THE UTILIZATION OF THE INTERNET AS A COMMUNICATION AND RM TOOL IN THE GREEK LODGING INDUSTRY

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Abstract

The purpose of the present study is to describe the current use of the Web as a hotel communication and RM tool in Greece, examining the content of eighty-nine hotel websites and comparing their features, regarding whether they are part of a chain or not. The features these sites present are recorded against a checklist (used as a questionnaire).

Keywords: Customer relationship management (CRM), loyalty programs, hotel chain affiliation.

1.Introduction

Tourism is an extremely important sector and in many regions a vital part of the economy (Gilmore, 2003). A survey conducted by ICAP (2010) concerning the Greek tourism industry reveals that the particular sector covered approximately 7.2% of the country's Gross Domestic Product (GDP), while demand reached the amount of € 31.7 billion. A recent study by the World Travel and Tourism Council (2009) in addition reveals that employment in the tourism sector accounted for about 18.2% of the total employment in Greece, which is translated to more than 750,000 job positions.

Since Athens organized and managed the Olympic Games of year 2004, tourism infrastructure has been significantly upgraded in Greece. New hotels were built and the existing ones were renovated. As a result hotel infrastructure and quality have now reached international standards. Investments in tourism also show an increasing pace. In 2006 € 4.7 billion were spent on tourism investments. This number is expected to reach € 8.9 billion in 2015 accounting for 10.8% of the country's total investments (WTTC, Bank of Greece, 2010).

As part of the wider economic and social system, tourism is greatly influenced by a number of system developments and dynamics. According to SETE (2011) no one, in whatever sector he/she works, dares at the present time to be technological illiterate and not connected to internet.

Go-Online as well as UNCTAG note that with over three million users and thirteen million tourists a year, the Web presents an important opportunity for the Greek tourism industry. It allows users to compare rates, services and facilities and to arrange their holidays without the intervention of intermediates. Moreover, tourist enterprises will be able to increase their profits and react quicker and more effectively to the constantly changing market conditions. The Greek tourism product will be modernized, will become more competitive, will be able to attract new customers from distant areas and penetrate new markets all around the globe. The Internet can also facilitate and assist loyalty programs of hotels. Loyalty programs, else known as frequency programs, became popular during the early 1990s. Such programs aim to enhance customer retention through the provision of benefits such as monetary discounts, prizes, additional complementary services or organizational newsletters (Rosenbaum *et al.*, 2005). Hotels can encourage loyalty through a set of activities that can be easily implemented through the Internet at a very low cost (Haywood, 1988).There are many cases of hotel companies that include a section in their Web site exclusively used by members of their loyalty schemes (Gilbert, 1996).

2.Research Methodology

The sample included only four and five star facilities. A list of 100 hotel largest tourist enterprises in Greece for the year 2009, was obtained from the Association of Greek Tourist Enterprises (SETE). Out of the one hundred hotels listed, eleven companies either did not have a website or their site was under construction and were therefore excluded from the study. In the case of affiliated hotels that were sharing a common website it was decided that the affiliated hotel with the largest number of beds would be used for the evaluation of the particular site, as long as it was a four or five star facility. Previous surveys were used in helping developing an initial checklist of the services offered and the information provided on hotel websites (Gilbert *et al*., 1999; Luck and Lancaster, 2003; Zafiropoulos *et al.*, 2006; Sigala, 2003a).

The research's aim was to identify the existence and frequency of certain attributes and services in hotel websites and to discuss how these features contribute in the promotion of CRM. Hotels members of chains were recorded and properties were further distinguished into national or international, European or American. This allowed a further categorization of the sample.

3.Results

CRM can only be achieved if interactions are viewed within the context of an ongoing relationship (Zablah et al. 2004). This is difficult to build and to maintain. Tanner (2005) indicated that "in some cases, the seller's propensity to

relate is much stronger than that of the buyer, and in other situations, the opposite is true". Successful CRM programs are those that enable rich communication and facilitate appropriate responses that emerge from that communication (Mitussis et al. 2006). The longest the relationship the more successful the loyalty programs as loyalty becomes more and more feasible.

Internet can facilitate and assist loyalty programs of hotels and there are cases of hotel companies that include a section in their Web site exclusively used by members of such programs (Gilbert, 1996).

The findings however, indicate that the Hellenic lodging sector has not adequately exploited the Internet in the particular area (see Table 10). Only 36% of the sites visited offer some sort of information about their loyalty scheme, from which only 24.7% provide online loyalty subscription. However, compared to the limited number of hotels that provide loyalty programs, the number of companies that include a restricted frequent guest section in their site is relatively high (28.1%). Finally 30.3% of the examined sites provide some other alternative program, usually through the affiliation of which they are members of. Alternatively some hotels provide contact information of the individual with whom a person interested in entering a frequent guest program must come in touch with.

The discouraging part of these findings is that it seems that loyalty programs in Hellas are not a common practice. Nonetheless, one must keep in mind that there may be hotels that do have a loyalty policy which, for their own reasons, choose not to announce on the Internet.

It was found that most of the hotels included in the sample are part of hotel chains (71.9%). Fifty three (59.6%) of the hotels belonged to national, whereas 14.6% to international chain companies. This means that 2.3% of the facilities are affiliated members of both national and international companies.

Hotels of international chains were further classified into European (6.7%) and American (7.9%). In all cases, the affiliated members were mentioned in the websites.

In assessing whether the ways a company uses to obtain information about its clients is influenced by chain affiliation, out of the seventy eight facilities that gain information through online reservations, fifty seven are members of chains. Moreover approximately 75% of the hotels using other ways to obtain customer data also belong to chain companies. The numbers reveal that hotel chains in Hellas seem to be ahead from independent properties in at least attempting to persuade customers to enter an interaction with them (see Table 1).

Table 1: Ways of obtaining customer information and Affiliation.

	Chain	No chain	TOTAL
Gain customer information through online reservations	57	21	78
Do not gain customer information through online reservations	7	4	11
TOTAL	64	25	89
Gain customer information through other ways	58	19	77
Do not gain customer information through other ways	6	6	12
TOTAL	64	25	89

An interesting point when performing the same cross-tabulations with the actual customer data that hotel companies gather is that all three hotels that provide their visitors the opportunity to sign their guest book online are members of chains and more specifically members of national groups.

There is also a tendency of hotels that are part of a chain to assign greater importance on brand building than independents (see Table 2). Out of totally seventy one hotels that post announcements, press releases and news on their site, only sixteen are independent facilities. The exact same tendency is noted when it comes to awards, since only 19.6% of independents include such information as opposed to 80.4 % that are chain members. In terms of social responsibility, from thirty three establishments engaged in such activities, twenty nine are members of a chain. These findings could imply that the websites of hotel chains are better organized in issues that have to do with enhancing the company's image.

Table 2: Brand building and Affiliation.

	Chain	No chain	TOTAL
Post announcement, press releases, news	55	16	71
Do not post announcements, press releases, news	9	9	18
TOTAL	64	25	89
Inform about awards	37	9	46
Do not inform about awards	27	16	43
TOTAL	64	25	89
Engage in Social Responsibility activities	29	4	33
Do not engage in Social Responsibility activities	35	21	56
TOTAL	64	25	89

As reviewed in the literature one of the main purposes of RM is to build bonds of loyalty with the ultimate customer, because this triggers repeat purchase. However, when analyzing the findings it was indicated that a relatively limited number of facilities have included aspects of loyalty in their sites. In Table 3 the frequencies and percentages of hotels that include at least one feature related to loyalty programs are presented.

Table 3: Loyalty Programs (total)

	Freq.	(%)
Sites with one loyalty feature (1)	13	14.6)
Sites with two loyalty features (2)	6	(6.7)
Sites with three loyalty features (3)	7	(7.9)
Sites with four loyalty features (4)	15	(16.9)
No of Cases	41	(46.1)

There is a total of forty one hotels that have some sort of reference to frequent guest schemes. Out of these, twenty nine are chain members (see Table 4). An explanation for this could be that chains are more likely to undertake loyalty initiatives, simply because they can apply loyalty schemes throughout their affiliated facilities. Nineteen from these facilities belong to national chains, eight to international, while two to both national and international chains (see Table 4). From those that belong to international chains, three are European, while a group of seven American (including those that belong to both national and international chains). The fact that 27.5% of the chains hotels encompass some aspects of loyalty schemes are International could be indicative that foreign firms are more familiar with the particular concept. Though the percentage seems low, what one needs to consider is that the number of International chains included in the sample where merely thirteen, whereas hotels of national chains were fifty three (the numbers include the two facilities that belong in both categories).

Moreover from the seven affiliated hotels of American chains, all seven presented some form of loyalty reference in their site (see Table 4). This could imply that American companies are performing better when it comes to the provision of incentives that will trigger repeat purchase. One must of course keep in mind that the international hotels included in the survey are all members of large multinational chains, such as Hilton, Intercontinental, Marriott and Accor. In other words, they belong to companies that possess the necessary technical know-how, the capital and human resources to implement and monitor these more sophisticated online practices.

Table 4: Loyalty features and Affiliation.

	Loyalty Features	No loyalty features	TOTAL
Affiliated member of Chain	29	35	**64**
Not affiliated member of Chain	12	13	**25**
TOTAL	41	48	89
Affiliated member of National Chain	21*	32	**53**
Not affiliated member of National Chain	20	16	**36**
TOTAL	41	48	89
Affiliated member of International Chain	10*	3	**13**
Not affiliated member of International Chain	31	45	**76**
TOTAL	41	48	89
Affiliated member of European Chain	3	3	**6**
Not affiliated member of European Chain	38	45	**83**
TOTAL	41	48	89
Affiliated member of American Chain	7*	0	**7**
Not affiliated member of American Chain	34	48	**82**
TOTAL	41	48	89

* Facilities that are part of both National and International Chains included.

4.Conclusions

The scope of the present study was to explore and describe the utilization of the Internet as a communication and RM tool as far as the Greek lodging industry is concerned. To this extend, a primary survey was conducted, which was a content analysis of the websites of eighty nine of the most profitable hotel companies in Greece. Further, and in an attempt to assess whether certain factors, such as affiliation have an impact on e-CRM, a certain number of cross tabulations and correlations were performed.

The data collected provided interesting insights in terms of how the Greek lodging industry has used the Internet as a communication and RM tool and it seems that is at least beginning to understand the wide range of alternatives the new technology has to offer.

On the other hand when it comes to loyalty programs it seems that Greek hotels are performing poorly, as a relatively limited number of sites include some sort of reference to such programs.

Last but not least the findings show a higher tendency on behalf of hotel chains to persuade customers to enter a dialogue with them, as they include more communication and feedback aspects. Likewise, chains seem better organized than independent facilities in enhancing their image via the Web. Finally the international chains included in the sample, though limited, reveal a better performance than national companies in using the Web for loyalty purposes.

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