the silo effect are recognized as: Lack of cooperation, internal competition and breakdown in communication. It is therefore suggested that managers of different units must learn to trust and respect their peers and share their objectives of using social media.

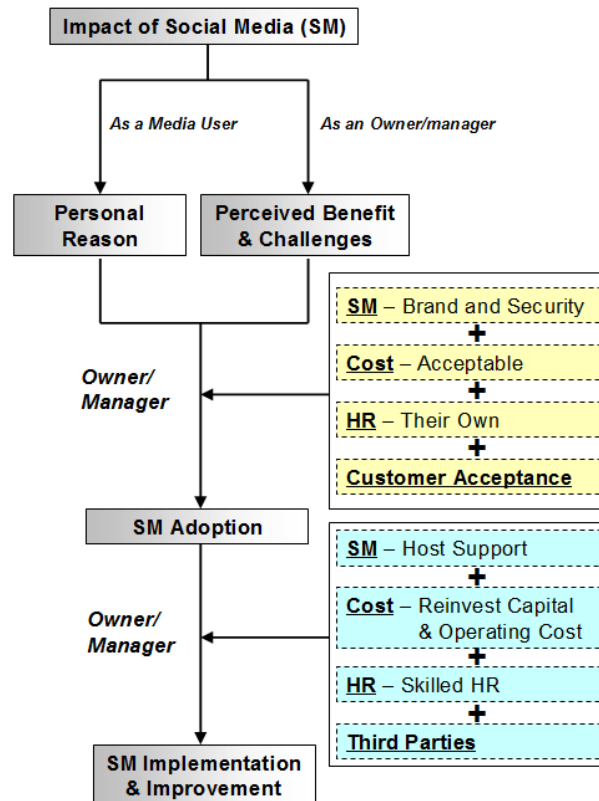
#### **7.2.4 Objective 4: To investigate SMTE owner/manager's attitudes towards using social media**

*RQ 6 What are SMTE owner/managers' attitudes towards using social media, and why?*

According to the quantitative results, although more than 70% of respondents are interested in social media adoption in both sectors, less than 40% of them have plans to use it in next 12 months. Their positive attitudes toward using social media, and their lack of effective plans to act on these attitudes, are the result of complex decision making processes. Therefore, a conceptual model

of how owner/managers process the complex decision making associated with social media adoption and implementation has been constructed (See Figure 7.1). It is worth mentioning that all processes are largely reliant upon the motivation, goals and capacity of owner/managers, therefore, this study suggests that the owner/manager is the key factor in the whole model.

FIGURE 7.1 OWNER/MANAGERS PROCESS COMPLEXITY



(Source: author)

Social media has rapidly developed in recent years, and owner/managers have started using social media as non-business users before they adopted social media in their firm. This sequence of adoption means that the impetus for business innovation can come from non-business related lifestyle experiences built through the use of this media, rather than through strategic attempts to assimilate this technology into a business model. Of course, the perceived benefits and challenges are also key drivers of, and barriers to, social media adoption. At the initial stage of social media adoption, owner/managers chose social media due to brand familiarity, the number and



activeness of users, the security of websites, and their existing customers' acceptance. The distinctiveness (e.g. different demographic groups of users) and specific advantages (e.g. direct/indirect product distribution opportunities) were highlighted by SMTEs' owner/managers as well, which explains the reasons of their social media type preference and functionality selections. Due to the strong brand loyalty of SMTEs, first mover of social media sites play important role in SMTEs' social media adoption. SMTEs stated that they expected more guidance/services provided by social media sites for business users. With respects of resource related factors, the initial cost of adopting social media into the business is thought of as cost free or perfectly acceptable. It is important to note that social media related work is mostly conducted by the owner/manager themselves and family members.

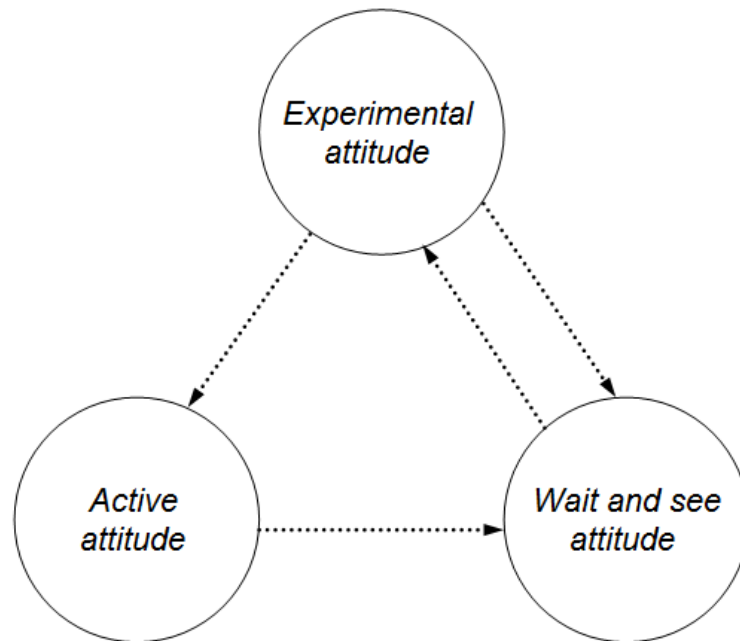
However, after a period of time, owner/managers found that they faced more fierce challenges than anticipated, and that there was significant room for improvement in terms of their acquisition of the knowledge and skills relevant to effective social media utilization. With respect to the evaluation of social media utilization, a wider range of factors were taken into consideration. The key considerations involved whether to reinvest capital in acquiring skilled human resources/greater support for social media websites/recruitment of third party social media professionals – all with a view to acquiring greater revenue and information sophistication. They might choose social media improvement strategies or simply employ a '*wait and see*' attitude. Owner/managers with sufficient resources, specific knowledge and a strong capacity to acquire, absorb, and broadcast innovations will chose reinvesting and implementing. In addition, the absence of clear and formal plans and goals associated with social media implementation is a product of owner/managers' failure to prioritize social media within their business model.

From the conceptual model of their decision-making complexity, we can see that the successful practice of social media by SMTEs largely rely on owner/managers' motivation, goals and capacity, sufficient human and financial resource, and technical supports from social media or third party professionals. With understanding their concerns during the process, policy

maker could take these aspects as starting points to think about how to encourage social media widespread among SMTEs in China.

Three types of owner/manager attitudes (i.e. *experimental attitude*, *active attitude* and *'wait and see' attitude*) and their transitions were identified in this study (Figure 7.2). Their different attitudes are the outcome of their complex decision making process. This process may be influenced by their characteristics, business goals, previous experience with social media, and non-business related personal reasons. The *experimental attitude* normally comes with owner/managers who first attempt to use social media within business at the initial stage. Owner/managers choose a certain type of social media and then apply into their business carefully. *Experimental attitude* can shift to *active attitude*, when owner/managers are confident in benefiting from social media, or when they enjoy social media related work. It is important to note that product distribution opportunities and visible revenue increase can largely encourage this shift. However, most SMTEs in this study had difficulties in monitoring the effect of social media utilization and to estimate return on investment in social media. Moreover, limited knowledge and resources, as well as their failure experience of using social media, may hinder their further social media implementation and improvement plans, meaning their *experimental attitudes or active experimental attitudes* shift to *'wait and see' attitudes*. Moreover, owner/managers who hold *'wait and see' attitudes* may also turn to *experimental attitudes*, when they are enlightened by successful examples of using social media within industry. Owner/managers' attitudes changed alongside with their confidence in benefiting from social media, which is related to the development and popularization of social media related knowledge and techniques within tourism industry.

FIGURE 7.2 TRANSITION OF OWNER/MANAGERS' ATTITUDES TOWARDS USING SOCIAL MEDIA



(Source: author)

### 7.3 Research contributions

This study has covered a number of issues that surround social media, ICT adoption, and SMTEs in China to address the research aims and objectives. Linking these three bodies of knowledge has never been attempted before, and represents the originality of this study. Previous research on social media embeddedness in tourism has exclusively focused on the impact on traveller behaviors and applications of certain types of social media utilized by large scale tourism organizations (Leung et al, 2013). In these works, little specific attention was paid to the impact of social media on SMTEs and the diffusion of best practices of social media adoption among SMTEs. There are fewer examples still where these themes are explored in the context of China. Therefore, this research applies previous social media studies into SMTE the field concerned with five types of social media (i.e. microblogging, blogs, social

networking, product review sites and multimedia broadcasting and sharing sites). Different types of social media provide different advantages to SMTEs, which determines their degree of using social media and function selection. Five possible functions of social media (i.e. marketing & advertising, communicating, product distributing, improving business management and doing research) predicted in literature were tested. The results provide a holistic understanding of SMTEs' current social media application to policy makers. SMTEs' requirements and anticipations of services for business users that ensure and support social media utilization (e.g. effect monitoring methods, higher levels of security service, social media marketing services) provided social media hosts and social media derived service companies a guidance on service development around SMTEs' need.

Moreover, two types of SMTEs (i.e. SMHs and SMTAs) were discussed and compared with respects of social media adoption. Although similarities were found in all research questions, there are still a number of differences between these two tourism sectors due to different products, cost consciousness, resource management, advantages provided by social media and operational environments. Policy maker need to concern these differences between tourism businesses and create different approaches to encourage more widespread action among SMTEs.

This research not only identified the factors associated with social media adoption and implementation, but also suggested a conceptual model that explains how owner/managers process complex decision making in different stages (Figure 7.1). The model can be used by SMTEs for self-checking before/during social media adoption, and provide a understanding about challenges they faced and potential ways in which wider spread successful social media practices can be realistically achieved.

## 7.4 Limitations of this study

Upon the completion of this study, several limitations related with the research design are identified and considered. First, an important limitation is that the area selected (i.e. Beijing) might not be representative of the wider tourism industry in China. As the capital city, Beijing has become an international cosmopolitan metropolis, and an important tourism destination following many years' of development. Beijing contributes nearly 10% of the total national inbound/outbound tourism revenues, and is no doubt the leader of China's tourism industry. However, regional factors might result in diversity of research results, influenced by differing operational environment, government restrictions, and cultures of entrepreneurship in different regions of China. Due to the lack of time and sufficient funds, wider and more diverse samples from different regions of China could not be obtained in this research, despite how they would enable more comprehensive and valid results,.

Second, despite SMHs and SMTAs being the most important sectors in SMTEs in China, the results derived from this study conducted with SMHs and SMTAs might not be representative of the wider small and medium sized tourism related enterprises (e.g. small and medium sized restaurants, car rental companies, and handcraft and souvenir shop).

Moreover, types of social media discussed in the literature and provided in the questionnaire survey (i.e. blog, microblogging, social networking, multimedia broadcasting and sharing, product review sites) are not exhaustive of all types of social media. A number of types of social media, such as Wikis (e.g. Wikipedia, baidubaike), bookmarking sites, and gamification sites have not been addressed.

Moreover, all the interviewees were owner-managers of SMTEs, with none of them employed as solely manager or owner. This limited the ability to provide qualitative evidence that discussed the reasons for significant differences among different roles of owner/managers that identified in the kruskall-wallis tests. These differences could not be investigated in this study due to the research design, because SMTEs that participated in the qualitative research could not be linked to their quantitative response. The same was the case for different education level, age of owner/managers', perceived benefits and challenges of using social media, and the factors associated with social media adoption. More data is required to investigate the influence of these traits of owner/managers.

Furthermore, the low response rates of two samples may lead non-response bias of this research. Reasons for the low response rate are possibly related to difficulties in building trust between researchers and targeted owner/managers, low interests in participating in personal academic research, and possibly the provision of incorrect email contact addresses.

Moreover, the limitation of questionnaire design (i.e. Question 5: asking about business growth plans) leads to low quality data obtained from this question, and disenables further investigation into the relationship between growth ambition and social media adoption.

Finally, despite factor analysis was conducted in Chapter 4 as an attempt to provide a possible solution of analyzing the factors determining social media adoption quantitatively, the limited sample size (i.e. both less than 100) affected the acceptability of factor analysis, due to the 'rule of 100' (Gorsuch, 1983), which cannot be ignored.

## 7.5 Recommendations for future research

This research provided valuable insight into the impact of social media on SMTEs in China, and factors associated with their social media adoption. However, this research represents a first attempt in this field and further research is crucial and required.

First of all, as the impact of social media on Chinese SMTEs and the wider tourism industry will change over time, perhaps dramatically, the benefits and barriers perceived by owner/managers will change. It is likely that the attitude of owner/managers towards adopting and utilizing social media may change as the result of growing knowledge and experience, obtained through their business/non-business activities. Therefore, more studies are required to identify how knowledge and experience influences owner/managers social media implementation over time.

Second, this research revealed that owner/managers' trust in social media is based upon brand familiarity in China. Future research is suggested to examine whether the advantages of the first mover social media sites are significant, comparing with other social media related factors (e.g. activeness and amount of users, security services).

Third, internal communication opportunities, as benefits of using social media, were discussed in this study. It is revealed that some owner/managers used social media to communicate and interact with their staff without an intentional human resource management strategy. More research is suggested to investigate whether social media aids in breaking down social and cultural barriers between staff and owners, transforms working relationships, or reduces the silo effects between different departments, and whether it

facilitates knowledge sharing within organizations.

Furthermore, five types of social media has been studied in this research, and more types of social media based on Web 2.0 (e.g. Wikis, bookmarking sites and gamification sites) can be explored and investigated in future research.

Moreover, previous research in the field of ICT adoption and SME success demonstrated that innovation varies with age, gender, and the education level of owner/managers. While this research identified that different education levels, age, and the role of owner/managers mediate their perceived benefits/challenges of adopting social media, the underlying reasons can be investigated through further quantitative and qualitative research with a larger sample size.

Finally, it is suggested that future research could expand into wider samples from different regions of China, in order to get a more comprehensive and valid result. Regional factors might differentiate SMTEs in China, with respect to social media adoption - mainly due to different operational environments, government restrictions, culture and entrepreneurship.



# Appendix 1 Questionnaire

I am a doctoral research student at The University of Exeter Business School (UK) and originate from Beijing in China. My research is exploring the use of social media by tourism enterprises in China. I would be very grateful if you could complete this questionnaire. The questionnaire will take you 15 minutes to complete. Thank you very much for your assistance. You will not be identified in the questionnaire and all the answers will be treated in strict confidence. The information will be used for academic research purposes only. The information will not be passed onto third parties or used for commercial purposes

## Section A You and Your Business

Q1 What type of business is this

- Hotel
- Travel agency

Q2 Is this business?

- Independent
- Part of Chain
- Franchise
- Other (Please specify) \_\_\_\_\_

Q3 Could you tell me how many employees do you have?

Q4 What is your last year turnover?

Q5 What is your business plan for next 3 years?

Q6 Are you?

- Owner
- Owner/ Manager
- Manager

Q7 What is your gender?

- Male
- Female

Q8 What is your age?

- 20-29
- 30-39
- 40-49
- 50-59
- 60-69
- 70+

Q9 What is your highest education/qualification?

Q10 What did you do before this business establishment?

- IT works in tourism sector
- Non-IT works in tourism sector
- IT- works in non-tourism sector
- either IT or Tourism related works

Q11 Did you have previous experience in tourism before this business? if yes, what was that?

- Yes (Please specify) \_\_\_\_\_
- No

Q12 How many years have you owned/managed this business?

Q 13 How do you get your start-up capital?

## Section B Impact of Social Media on your business

Q14 Is your business currently involved in following e-commerce activities?

- Marketing activities
- E-payment
- On line ordering and reservation
- B2B transaction
- Competitor analysis
- Doing research
- Communication with customer
- Storing customer data
- Cash flow planning/ monitoring (
- Personnel Record
- Business planning
- Other (Please specify) \_\_\_\_\_

Q15 Have you adopt social media strategies in your business?

- Yes (See Q15)
- No (See Q18)

If No (See Q18) Is Selected, Then Skip To End of Block

Q16 If yes, what types of Social media you have used in your business?

	Do you use following social media website?		Use for				
	Yes	No	Marketing & advertising	Communication with customer/ business partner	Product sales & distribution	Management	Market research
Picture and video broadcasting website	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Social networking website	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Product review system website	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Microblogging website	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blogs websites	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Other 1 (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other 2 (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q17 What have been the main trend for your business after social media adoption?

	Increased	Remained the same	Decreased	Don't know
Number of customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall business turnover	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q18 Could you list the top 3 social media website you used most frequently in your business?

## Section C Benefit and Challenge of using social media

Q19 How important is each of the following benefit regarding adopting social media in small and medium tourism enterprises?

	Not at all Important	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Extremely Important
Create new market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Improve image and public recognition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide customized tourism product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
provide convenience for customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide better and easy access to information on product and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Establishing interactive relationship with customer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Found more business partnership	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Interacting with other business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provide channel for doing research	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Channel for promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Monitor customer satisfaction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q20 How important is each of the following barriers regarding adopting social media in small and medium tourism enterprises?

	Not at all Important	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Extremely Important
Awareness of using social media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limit knowledge of available technology	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lack of confidence in benefit of social media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shortage of skilled IT workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of securing skilled human resource	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of initial investment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of training staff	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Insufficient IT infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Difficulty with integrating social media & existing system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fear of change in corporate culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Lack of government support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management of on line critical and negative comments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
On line trust and cutthroat competition issue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Time and cost of extracting and interpreting the content	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social media develop and change too fast	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## Section D Factors associated with the successful adoption and implementation of social media

Q21 How important is each of the following factors within business associated with successfully adopting and implementation social media?

	Not at all Important	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat important	Extremely Important
Availability of specific tourism products and services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ICT infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Skilled IT workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of investment capital	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate knowledge	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate culture and internal communication	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate acceptance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



Q22 How important is each of the following factors outside business associated with successfully adopting and implementing social media?

	Not at all Important	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Extremely Important
Policy and government support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
IT provider support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Knowledge sharing and information exchange with other tourism business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer's acceptance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Level of trust between customer and company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E-commerce market size	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Security of social media website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q23 How important is each of the following owner/manager factors associated with successfully adopting and implementing social media?

	Not at all Important	Somewhat Unimportant	Neither Important nor Unimportant	Somewhat Important	Extremely Important
Age	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Gender	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Owner/manager's knowledge and technology acceptance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Previous experiences of using Internet and Social media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Motivation of using social media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Goal/ambitious for business	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (Please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### **Section E Your attitude towards of using social media**

Q24 Do you agree that the benefits of adopting social media are greater than the cost of adopting social media?

- Strongly Disagree
- Disagree
- Neither Agree nor Disagree
- Agree
- Strongly Agree

Q25 Are you interested in social media adoption in future?

- Definitely yes
- Probably yes
- Probably not
- Definitely yes
- Uncertain

Q26 Do you have any plan of adopting social media in next 12 month?

- Yes
- No
- Hard to Say

Q27 If yes, what type of social media you will use?

- Picture and video broadcasting website
- Social networking website
- Product review system website
- Microblogging website
- Blogs websites
- Other (Please specify) \_\_\_\_\_

## **Appendix 2 Interview schedule**

### **Part A. Questions about your role in this business**

1. What is your role within this business?
2. What was your career background before your current role?
3. Has your background influenced your choice of this career? If yes, could you tell me your story? If no, for what reason you have chose this career?

### **Part B. Questions about this business**

1. Could you tell me about the history of your business?
  - a. Where does the capital come from?
  - b. When was the business established?
  - c. Why chose Beijing?
2. Could you describe the distinctiveness of your business from large hotels/ travel agencies?
3. What kinds of uncertainties does your business face and which are the most difficult to manage/ important form your perspective?
  - a. Do you think other small and medium hotels/ travel agencies face the same uncertainty as well?
  - b. Do you think large hotels/ travel agencies face less uncertainty in these aspect?
  - c. What are your strategies and solutions?
4. Could you tell me some examples of innovation your business has introduced in the past?
  - a. Who introduced this innovation to this business?
  - b. How do you get the idea?
  - c. How the decision is approved?
  - d. How do you find out customer's need?
  - e. Is your innovation visible to competitors, that is, could it be easily or quickly to be imitated?
  - f. How do you keep your important workers?
  - g. Will your propensity to innovate be affected by unstable environment?
5. When you business grows, do you think your managerial structure will change?
6. What is your attitude to employing professional skilled managers?

### **Part C. Questions about using Social media**

1. When we talk about social media, what is the first thing comes to your mind?

2. Have you used any social media websites for your personal use? If yes, how did you start using social media, and what are the reasons for using it? How many years you have been using them? If no, could you provide some reasons?
3. Could you tell me your story of starting to use social media website for your business?
  - a. What is name and type of the website?
  - b. Reasons of using it.
  - c. What's your goal? Have you reached your goal?
  - d. How do you measure the value of social media for your business?
  - d. Any problems of using social media?
4. When do you start using ABC.com (the social media website they mentioned)? What has been the main trend (customer number and turnover) for your business after social media adoption? What other changes after using it?
5. Do you know any of your competitor's hotels/travel agencies who use social media? If yes, does it influence you?
6. Do you know any of your business partners who use social media? If yes, does it influence you?

#### **Part D. Benefit and barrier of using social media**

1. Could you tell me what kind of benefits you can obtain from using social media?
2. What are the barriers that prevent the use of social media by your business?

#### **Part E. Factors associated with successfully adopting and implementing social media**

1. We are particularly interested in how the following internal factors are associated with using social media.
  - a. Availability of specific tourism products and services
    - i. Do you have specific tourism products and services for e-commerce or even for social media?
    - ii. Could you like to expand the range of service and products and how to realize it?
    - iii. How will you upgrade its quality?
  - b. Management support
  - c. ICT infrastructure (IT infrastructure consists of the equipment, systems, software, and services used in common across an organization)
    - i. Is ICT infrastructure cost high?

- ii. Who is in charge of them? IT manager?
    - iii. Do you have your own website?
    - iv. Do you think social media is difficult to integrate with existing system? How do you do that?
  - d. Skilled IT workers
    - i. How many IT related worker do you have? Are human resource costs high?
    - ii. Are those people specific for IT work? Do they also do other jobs in this business?
  - e. Availability of investment capital
    - i. How much investment capital is specially used for adopting e-commerce and social media respectively?
    - ii. Where is the investment spent?
- 2. We are particularly interested in how the following external factors are associated with using social media
  - a. Tourism policy and government support
    - i. Could you tell me the impact of tourism policy and the role of government support to your business?
    - ii. Do you know any polices and regulations specific to e-tourism industry?
    - iii. How could government departments help e-tourism adoption more effectively?
  - b. IT provider support
    - i. What kind of support do you get from IT providers?
    - ii. Do they provide enough services around your need?
  - c. Knowledge sharing and information exchange with other tourism businesses.
    - i. Could you please tell me how do you share knowledge and information with other tourism business?
  - d. Customer acceptance
  - e. Level of trust between customer and company
    - i. How do you think about online trust? Do you have any experience with this issue?
    - ii. How do you manage your online reputation and deal with critical and negative comments?
  - f. Security of social media website
- 3. We are particularly interested in how the following owner/manager factors are associated with the adopting and implementing social media.
  - a. Age, gender and education
  - b. Owner/manager's knowledge and technology acceptance
  - c. Previous experiences of using Internet and Social media
  - d. Motivation and ambitious

## **Part F: Attitude towards using social media**

1. Are you confident that you can benefit from adopting social media, and why?
2. Do you have any plan of adopting social media in next 12 month? If yes, what type of social media you will use? What is your goal?  
If no, could you tell me why?

## Appendix 3 Series of Bivariate analysis of social media using and groups of variables

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
$\chi^2$	9.055	6.280	3.286	9.200	2.297	5.847
df	3	2	3	2	3	2
Sig.	0.029	0.043	0.350	0.010	0.513	0.054
a. Kruskal-Wallis Test						
b. Group Variable: Age of hoteliers						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
$\chi^2$	7.187	0.774	3.143	1.546	7.142	2.451
df	5	2	3	3	4	2
Sig.	0.207	0.679	0.370	0.672	0.129	0.294
a. Kruskal Wallis Test						
b. Group Variable: Education level of hoteliers						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
$\chi^2$	1.135	0.225	0.001	0.041	0.307	0.273
df	1	1	1	1	1	1
Sig.	0.287	0.635	0.976	0.839	0.579	0.602
a. Kruskal Wallis Test						
b. Group Variable: Gender						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
$\chi^2$	2.818	2.808	2.360	1.141	6.083	0.914
df	3	2	2	2	2	2
Sig.	0.421	0.246	0.307	0.565	0.480	0.633
a. Kruskal Wallis Test						
b. Group Variable: Previous Job Field of hoteliers						



	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
<b><math>\chi^2</math></b>	1.613	1.444	2.135	0.740	1.297	0.975
<b>df</b>	2	2	2	2	2	2
<b>Sig.</b>	0.446	0.486	0.344	0.691	0.523	0.614
a. Kruskal Wallis Test b. Group Variable: Type of hotel						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
<b><math>\chi^2</math></b>	9.597	8.310	11.838	7.599	5.530	8.100
<b>df</b>	14	9	11	11	11	10
<b>Sig.</b>	0.791	0.503	0.376	0.749	0.903	0.619
a. Kruskal Wallis Test b. Group Variable: Years of owning/managing hotel						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
<b><math>\chi^2</math></b>	6.877	4.289	8.784	3.025	11.910	2.855
<b>df</b>	6	4	5	5	5	5
<b>Sig.</b>	0.332	0.368	0.118	0.696	0.360	0.722
a. Kruskal Wallis Test b. Group Variable: Start up capital of hotel						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
<b><math>\chi^2</math></b>	42.663	22.100	24.520	26.767	29.131	22.406
<b>df</b>	50	23	24	25	27	22
<b>Sig.</b>	0.760	0.514	0.432	0.368	0.355	0.436
a. Kruskal Wallis Test b. Group Variable: No. of Employees of hotel						

	Have you adopt social media strategies in your business?	Picture and Video Broadcasting Website	Social Networking Website	Product Review System Website	Microblogging Website	Blogs Websites
<b><math>\chi^2</math></b>	55.706	24.900	25.303	33.000	29.131	25.031
<b>df</b>	58	25	27	31	30	24
<b>Sig.</b>	0.561	0.468	0.557	0.370	0.511	0.404
a. Kruskal Wallis Test						
b. Group Variable: Turnover of hotel						

## Appendix 4 Kruskal-Wallis test of perceived benefits and challenges with different age groups of hotel owner/managers

Benefit	$\chi^2$	df	Sig.
Create new market	10.321	3	0.016
Improve image and public recognition	10.144	3	0.017
Provide customized tourism product	11.891	3	0.008
Provide convenience for customer	6.408	3	0.093
Provide better and easy access to information on product and services	12.384	3	0.006
Establishing interactive relationship with customer	13.382	3	0.004
Found more business partnership	4.387	3	0.223
Interacting with other business	2.516	3	0.472
Provide channel for doing research	10.494	3	0.015
Channel for promotion	13.803	3	0.003
Monitor customer satisfaction	13.144	3	0.004
Challenges	$\chi^2$	df	Sig.
Awareness of using social media	7.149	3	0.067
Limit knowledge of available technology	6.585	3	0.086
Lack of confidence in benefit from social media	2.980	3	0.395
Shortage of skilled IT workers	2.734	3	0.434
Cost of securing skilled human resource	3.454	3	0.327
Cost of initial investment	8.762	3	0.033
Cost of training staff	6.497	3	0.090
Insufficient IT infrastructure	4.533	3	0.209
Difficulty with integrating social media & existing system	6.713	3	0.082
Fear of change in corporate culture	2.511	3	0.473
Lack of government support	5.870	3	0.118
Management of on line critical and negative comments	5.691	3	0.128
On line trust and cutthroat competition issue	15.701	3	0.001
Time and cost of extracting and interpreting the content	8.576	3	0.035
Social media develop and change too fast	2.833	1	0.418

a. Kruskal-Wallis Test

b. Group variable: Age of hoteliers

## Appendix 5 Kruskal-Wallis test of perceived benefits and challenges with different role of owner/managers in SMHs

Benefit	$\chi^2$	df	Sig.
Create new market	16.994	2	0.000
Improve image and public recognition	17.515	2	0.000
Provide customized tourism product	6.609	2	0.037
Provide convenience for customer	5.212	2	0.074
Provide better and easy access to information on product and services	7.904	2	0.019
Establishing interactive relationship with customer	11.208	2	0.004
Found more business partnership	10.553	2	0.005
Interacting with other business	4.705	2	0.095
Provide channel for doing research	8.605	2	0.014
Channel for promotion	10.682	2	0.005
Monitor customer satisfaction	8.435	2	0.015
Challenges	$\chi^2$	df	Sig.
Awareness of using social media	4.152	2	0.125
Limit knowledge of available technology	13.466	2	0.001
Lack of confidence in benefit from social media	2.313	2	0.315
Shortage of skilled IT workers	3.598	2	0.165
Cost of securing skilled human resource	7.048	2	0.029
Cost of initial investment	5.043	2	0.080
Cost of training staff	2.617	2	0.270
Insufficient IT infrastructure	0.449	2	0.799
Difficulty with integrating social media & existing system	2.557	2	0.279
Fear of change in corporate culture	0.943	2	0.624
Lack of government support	2.339	2	0.310
Management of on line critical and negative comments	10.013	2	0.007
On line trust and cutthroat competition issue	11.467	2	0.003
Time and cost of extracting and interpreting the content	11.463	2	0.003
Social media develop and change too fast	0.689	2	0.709

a. Kruskal-Wallis Test

b. Group Variable: different roles in hotel

## Appendix 6 Kruskal-Wallis test of factors associated with social media adoption with different role of owner/managers in SMHs

Factors	$\chi^2$	df	Sig.
Availability of specific tourism products and services	9.417	2	0.009
ICT infrastructure	11.959	2	0.003
Skilled IT workers	7.675	2	0.022
Availability of investment capital	1.260	2	0.532
Corporate knowledge	6.600	2	0.037
Corporate culture and internal communication	8.039	2	0.018
Corporate acceptance	6.185	2	0.045
Policy and government support	5.365	2	0.068
IT provider support	5.180	2	0.075
Knowledge sharing and information exchange with other tourism business	4.345	2	0.114
Customer's acceptance	3.078	2	0.215
Level of trust between customer and company	4.676	2	0.097
E-commerce market size	5.994	2	0.050
Security of social media website	4.539	2	0.103
Age	2.681	2	0.262
Education	1.325	2	0.516
Owner/manager's knowledge and technology acceptance	7.151	2	0.028
Previous experiences of using Internet and Social media	7.445	2	0.024
Motivation of using social media	6.322	2	0.042
Goal/ambitious for business	8.121	2	0.017

a. Kruskal-Wallis Test

b. Group Variable: different roles in hotel

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