THE ROLE OF THE INTERNET IN THE MARKETING OF INDEPENDENT HOTELS IN THE UK: WORK-IN-PROGRESS

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ABSTRACT
This paper examines the role of internet in the marketing of UK independent hotels. The paper contributes to existing literature in highlighting the significance of electronic commerce adoption intended for marketing and distribution. It then briefly refers to the twelve face to face pilot interviews conducted with hoteliers, and how the analysis of those interviews led to this paper. The methodology and implications for further research are also discussed, with a look at the new conceptual framework adopted, concentrating on the antecedents of endogenous and exogenous factors that affects the level of adoption by hoteliers. It should be pointed out that this is a work-in-progress paper.

1. INTRODUCTION
‘By 2005 an estimated 1 in 5 hotel booking will be made online, up from 1 in 12 in 2002’ Carroll and Siguaw (2003:5). The use of the internet in businesses is now the norm rather than the exception. When we consider the concepts of internet and hotels together, we can think of various ways in which the internet is being employed by hotels, ranging from the most basic hotel web pages describing facilities and services, to one that has an advanced online transaction facility bolted on to the hotel’s property management system (P.M.S.). The latter type of internet use seems to be more widespread amongst larger hotel chains, such as the Hiltons, the Radissons, the Holiday Inns and the likes. However, such chain hotels are not the largest sector nor are they representative of the UK hotel industry in terms of total hotel numbers. There is another sector of the hotel industry – a sector that represents a vast majority of all hotel accommodation in the UK but hardly discussed, studied nor explored whether within industrial or academic circles. They are the independent hotels. Whilst this sector accounted for 75% in 1999, MSI (2000) believes that the independent hotels’ share of the market has been declining due to the continued expansion of larger chain hotels. Many practitioners and academics have claimed during the internet explosion of the 90s that the internet was predicted to ‘level playing fields’, i.e. providing smaller players with a more even platform to compete, however this levelling did not seem to have taken off. Instead, advancement within the internet encouraged ‘tech savvy’ entrepreneurs to find themselves niche areas where they could sit comfortably as the new middlemen of the ‘internet trade’, providing services from the basics of web page design and maintenance, sale of domain names to website optimization services. With new middlemen, it is inevitable that the costs of availing to their services increase proportionately to the level of provision provided, and was only to be a matter of time before some of these costs becomes rather preventative for smaller and independent enterprises. Although the purpose of this research is not to investigate these observable facts, or to evaluate the impossible variety of web services provided by internet middlemen, it will however aim to discover and explore the level of internet use by independent hoteliers as a marketing tool, while also attempting to discover if there is a correlation between the innate characteristics of the hotelier or the hotel and its adoption level.

In this study, twelve face-to-face interviews were conducted to gather information from owners or decision makers of independent hotels. By examining individual hotel webpages, it is possible to gauge the hotel’s level of internet use and at the same time to ascertain some basic characteristics of the hotel such as star ratings, number of rooms, facilities etc. This latter information can be useful when attempting to correlate such endogenous factors with internet marketing patterns adopted by the
hotels. The purpose of these interviews was therefore to primarily discover how key personnel within these hotels perceive the internet, their awareness of the various internet distribution modes, and the factors that drove them towards adopting the internet in the first place and to determine if different levels of internet adoption are triggered by a separate set of antecedents.

2. PERSPECTIVES FROM LITERATURE

2.1 Defining independent hotels

Perhaps, due to the hotel industry’s fragmented and heterogeneous nature as a whole, it has been even more difficult to form a definition of an independent hotel. Adding to the complexity, there are a handful of private and public organisations within the UK travel industry which have an indirect stake on how hotels or independent hotels could be defined, they are private organisations such as the Automobile Association (AA) and the Royal Automobile Council (RAC) whose central function within the hotel industry is to assess quality standards of hotels agreed between themselves and the English Tourism Council (ETC) (wholly government initiative), and thereafter to classify participating hotels in star categories. Although these organisations do not provide similar guidelines in terms of star ratings, they do provide a basis to aid in the search a definition. However, in order to demonstrate intellectual investigation and a relevance to industrial practices, Brotherton & Woods’ (2001) two broad approaches (to defining hospitality) could be adapted in our search for a consistent definition of independent hotels.

Brotherthon & Woods (2001:135) two approaches were identified as firstly, the semantic approach which focus on the various definitions by ‘informed commentators’ e.g. dictionary compilers or industrial writers. While the evidential approach relies on definitions obtained from secondary literature, ‘theoretical and conceptual in nature…defining…within the ‘real world’ of evidence’. Independent hotels could be more accurately defined if it is explored by means of both the semantic and evidential approach, since the definition of independent hotels like hospitality, has plenty of semantic discussions while its evidential approach to the definition has not been developed much (Brotherthon & Wood, 2001).

Beginning with a joint dictionary definition of ‘independent hotels’, we have ‘independent’ as being ‘free from outside control or influence….and/or not depending on another for livelihood or subsistence’ while ‘hotel’ is ‘an establishment providing accommodation and meals for travellers and tourists’ (Oxford Dictionary, 2003:448&425). In a nutshell, a definition of an independent hotel within the dictionary’s context is ‘an establishment providing accommodation and meals for travellers and tourists that is free from outside control or influence and not dependent on another for subsistence’.

Industrial practitioners or informed commentators, often from the United States, offer snippets of what an independent hotel is, but stops short at defining them. These snippets are regularly presented in contrast with large chain hotels and multi properties. For instance, Swig’s (1998) commentary on ‘The state of independents’ concluded that the ‘branded field (of hotels) has crowded and gained ground, the squeeze has been put on independent hotels’, but ‘independent hotels are surviving and thriving….maintaining their positioning by providing the expected basics of cleanliness, service, and security, generally coupled with unique characteristics’. Reiterating these basics, John Ueberroth, CEO of IndeCorp (The Independent Hotel Corporation) emphasised that ‘there is an overriding passion for individuality, authenticity and personality….the modern traveller wants to explore and experience new things, and independent hotels have the flexibility to exploit this shift in attitude’ (Anon, 2004a). On the outset, these observations may seem to have provided a semantic meaning to independent hotels, but it is also evidential since it attempts to bring in ‘real world evidence’. As speculated by Brotherton & Woods (2001:136), ‘practitioners, exhibits the tendency to take a narrow, commercial, economic and industrial perspective to defining hospitality’, and it appears that this holds true in the attempt to define independent hotels too. There is however, neither a more accurate or less accurate definition, whether they are acquired via the dictionary or from industrial practitioners,
because a combination of these observations not only reflect a healthy pluralism, it also enables us to be aware of the stricture (Brotherthon & Wood, 2001) placed on the criteria of defining independent hotels.

As indicated earlier, there is little academic investigation into the definition of independent hotels. While features of independent hotels vary considerably, there are a few core characteristics identified by some academicians that typify the entire independent hotels sector. They are:

1. ‘the poorest performing segment of the industry, delivering trading profit per room seven times less than public limited company hotels’ (Slattery, 1992:271)

2. often able to ride out the weak economy with their one-to-one guests and proprietors’ relationship (Alisau, 2002)

3. increasingly enticed by the lure of ‘exposure received by being part of a chain and being connected to a large central reservation system’ (Walsh, 2002)

4. ‘often family controlled, which serves local communities throughout the year and attract holidaymakers during the summer months’ (Stewart, 1996:187)

5. operated on three main elements; food and drink, business and holiday guests, independent of location (Stewart, 1996)

6. mostly defined as small businesses with less then 50 beds and less then 10 employees (Moutinho, 1990) operated mainly at the low, budget and medium-market levels (Imrie & Fyall, 2000)

7. the geographic target market for these properties tends to be regional, rather than national or international (Knutson, Beck & Yan, 2004)

The list continues and the characteristics highlighted above provide a synopsis of academic reflections on the independent hotels sector. While no straightforward definition could be attributed to such a vital and ostensibly buoyant hospitality sector, amalgamating both the semantic and evidential approach to defining independent hotels could identify some salient and consistent characteristics of an independent hotel. To encapsulate, independent hotels are therefore typically, individual and personable small medium sized establishments providing accommodation and meals, whose management is free from outside control and are flexible.

2.1.1 UK Independent hotels sector

Having cautiously considered what an independent hotel entail, it would be prudent to examine the state of independent hotels in the UK, mainly because as it was expressed earlier, while studies within the area seem to be limited, a good majority within the semantic investigation of independent hotels originate from the United States while very little studies (by academics or practitioners) appear keen to evaluate this sector in the UK. This phenomenon can be said to be rather anomalous because up till as late as the early 90s, the independent hotels sector represented approximately 90% of all hotels (Main, 1995; Stewart, 1996), although the sector gradually became obscured when international firms began emerging and the forefront of hotel development became dominated by groups and chains (Imrie and Fyall, 2000), resulting in the independent hotel sector shrinking considerably, but is today, still the largest segment of the hotel sector in the UK representing approximately between 70-80% of all UK hotel establishments (Morrison, 1998; BHA, 2004).

It must however be emphasised that the above tabulations or figures do not testify if the drop in percentage could be a result of independent hotels joining affiliations or representation firms (e.g. Best Western) to gain access to new distribution channels or being franchised to a brand or sold on to a chain. One reason for this ambiguity could stem from a lack of common definitive understanding of independent hotels. This is an important consideration because while such affiliations are subscribed to not unlike a membership, independent hotels which do so remain independent since the form of ownership and management control remain in the same hands. What becomes different when a hotel
becomes affiliated is – it has simply added another marketing or sales channel to the hotel’s portfolio. It can easily be misconstrued to think that every added membership to Best Western (for instance) amount to an equivalent drop in the number of independent hotels. This misinterpretation becomes more significant when reputable consulting groups such as MKG consulting who compiles in-depth hotel industry reports and cite Best Western in the same breath as Accor, Intercontinental, Hilton, and Marriott International etc. while reporting on the top 10 annual ranking of European Hotel Groups and brands (MKG Consulting, 2005).

While this paper does not deny that the independent hotel sector is shrinking, there is no collective nationwide research to reveal any distinct trend, except that there is an indication of increased competitiveness within the independent hotels sector, and the fervent expansion of international and local hotel brands, fuelled by operators eager to gain a foothold in the UK (Imrie & Fyall, 2000). Smith Travel Research (in Swig, 2000) also reports that the independents are competing and performing well against the branded competition and acknowledged that although independents generally trail branded hotels in market occupancy share, they do achieve an average daily rate premium and can therefore equalize in terms of REVPAR (revenue per available room) (Swig, 2000).

2.2 Independent hotels = small medium sized enterprises (SMEs)?

While the sector seems to be experiencing a reduction in numbers, its competitiveness with the bigger brands and chain hotels remain. Independent hotels in comparison tend to be smaller as we have suggested earlier. One noticeable characteristic of independent hotels is, they are mostly defined as small businesses. Here we will investigate why it is both semantically and empirically acceptable to assert that this suggested characteristic is accurate. We have also reiterated earlier that there is little or no study of independent hotels in particular, therefore we will begin by attempting to understand and examine consensus within the tourism and hospitality industry as a whole.

To begin with, the European Commission’s definition of an SME (small, medium sized enterprises) states that a small enterprise should have less than 10 employees and a turnover of less than 10 million Euros. While a medium sized enterprise should have between 50-249 employees with a turnover of no more than 50 million euros (Anon, 2005a). The European tourism (which includes hospitality) sector as a whole consists largely of SMEs since over 99% of firms employ less than 250 persons as confirmed in another report by the European Commission. In the UK alone, tourism is a major component of the economy, contributing some £76 billion in annual turnover or over 4% of GDP (Anon, 2004b) with one in seven working in the sector. In 2001, 98% of the 123,425 hotels and restaurants are characterised as small enterprises as they employ fewer than 50 employees (DTI, 2002). To make sense of these numbers in relation to hotels alone was no straightforward task, however the annual UK occupancy survey for serviced accommodation for 2003 showed that there are a total of 47,441 serviced accommodation establishments in the UK, and although it does not specifically confirm the estimated number of hotels, a quick recalculation of its survey population and variables would reveal that there are an approximate 20,874 hotels in the UK. The British Hospitality Association (2003) provided a similar estimate of 21,234 hotels via a personal electronic mail inquiry.

According to Davies (1999:295) there are a small number of large hotels and ‘a long tail of medium and small sized hotels’. Very often, ‘independence’ of the operation has also been used to define a small business in the hospitality industry (Pickering et. al, in Thomas, 1998, Ball, 1996 & Ingram, 1996) and as interpreted by Marvel (2001:44), a large majority of hotels are not only small, owner managed hotels but are also independent operators. In his discussion, he claimed that ‘most chain hotels under franchise or management contract are still in reality SME…as they still represent individually owned units’, except that this argument is vague because it presupposes that all individually owned (independent) units are SMEs, which is not always the case. However, with such a fragmented industry and a lack of established definitions, it is reasonable to state that even if a hotel is in a franchise or management contract agreement, the hotel is officially an independent hotel because it is still individually owned. Therefore, we can safely conclude that most small and medium sized
hotels are also independent hotels. With these characteristics in mind, Marvel (2001) recognises that independent small hotels in general do not have the resources of their larger counterparts to ensure efficient marketing and distribution, but with the perceptive use of evolving technology to even out the evolving imbalance, the dreaded can be prevented. It is to these issues that we shall now bring our attention to.

2.3 E-Commerce

Information, communication and technology (ICT) has frequently been demonstrated to be of supreme importance in the marketing and distribution of hotels (Connolly & Moore, 1995; Main, 1995; Mistillis, Agnes & Presbury, 2004; Christian, 2000; Marvel, 2001; Swig, 2000), ironically there is also an equivalent amount of lament (if not more) about the hoteliers lack of strategic implementation and management of ICT by the very same writers. But more often then not, implementation criticisms are directed at small medium sized hotels (Mistillis et al., 2004; Christian, 2000; Main, 1995) while larger hotels have the effectiveness of their ICT strategies’ evaluated, criticised and examined (Thomson & Failmezger, 2005; Anon, 2004c; Hayes & Kontzer, 2004).

The introduction of an array of new technologies have brought about new interests in ICT adoption of hotels. These interests have regularly been discussed from two angles, one, for the betterment of in-house service (such as having in-room internet access or speedy check-ins etc) and second, a new channel for hotels, electronic business. It is with the latter that we are concerned with.

Electronic business writers (Chen, 2005; McKay & Marshall, 2004) claim that there are many definitions of electronic commerce, and one which is particularly relevant for the hotel sector and which is alleged by Chen (2005) to be its most basic: ‘electronic commerce involves the electronic exchange of information or “digital content” between two or more parties, which results in a monetary exchange’. Figure 1 is adapted from Chen’s ‘Components of electronic commerce’ depicting the flow of information to the final provision of service between hoteliers and guests.

**Figure 1. Hotels’ components of electronic commerce**

For hoteliers, the basic components required to ensure that the above flow is obtained are firstly, the resources required for the production of hotel information, such as HTML (Hyper text multi language) tools or web design software or even contracting such a job to 3rd party providers. Secondly, links should be arranged via electronic networks to facilitate communication, this could be as simple as a
dedicated phone line or an electronic mail facility. Finally, the provision of a networked electronic payment system for the purpose online transactions would fully complete the requirements of adopting electronic commerce. Traditionally, to discuss electronic commerce would include systems such as EDI (Electronic Data Interchange) and EFT (Electronic Funds Transfer), but such systems were limited to large businesses. While electronic commerce evolved with the aid of EDI and EFT, to enable open networks such as the internet to develop, businesses and individuals were able to utilize this new network at minimal expense, leading to a frantic adoption of electronic commerce (Chen, 2005).

The hotels sector was not slow in their uptake, and unlike other new technology, the internet provided many advantages to its users and most importantly it was affordable, allowing any businesses, large or small to access and eventually adopt it as one of their marketing tools. The biggest incentive for the use of internet was, since it is a non-proprietary system, it will not become obsolete. Both practitioners and academics were quick to come to the conclusion that the prospect of levelling the playing field has finally arrived – with the internet (Starkov & Price, 2001; Sheldon, 1994; Klein & Quelch, 1996). In its early beginnings, the prospect was real, as Inkpen (2001:178) shared, ‘pages that comprise one company’s internet site can be available to the same population of consumers as another company’s site, yet without any significant additional amounts of expenditure’. The fact that the internet reaches out to the same population of consumers (despite the size of one’s business) is indisputable, but hotels small and large, who have by now travelled through the exactitude of budgeting and paying for a presence (or more) on the internet, would have discovered that the ability to shell out additional funds could make a difference to the hotel’s marketing and distributing scope.

While there have been much analysis and suggestions for chain and brand hotels in relation to controlling online room prices (O’Connor, 2003), smaller and medium sized hotels, particularly independent hotels do not need similar recommendation nor information, because as we will confirm in this research, a majority of independent hotels do not have many online or offline distribution channels, therefore there is hardly any need to control prices amongst these intermediaries. Small, medium sized independent hotels are more concerned with utilising the internet as an effective marketing and distribution tool (Mistilis et al., 2004), and as the internet evolves, it becomes even more necessary to distinguish between using the internet as a marketing or distribution tool. We will now discover the rationale in the following section.

2.4 Online Marketing and Distribution

It was not too long ago that the internet was aggressively adopted alongside brochures, media advertising and local travel guides as an additional marketing tool. However, it is also important to bear in mind that it is just another channel where new opportunities and efficiency (Hymas, 2001) enables not only retailers but businesses in general to render their presence felt. Even the latest DTI International Benchmarking Study (2004) revealed that the top usage of the internet amongst small medium sized enterprises in the UK is for anything else but marketing, in fact between year 2003 and 2004, the online adoption trend for marketing has slowed. Two adoption trends that are on the up and relevant to our research are the ‘payment of goods and services’ and the ‘placement of orders’, where the DTI report stated that there were an increase of 6% and 5% respectively. These latter adoption trends are undoubtedly another aspect of online distribution. So how do online marketing differ from online distribution?

Theoretically, within the discussion of the most basic concept of the marketing mix, place and promotion of the 4Ps (Place, Price, Product and Promotion) could aid in identifying the distinction. According to Laws and Buhalis (2001), one place could be easily misinterpreted when analysing most components of the tourism industry, and a more suitable, all encompassing word like distribution could be in its place. If using place, within the hospitality context, it not only refers to the location of a tourist facility or attraction, but it also refers for example, to hotel room nights that are available for
sale at all points of location. Distribution appears to substitute place well because it incorporates the intangible aspect of place in the online context such as accessibility and availability which Woodruffe (1995) confirms as two main tourism issues expanded from the concept of place. It should also include all likely channels in which products or services are available to consumers (Stern, 1988). These avenues for hotels as we now know it within the tourism industry could include, travel agents, tour operators, tour wholesalers, tourist information centres etc. How a supplier like hotels decide on its distribution strategy is paramount to its achievements, not only in the presence of increasing aggressiveness from the perfectly competitive nature of the industry but also its vulnerability to the capricious state of world affairs.

A channel of distribution is a combination of marketing characteristics enabling all institutions and agencies in the chain to participate in the process, Bucklin defined it clearly in Stern and Brown (1969:7):

‘A channel of distribution shall be considered to comprise a set of institutions which performs all of the activities (functions) utilized to move a product and its title from production to consumption.’

The core difference between the functions of distribution and marketing is that distribution must entail some form of transaction before ‘consumption’ can take place. It must not only provide information to allow consumers to make an informed decision, it should also provide a method where the consumer can make a reservation and pay for the product instantly (Go & Pine, 1995). While marketing does preclude this function, it is more or a ‘process’ to encourage purchase that many facilitate the final transaction. The necessity in distinguishing between the two functions will become more imminent in the analysis of the results, for the reason that independent hoteliers in the study seem to understand the two functions as similar. The analysis should also reveal that while marketing channels and distribution channels exist independently, they could and should co-exist so as to maximise effectiveness. This argument is inline with Middleton and Clark’s (2001) assertion that hotel distribution channels have two separate functions which may also overlap, and as reinforced by O’Connor (2003:180), they are ‘to provide consumers with information to help them in their purchase decision’ (an association with marketing) and second ‘to facilitate the purchase itself” (an association with distribution). And as Kotler, Bowen & Makens (1999) suggested, one of the many key features of a distribution channel should include promotion.

Online marketing and distribution are expressed in different ways when explored in the technological context and this could perhaps better explain why it is prudent to differentiate between the two concepts. This clarification is necessary because at present, a good majority of hotels are online for purely marketing purposes, but are gradually nudged towards considering adopting online booking facilities (Gledhill, 2001)- a distribution feature. What practitioners within the hotel sector call ‘online booking’ is a facility for browsers to check if a hotel (assuming it has the facility) has an available room or rooms for a particular night, and if the browser so wish, they could choose to pay for the room online instantly, thereby confirming their reservation. This could be achieved via two means, the more straightforward and possibly more economical mode could be achieved via host agencies that will handle online booking through an allotment of rooms by the hotel or, the hotel could choose to bolt their property management system (P.M.S.) to the online host agent. The second apparently pricier method of adopting an online booking facility involves a direct link between the hotel’s website and its PMS. Often, these host agents are also known as 3rd party intermediaries. A summary of online booking possibilities is illustrated in Figure 2.
In technology speak, ‘online booking’ can also be referred to as electronic commerce (Alford, 2000; Chen, 2005; McKay & Marshall, 2004). According to these authors, e-commerce involves selling online, and must include some form of transaction which must be conducted via the internet. Chen (2005), McKay & Marshall (2004), discussed the definition of electronic commerce and electronic business in great length, offering various authors’ insights into what each should entail. While they conclude that differentiating the two is no easy task, electronic commerce should mostly entail commercial transactions via the internet (i.e. the buying and the selling) and little else, while electronic business will include all other elements ‘such as servicing customers, collaborating with partners and communicating within the organization’ (Chen, 2005:3) ‘to improve efficiencies and effectiveness along the entire supply chain, to create internal efficiencies, and thus to create value directly and indirectly for the customer’ (McKay & Marshall, 2004:5).

It has been proven that the leisure and travel trade is the fastest growing in terms of electronic sales, and is currently the most bought services/goods online (Strassel, 1997; O’Connor & Frew, 2001; Kaldis et al., 2003, Sangster, 2001). A separate understanding into the mechanics of electronic channel management and adoption of the hotel sector could help it to discover the concepts that form the nucleus around how channels emerge, what happens with each channel and how the decision making process for adoption could be strategised. Furthermore, by obtaining information on the cost-effectiveness or successes of marketing and sales resources, a hotel can then be able to decide on more viable options of distribution. To begin investigating a hotel’s online marketing and/or distribution strategy, it will be helpful to classify the levels of internet adoption open to hotels. Drawing from both semantic and evidential evidence, there are two core perspectives to the provision of internet adoption levels. Dholakia and Kshetri (2004) identified and examined the factors impacting the adoption of the internet in SMEs, the research revealed three levels of adoption, they are i) the pre-adoption stage, where an SME owns at least a computer but no website; ii) the adoption stage, where and SME owns a website but does not sell on the internet and (iii) the routinization stage, where the SME sells on the internet. In internet marketing lingo, the ‘adoption’ and ‘routinization’ stage is equivalent to 1\textsuperscript{st}/2\textsuperscript{nd} and 3\textsuperscript{rd} generation internet marketing respectively (Duffy, 2003; Ossenbrugger Geurts, Cornelissen, Hardman & Rutledge, 2001). According to Duffy (2003), the 1\textsuperscript{st} generation of internet marketing was simply another variety of a brochure but in a static electronic web format while the 2\textsuperscript{nd} generation of internet marketing enabled communicative interactions with prospects and customers online, and finally the 3\textsuperscript{rd} generation of internet marketing brought about transaction processing. This classification of ‘generations’ on the level of internet adoption by independent hotels supports the phased adoption approach of Dholakia and Kshetri (2004) which could help us to define independent hotels’ antecedents of endogenous and exogenous factors affecting their level of internet use.
2.5 KEY FACTORS THAT AFFECT THE USE OF INTERNET IN INDEPENDENT HOTELS

When the business environment changes with new means of conducting businesses and trade, Fiedler’s (1967) theory suggests that these businesses must be able to adapt their operational construct and strategy accordingly so that a desired performance level can be achieved. While the concepts of marketing and electronic commerce are used within the construct of independent hoteliers’ behavioural dimensions to discuss the factors that drive adoption, it is important to understand how core antecedents of both the endogenous and exogenous types transform these concepts. Figure 3 illustrates the central research focus based on three major strataums of antecedents, online strategies and outcome.

Figure 3: Conceptual model for enhancing business performance via online strategies

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<tr>
<th>Antecedents</th>
<th>Online Strategy</th>
<th>Outcome</th>
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<td>- Endogenous Factors</td>
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<tr>
<td>Hotel characteristics</td>
<td>1\textsuperscript{st} / 2\textsuperscript{nd} generation OR 3\textsuperscript{rd} generation</td>
<td>Desired enhanced performance</td>
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<td>Decision-maker characteristics</td>
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Within the first stratum of antecedents, there are two major sets of factors shown in Table 1 with its supporting reference. The endogenous factors consider both the inherent characteristics of both the hotel and the decision maker. Star ratings of a hotel play a role in understanding the level of quality service provided by the hotel to guests, and quality in relation to star ratings would encompass the provision of accessible information and booking source. A study by Ingram (1996) revealed that while definitions of quality are complex, star ratings are nevertheless a factor that is considered by consumers prior to reservations. Consumers would therefore expect to have a wider range of reservation options (providing ease and convenience of booking) of a hotel that has a higher star rating than one with fewer stars.

As major hotels statistical studies show, hotel characteristics such as the number of rooms, the location of the hotels are important in determining the type of online strategies used (TNS Travel & Tourism, 2004; DTI, 2004) These studies together with several others indicate that online adoption strategies tend to vary with the number of rooms a hotel has (Ching & Ellis, 2004; Buhalais & Main, 1998; Main, 1995), its location (Martin & Matlay, 2003; Mistilis, Agnes & Presbury, 2004) and its number of employees (Dholakia & Kshetri, 2004; Marvel, 2001).

According to an extensive study by Ching & Ellis (2004), it established that decision maker characteristics are important in determining the likelihood of online adoption. While it was a generic study based on adoption drivers for marketing in cyberspace, specific studies for the hospitality industry if not the hotel sector found adoption correlations with decision-maker’s age and education (Buhalais & Main, 1998; O’Connor & Frew, 2004, Main, 1995). Also found within a considerable scope of studies were indications that decision-makers awareness and knowledge of the new tool have an effect on the hotel’s online adoption strategy (Dholakia & Kshetri, 2004; Lituchy & Rail, 2000; Olsen & Connolly, 2000). Lately, a wide range of hospitality specific studies have also began to consider the perceived cost (O’Connor & Frew, 2004) and the importance of internet (Martin & Matlay, 2003; Tamilia, Senecal & Corriveau, 2002) impacting on adoption modes.
Table 1 Key antecedents affecting online usage identified in literature review. *Table plan adapted from Ching & Ellis (2004)*

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<tr>
<th>Antecedents</th>
<th>Supporting references</th>
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<tr>
<td><strong>ENDOGENOUS FACTORS</strong></td>
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<tr>
<td><strong>Hotel Characteristics</strong></td>
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<tr>
<td>Star ratings</td>
<td>Ingram (1996)</td>
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<td>Number of rooms</td>
<td>Marvel (2001); Ching &amp; Ellis (2004); Buhalis &amp; Main (1998); O’Connor, (1999); Main (1995); TNS Travel &amp; Tourism (2004)</td>
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<tr>
<td>Location of hotel</td>
<td>Marvel (2001); Martin &amp; Matlay (2003); Mistilis, Agnes &amp; Presbury (2004); TNS Travel &amp; Tourism (2004)</td>
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<tr>
<td>Number of employees</td>
<td>Dholakia &amp; Kshetri (2004); Marvel (2001)</td>
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<td><strong>Decision-maker characteristics</strong></td>
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<tr>
<td>Age</td>
<td>Ching &amp; Ellis (2004); Buhalis &amp; Main (1998); O’Connor, (1999); Main (1995)</td>
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<tr>
<td>Education</td>
<td>Ching &amp; Ellis (2004); Buhalis &amp; Main (1998); O’Connor, (1999); Main (1995)</td>
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<td><strong>EXOGENOUS FACTORS</strong></td>
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<td><strong>Environmental features</strong></td>
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<td>Customer’s pressure</td>
<td>Jeong (2004); Dholakia &amp; Kshetri (2004); Lituchy &amp; Rail (2000); Martin &amp; Matlay (2003); Hymas (2001)</td>
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In addition to endogenous factors covering inherent hotel and decision-maker’s features, it is imperative that exogenous factors of the environmental nature be dealt with as a number of its factors were important catalysts or had the propensity to affect electronic commerce adoption. Martin & Matlay’s (2003) study construed that what customers want was one of the key considerations that affect the use of the internet in SMEs. While Jeong (2004) concluded that pressure from customers’ perspectives had an effect on how a hospitality sector conduct their business on the internet. Competitive intensity was also found to have a profound effect on adoption level in Litcuhy & Rail (2000) where respondents highlighted key issues such as increasing business exposure having a competitive edge to larger businesses as core reasons for adoption. Government and local help were also identified as a significant concern of businesses when considering online adoption in Tamilia, Senecal & Corriveau’s (2002) study.

Based on the above findings, this study would regard these factors and characteristics as antecedents so as to discover if they are in any way correlated to a hotel’s decision to adopt a 1st/2nd or 3rd generation web technology and the resulting result on the hotel’s performance. As with most hotel specific study measuring performance, focus on performance will be based on occupancy levels, profitability (Mistilis et al. 2004; TNS Travel & Tourism, 2004; Christian, 2000; Marvel 2001; O’Connor & Frew, 2004), and increased efficiency (DTI, 2004).

3. PURPOSE OF THIS STUDY

AIMS
- To cultivate a new understanding about how internet marketing has created new distribution channels for independent hotels
- To develop a model designed to explore the endogenous and exogenous characteristics of hotels as predictors of online adoption.

OBJECTIVES
- To explore what independent hoteliers do with the internet
- To investigate the adoption level of independent hoteliers in the UK
- To examine how hoteliers decide on the level of usage, i.e. adoption level
- To examine if there are separate sets of factors affecting adoption at different levels of current usage
- To determine if the hoteliers’ perception/attitude towards the internet is a key indicator of usage level or are other predictors included as well
- To assess the expectations of hoteliers’ with online marketing
- To examine if there is a slow uptake on 2nd generation online adoption (distribution) and why

4. METHODOLOGY & RESEARCH HENCEFORTH

According to the BHA (2004) there are approximately 21,234 hotels of which 75-80% are independent establishments. Though there is predicted growth in the hotel industry, the majority will be from corporate and budget sectors (Euromonitor, 1998). The unaffiliated independent hotels have been gradually losing market share not only as a result of changes in the industrial structure but also to bigger incumbents of major hotel groups and consortium players.

The aim of the study is to obtain an exploratory and empirical understanding of the attitude and approaches of independent hoteliers when confronted with online adoption issues. A pilot study consisting of face-to-face interviews with twelve independent hoteliers in the South West of England were conducted. Interviews were selected as a method since the study is a pilot and would therefore allow it to be exploratory (Oppenheim, 1999). Data collected will be treated as accessing various narratives through which respondents describe their world (Silverman, 2003) of operational concerns
relating to online matters. The researcher will then make a first attempt at looking for common
grounds and issues, since interviews enable ‘question areas relating to the objectives of the research
(to be) asked, but (where) the respondents are at liberty to freely recount their experiences’ (Brunt,

The twelve interviews were conducted in two stages, the first stage of interviews consisted of six
hoteliers who agreed to participate in the study. They were amongst a group of 30 independent
hoteliers identified by two professional bodies who considers the 30 to be at the forefront of online
marketing and distribution issues.

The interview schedule was designed in relation to theories acquired from various literatures and built
with the primary objective of conceptualizing the research problem. It was made up of two sections,
awareness (including channels of marketing and distribution) and dependence (issues pertaining to it,
such as specialization, routinization, complexity and conflicts) based on Stern’s (1969) study of the
Theory of Behavioural Dimensions in distribution. Invariably, the interviews not only helped to
uncover the respondents’ views, where many other issues of common concern were broached upon,
but also respected how the respondent frames and structure the responses (Marshall & Rossman,
1999). Interviews from the first stage were analysed and written up based on these initial literature
review findings. Interview questions were then re-evaluated and a second interview schedule with
better consistency and focus was developed- this was prepared with the analysis from the first stage of
interviews and literature reviews as discussed in this paper.

In general, all twelve interviews conducted were in line with the ‘interview guide approach’ as the
topics and issues to be dealt with were spelt out in advance, and the researcher has the opportunity to
decide on the sequence of the questions in the course of the interview (Patton, 1980). Like all other
interview methods, this mode of interview has its flaws. Important issues and topics many have been
omitted particularly in the first stage of interviews, but by the second stage of interviews, with
questions narrowed and focused, omission was minimised.

The completion of qualitative research at this stage enabled us to discover a sample of core concerns
experienced by these independent hoteliers that would otherwise not have been discovered if not for
these face to face exploratory interviews- getting the hoteliers to talk about what they did, how they
felt and what their thoughts were. While a substantial amount of new and important information were
gleaned from these interviews, possibly having produced ‘more questions than answers’ (claimed to be
a healthy research practice in Whitehead (2004)) it would be incorrect to even think that these findings
run parallel and applies to all independent hotels in the UK. Bryman & Cramer (2005) claimed that the
starting point in a quantitative research is the development of a theory. The preliminary theory of this
research will propose that the level of internet marketing adoption in independent UK hotels is
dependent upon a series of core antecedents identified. This theory is derived mainly from other
relevant research and theories. Hypothesis development and the operationalisation of concepts will
then follow (Bryman & Cramer, 2005). To achieve this, a full postal questionnaire will therefore be
developed to be administered to all independent hotels in the UK. First examination of current finding
allows us to establish the type and length of the survey.

Given that a significant number of endogenous factors required the consideration of a series of
attitudinal based dimensions, a substantial percentage of the survey will be applied with the Likert
scale. ‘The technique is easy to administer in self-completion paper questionnaires…and the data will
be used in factor analysis, in order to identify groups of attitudinal statements that have similar
response patterns and that could therefore represent underlying attitudinal dimensions’ (Brace,
2004:86). Owing to the lack of statistics providing not even a close to precise estimate on the number
of independent hotels in the UK, all hotels will be targeted besides the few easily identifiable chains
and brands.
5. IMPLICATIONS & CONCLUSION

Technology improves efficiency and provides the necessary tools for the marketing and delivery of different tourist products (Filho & Ramos, 2003), however the extent of which it is utilized vary widely depending on the size and type of hotel’ (Inkpen, 1998:77). This research has so far identified the antecedents that may influence a decision makers’ selected level of internet adoption and in comparison to past research, some conflicts have already been revealed. For example, from our initial findings, the adoption of internet whether for 1st/2nd or 3rd generation is not dependent on the size of the hotel (Main, 1995; Dholakia & Kshetri, 2004), educational level or age of the decision maker (Mistilis et al., 2004; Main, 1995). To offer a reliable presentation of correlation or otherwise, it will be fascinating to discover if a larger quantitative survey over a wider geographical area will dispute or support past research in the ultimate findings of this study.

Findings from this research may well have profound implications on UK independent hoteliers, regional and national tourism policy makers, internet travel intermediaries and hotel software developers. A model developed along the lines of discovering if certain underlying antecedents have a role to play in the types of decision made and the attempt to identify the possible constraints in their uptake or higher level adoption, could aid independent hoteliers in the re-evaluation of their online strategy to improve overall marketing efficiency to match its operating vision.

On a national level, the government’s Department of Culture, Media and Sports (DCMS) revealed in its whitepaper on ‘Tomorrow’s Tourism Today’ (2004:16) that a ‘vital component of domestic marketing is EnglandNet’. In it EnglandNet is claimed to enable businesses of all sizes to present their products via the internet in an attractive and co-ordinated context, allowing user-friendly, 24 hour-access to tourism products and online booking capability. It would be helpful to identify barriers experienced by hoteliers in their attempt to invest in electronic infrastructures and thereby detect the areas where sponsorship or support could be provided by no less than five possible governmental initiated public establishments (VisitBritain – previously British Tourist Authority, England Market Advisory Board- EMAB, Regional Development Agencies, Local Government Association). (DCMS, 2004)

Finally, opportunities for third party business organisations will persist with abundance such as internet travel intermediaries. This is corroborated by figures revealing that 16% of all revenues in hospitality will be generated from the internet in 2004, and by 2006, it was estimated that the internet will contribute over 24% of all hotel bookings (CSFB in Starkov & Price, 2004). Hotel software developers on the other hand could be having the last laugh as Starkov & Price (2004) revealed that 54% of all internet bookings in hospitality will be direct-to-consumer (i.e. via hotel owned websites) and this figure is set to grow. This suggests that there will be more opportunities for hotel software developers to meet the needs of more hoteliers who will require new software that enable an individual hotel website to work with it’s often pre-installed property management system (PMS).

Independent hoteliers are approaching the internet with much caution, but to date few of them seem to have positioned themselves to fully exploit this new technological opportunity.
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