



How Boutique Hotels can reduce dependency on Online Travel Agencies, through the use of Social Media

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Abstract

This thesis will look into one growing trend that boutique hotels could embrace to their advantage: increasing the use of social media, to differentiate themselves from OTA's and ultimately reduce their dependency. According to, Senior Vice President of research for PhoCusWright Inc., Lorraine Sileo in 2015 74% of the online booking for the non-branded hotels were made through OTA's, and 63% for the chains. This thesis will look into how boutique hotels, of maximum 110 rooms in Denmark, both in the countryside and city, can reduce their dependency on OTA's, and increase buyer value. It will therefore take an exploratory approach, to examine how hotels can use social media as an effective channel to reduce dependency on OTA's. It is argued that in the hospitality industry, ROI should be measured through experience and engagement. This is significant for boutique hotels because they are typically focusing on creating a unique experience and telling a story, thus creating value for the buyer (Anhar, 2001). The story telling proposition could be told through social media to enhance buyer value, in order to attract more direct guests. Today, travelers prefer to participate in the environment. From the findings, it is found that hotels should regard the benefits that come with the use of social media, as it is an opportunity to participate in the online travel community, engage with their guests and attract potential guests. Having a well-established online presence is increasingly important for companies nowadays; therefore hotels should consider that in order to maintain versatile in their innovative practices, as trends in the hospitality industry are ever-changing.

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1.0 Introduction

The hotel industry has seen a number of transformations over the years in order to find ways to satisfy all types of travellers by seizing opportunities, building new concepts or enhancing traditional ones. The various transformations have led to the creation of different means of delivery, for instance, motels, hostels, bed and breakfast, commercial hotels, resort hotels, boutique hotels, just to name a few and with more concepts on the rise, like lifestyle hotels. The industry has proven its resilience by surviving the many changes that have occurred as a consequence of economic downfalls, natural- and manmade disasters, advancements in technology.

For instance, after the tragic events of September 11th 2001, travel and tourism plummeted as a result of an increase of uncertainty when flying. Natural disasters, such as hurricanes and tsunamis, destroy properties that make hoteliers unable to host guests until they have restored their property, if they are able to do so. Economic downturns, like the crash of 2008, halts travel as people's priorities become saving money. However this has quickly recovered part due to the ability to embrace emerging trends and create demand. The industry began an upward crawl in late 2010, after the stabilization of the economy and industries once again. Since then, hotels have been thriving; reaching all new highs of occupancy, average daily room rates, and sales per occupied room (Vincent, 2015). This could be a result of a growing economy, growing demand, new strategies, expanding into new markets, or the rise of other industries and trends.

A rapidly developing trend, which impacts a multitude of industries, is Information and Communication Technologies (ICT). The emergence of online services and trends has become an integral part of the hospitality industry. This was seen as an opportunity to create a two-sided market to play as a middleman between travellers and hotels, and thus the growth of online travel agencies (OTA's). Though the hotels use their website as a digital strategy, they recognize the opportunities of adopting

external help from distribution channels namely: Booking.com, Expedia Inc., and Hotels.com, which are provide increased online visibility, raise their occupancy and profits, otherwise known as “the billboard effect” (Starkov, 2011).

This thesis will look into one growing trend that boutique hotels could embrace to their advantage: increase the use of social media, and ultimately reduce their dependency and differentiate themselves from OTA’s. This is significant for boutique hotels because they are typically focusing on creating a unique experience and telling a story, thus creating value for the buyer (Anhar, 2001), which could be told through social media as a value proposition, in order to attract more direct guests.

A study conducted by Werthner and Ricci (2004) shows that the tourism industry was prevailing in regards to the volume of online transactions, with online hotel booking being the second largest in terms of sales, immediately after air travel. Information and communication technologies have had a significant influence in the hospitality industry, as the marketing and sales possibilities have expanded, offering the modern traveller liberty of viewing different providers before deciding on the most attractive product and ultimately making their online reservations. Hospitality organizations have enlarged their use of new technology systems as they accepted that these tools could boost the communication and interaction with potential guests for both selling and marketing initiatives. Additionally, such technologies can help with the internal communication, in order to improve performance.

With the emergence of social media, hotels are presented with more modernized opportunities to attract customers. Social networking and sharing sites, play a large role in doing so, with Facebook hosting 1,590 million users, Instagram hosts 400 million, and Twitter hosts 320 million (Statista, 2016). Other social media sites are strictly used for the purpose of reviewing travel-related activities and advising soon-to-be travellers, such as TripAdvisor. It offers a channel for hotels to establish contact with potential customers where they can provide feedback from a diverse

representation of customers. Social media provides businesses with the opportunity to listen to their customers, in order to help establish an effective and value-based customer relationship. Some hotels have begun to develop a social media program, but the industry is in the process of exploring the potential use of emerging data about the customers and the communication options (Noone, McGuire, & Rohlf, 2011).

It is important that a hotel finds a way to succeed in this area, and remain strong enough to withstand the test of an ever-changing market. It is considered that one factor needed to withstand the changes in the market, is to be able to understand the traveller's motivations and be able to adjust according to the changes in those motivations, as new personal and online trends emerge. With this in mind, a framework about Online Social Communities is used to study the impact of social media amongst travellers, to gain insight into people's current booking patterns and social media patterns, and help hotels find opportunities to reach their demographics directly.

Additionally, the hotel industry is one of intrigue due to its characteristics that encompasses those found in both the red and blue ocean markets developed by W. Chan Kim and Reneé Mauborgne. Red Ocean markets are those existing today. Such markets have defined boundaries, wherein companies try to outperform their rivals and exploit existing demands. Blue Oceans markets, on the other hand, account for the unknown market space, unexplored and unattained by competition, making it rich with opportunities and profitable growth. Another framework considered, is known as Value Innovation Chain -partially derived from the notions of blue ocean strategies- is utilised in this thesis to help hoteliers identify potential areas where they can be innovative and ultimately reduce dependency on OTA's. Following on the idea of differentiation, it is believed that looking into this framework is appropriate as it encourages differentiation and entails internal reflections on the company's practices and investigates areas of opportunity for innovation.

1.1 Research Question and Purpose

This thesis will look into how boutique hotels, of maximum 110 rooms in Denmark, both in the countryside and city, can reduce their dependency on OTA's, and increase buyer value, by finding alternative ways of differentiating themselves. It will therefore take an exploratory approach, to explore how hotels can use social media as an effective channel to reduce dependency on OTA's. Drawing from a framework developed by Kim and Mauborgne (2015) from their blue ocean strategies, this thesis utilizes Value Innovation Chain as a core strategy for hotels to differentiate themselves from OTA's. In order to do so, it will look into how boutique hotels currently cooperate with OTA's and the benefits and disadvantages reaped from the collaboration. It will further look into how social media can be used as an opportunity to increase buyer value, establishing better communication and interaction opportunities with their customers, by studying the benefits sought and the patterns during booking a hotel or planning a trip.

The Scandinavian travel market leads in online travel penetration in Europe, with 58% as of 2014, having also some of the highest smartphone penetration rates, with 58% in Denmark (PhoCusWright, 2015). Booking.com and Expedia respectively drive 47% and 21% of the European booking through OTA's (O'Neil, 2013). Seemingly, Scandinavian travellers have become increasingly reliant on OTA's and therefore, it is recognised that the presence of OTA's cannot be eliminated altogether. However, the high rates of online penetration indicate that there is an opportunity for hotels to differentiate from OTA's through their online strategies. Danish boutique hotels were chosen because of the opportunity to showcase the characteristics of a boutique hotel. It is considered that the characteristics of a boutique hotel will appeal to the modern traveller, seeking a value-based experience. Therefore, this thesis is guided by the following research question;

How can Boutique Hotels in Denmark, reduce their dependency on Online Travel Agencies and gain more direct bookings, by focusing on their use of social media?

In order to answer this research question, the following working questions will be researched and answered;

- ❖ How can the hotel staff shape its social media strategies, based on the patterns and benefits sought by travellers?
- ❖ What internal practices could the staff of the hotel adapt or alter, to help the hotel benefit from its social media presence?

To explore this, semi-structured interviews will take place with 4 hotel managers of boutique hotels in Denmark, to gain insight about the inner workings of a hotel's use of OTA's and social media. To explore the process of implementing new ideas and identify re-emerging challenges that occur to enhance value, a questionnaire was sent to the employees of the respective hotels. Hereafter, a survey is conducted and distributed to potential customers, to understand what their online booking patterns and preferences are, and their response to new strategies implemented by the hotels. The findings are used to establish solutions for the respective hotels included in this thesis.

2.0 What is a Boutique Hotel?

There are numerous definitions for what a boutique hotel is, and agreeing on one definition has proven to be difficult due to the seemingly constant transformations within the hotel industry. Hotel operators, creators and owners can agree on the primary features of a boutique hotel, being: architecture and design, service and target market and creating an experience or telling a story. Boutique hotels are typically perceived as warm, distinct and intimate, attracting customers who are looking for a hotel that can fulfil their individual needs (Anhar, 2001). The interior design of a boutique hotel usually follows a theme, and some even have different themes in guestrooms. This can appeal to repeated guests, as they can return to a hotel where they have trust in the quality of service, but still get a different experience with each stay. Many hotel owners buy older hotels and refurbish them to become boutique hotels, giving them historic details with a chic twist, meanwhile newly built boutique hotels generally have an easier time achieving relevance (Anhar, 2001).

Typically, boutique hotels do not exceed 100-150 rooms. Boutique hotels in Copenhagen have an average of 108 rooms (HORESTA, 2014). With the ample definitions of a boutique hotel, when referring to boutique hotels in this thesis, it will refer to lodging establishments which encompass maximum 110 rooms. However many hotels today which classify themselves as boutique hotels, house more than hundreds of rooms, for instance Henry Hudson Hotels with 821 rooms. The founder, Ian Schrager, does not agree that boutique hotels can only be small, nor does he believe that personalised services are important. Schrager defines “boutique” as an approach or an attitude, and places emphasis on creating a theatrical atmosphere to entertain the customers by engaging all their senses, through design, music, lights, colours, and art (Anhar, 2001). Boutique hotels typically attract trendy customers that are willing to pay 10-15% more for a room. The customers of a boutique hotel would normally be in their early 20s to mid-50s, with average to higher income. They usually rely more on word of mouth rather than traditional advertising (Hotel Analyst, 2015).

Moreover, it is recognised that ambiance plays a role in determining a boutique hotel, therefore, boutique hotels also refer to an establishment that focuses on creating a cosy, warm, and welcoming feeling for its guests and aims to deliver a certain experience or story in order to establish itself as unique and create a memorable experience for its guests. As they are relatively small, their limited capacity is often compensated by their convenient locations and allows them to enhance their quality of services and customise their outlets, taking into consideration the preference of the individual guest.

2.1 An Important Location

An aspect that influences the likelihood of someone booking a room and creating demand is the location. Needless to say, when people travel, they wish to stay in a location that meets their needs and is aligned with the motivation of their travel. People will pick a hotel which is conveniently located to the attractions that they are interested in seeing, convenient to transportation options, or alternatively located in seclusion as per the guests' requirements.

According to a survey conducted by Choice Hotels International (2014), 73% of business travellers state that location is the most important when selecting a hotel for their stay. Business travellers choose a hotel based on location, in accordance to where they may have meetings, or will choose a hotel to host a conference. For leisure tourists, their reasons for wanting to stay in a city hotel or countryside hotel may differ depending on the external or intrinsic motivation of the trip, the character of the person and their interests.

In Denmark, city boutique hotels are in high demand with both business and leisure travellers. On average, city boutique hotels earn twice as much annually than boutique hotels in the countryside, partly due to their high demand and higher prices (Vallen & Vallen, 2013). With this in mind, city hotels do not need their own restaurant due to the variety of nearby restaurants and cafes. The high demand, together with

the benefit of many local restaurants and cafes means that city boutique hotels have an opportunity to gain sizeable revenue. On the other hand, countryside boutique hotels in Denmark, the restaurant is an important source of income for the hotel, as it caters to guests as well as locals. Indeed, with 23.5% of revenue countryside hotels earn double as much than city hotels from the restaurants (HORESTA, 2014).

There are characteristics that define a location as being trendy and exclusive for a region where the boutique hotel is located. Increasing organizations are focusing on smaller cities for boutique hotels, as opposed to places with large corporations and uptown areas. This is to enable the style and design of boutique hotels to be different when comparing a city hotel to a countryside hotel (Hotel Analyst, 2015). As boutique hotels are concerned with creating experiences. Boutique hotels can use the characteristics from their surroundings to build on the character, and thereby the appeal of the establishment. This can be anything from harvesting local and fresh produce, history, nature, or developing their own character within elements of their environment. These kinds of hotels offer their guests the possibility to experience the local atmosphere without sparing luxury. This thesis will look into both city and countryside hotels, as it is believed that the approach will be different, due to the different benefits sought by their respective guests.

2.2 The Storytelling Experience of Boutique Hotels

Boutique hotels strive to create a memorable experience for their guests. Doing so requires attention on providing ethereal services and a sum of facilities that contribute to that experience. In the context of boutique hotels, experience comprises of decor, ambience, personalised service, and mind-set of hotel staff, which combined can create a sense of closeness among the guests and enhance the popularity of the hotel (Vallen & Vallen, 2012: p. 26-27).

These differentiated product and service offerings make boutique hotels an interesting entity to research, as it requires creativity and innovativeness when engaging customers. Due to their conscious efforts to create a unique experience for their customers, it is assumed that boutique hotels are willing to go the extra mile and adapt emerging trends, and will thus, benefit from a new and efficient strategy to ensure this.

Customers have begun to shift from wanting new technologies, added amenities and luxury items in their hotels rooms, to wanting a storytelling experience (HVS, 2013). However many hotels maintain the same in-room amenities, interior and furniture style, the same check in process, making it a place where the traveller no longer feels at home (HVS, 2013). Many leisure travellers today are no longer looking for “home away from home”, but are instead looking for a place that provides them with an experience that tells a story (InterContinental Hotel Groups, 2013). Senior Vice President at Starwood Hotels and Resorts, Michael Tiedy (2013), argues that the modern-day traveller tends to prioritise participating in the environment by taking a “selfie” and posting it on to a social sharing or networking site, or “checking-in” to a local bar. He further argues that travellers today do not want to feel like they are in a corporate setting, and instead thrive in environments where they can interact with people (HVS, 2013). They are also attracted by hotels that are distinctive in style, design and service. This has resulted in a proliferation of lifestyle hotels, which focus less on brand and more on creating a place that is comfortable and simple, where guests can seamlessly connect and interact with locals, the staff and become part of the experience, and where the design adds to the uniqueness of the adventure.

An example of this is Urban House Hotel in Denmark. They have infused the concept of a hotel and a hostel to create a lodging establishment that encompasses the diverse and dynamic culture of its neighbourhood, Vesterbro. Vesterbro is a working-class district, now considered as one of the hippest areas in Copenhagen. Urban House has created a place where its guests can enjoy the lifestyle of the neighbourhood, claiming it is “*a place to sleep, a place to relax and throw back a few*

beers or grab a late night snack, a place to be social... We love Vesterbro and want to share it with everyone who visits us in our hotel" (UrbanHouse.me, ND). On their website, they use informal language and slang terms, such as "*Friends from the hood*" and "*We've got your back*", refer to the establishment as "*The House*" and the staff "*The Family*", to portray their laid-back, urban attitude and create unique experience for their customers. Adding to the storytelling, there is no check out process; guests simply leave their rooms at 12pm. They have made it available for guests to get a tattoo while staying with them, further encompassing an increasing trend of tattooing by having a tattoo shop - where most hotels would have a traditional gift shop. Moreover, their presence on social media can be seen through their online hashtag #docopenhagen, also a slang term. All of these factors add up to allowing the customers an opportunity for a unique experience at the establishment itself, by telling a story of the popular lifestyle and type of culture associated with the district. The practises of Urban House, demonstrate Tiedy's remarks regarding people thriving on interacting with others and on gaining experiences. Seemingly, Urban House understands that experiences are an important source of value creation and have managed to establish an environment, where guests can experience a specific lifestyle, unique to Vesterbro, Copenhagen.

What is also important for an establishment trying to create a story is that the staffs' mind-set is aligned with the objective. Interaction with the staff is an important factor in creating a unique experience for the guests. Traditionally, in order to achieve an alignment, specifically in large chains, hotel managers would enforce a dress code and create a guide for their employees. However, with the concept of creating a unique experience, employees are not as restricted and in some hotels, the employees can wear what they wish, like in Urban House. This approach presents challenges as the staff must be trained to combine casual behaviour together with professionalism. Sara Kearney from Hyatt Hotels believes that "phenomenal service should be thoughtful and respond intuitively to what customers want" (HVS, 2013). It

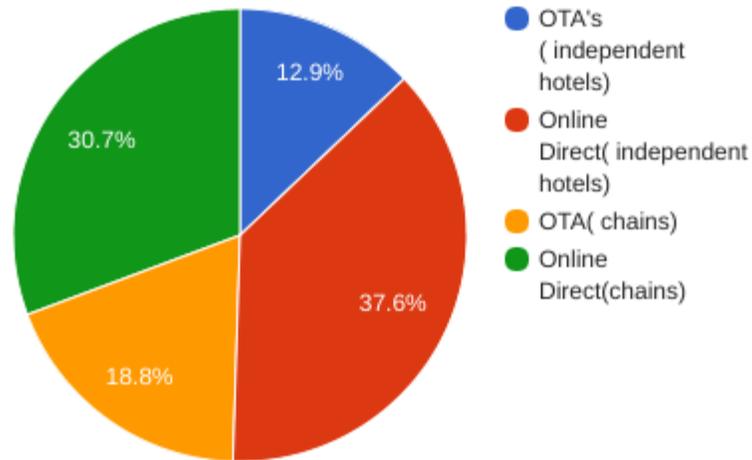
is considered that the storytelling element provide hotels with an opportunity to enhance their social media use to attract the modern traveller.

3.0 Online Travel Agencies

OTA's provide hotels with promotion assistance, and give hotels the opportunity to save resources on promotion, which satisfy many hoteliers, particularly independent ones, which do not have the resources to promote the property in the same way an OTA can. OTA's represent a way for hotels to attract more customers and to increase their revenue, but at the same time are also seen as a challenge for hoteliers, due to the amount of commission to be paid, and the terms and conditions they are contractually obligated to uphold that may constrain the hotels and create a more co-dependent relationship with the OTA. Once the hotels start the collaboration with the OTA's, most of them would apply the "rate-parity" clause, which assures the OTA's that the hotel will not sell the same package with a lower price on their own websites (Kessler & Weed, 2015). This chapter will define the role of OTA's in the industry, and provide insight into the partnerships with Expedia and Booking.com.

For many, it is the safest advertising channel, as it ensures that they will be visible to millions with no cash outlay, but only paying commission to the OTA based on the hotel's results. OTA's can assist properties with global reach, while also guaranteeing them an important mobile presence. In 2015, Expedia was Google's fourth largest advertiser, spending 71.6 million USD on ad spending- as opposed to the 6 million USD they spent in 2010 (Statista, 2016a). An independent hotel would face difficulties competing with such a massive budget. However, because independent hotels cannot keep up with distribution and marketing demands, an option for this to change could be to partner with other hotels, in order to strengthen their presence in the market. Hotels which are part of a big chain do not have as big a need of using the OTA's, because they can afford to have their own promotions and different marketing strategies implemented. According to Senior Vice President of research for PhoCusWright Inc., Lorraine Sileo, in 2015 74% of the online booking for the non-branded hotels were made through OTA's, and 63% for the chains, as is demonstrated in Figure 3.1 below.

Figure 3.1: Bookings through OTA's vs. Direct Bookings.



Source: PhoCusWright, 2015, Difference in OTA and online direct share among independent and chain hotels in Europe

According to Hospitalitynet.org (2016), in 2016 OTA's will take minimum 20% commission from hotels, corresponding to around 32 million USD, and the numbers will continue to grow as people become increasingly committed to OTA's for the price comparison and ratings. Being aware of their advantages, OTA's like Expedia and Booking.com increase their commission to 40% for their "pay for positioning" program. To reverse this, it is believed that hotels can take back their shared profits by engaging directly with customers (Hung, 2016). An often discussed topic in the hospitality industry is the relationship between other OTA's vs. Booking.com, and the relationship between Booking.com vs. brand.com (hotels' website). As the number one hotel reservation service in the world, it is perceived to have a significant distribution power among hoteliers, with an approximate 166 million visits, while Expedia had 59.3 million, as of 2014 (Statista, 2016b).

European OTA's have expanded excessively since they first started activity in 1998. The UK and Scandinavian market were two of the first markets penetrated by OTA's. Since their rise, OTA's have exceedingly taken over the online travel market. They have given travellers access to information about varying prices, deals, and schedules, and provided the opportunity to mould their own experience. This has resulted in a great number of potential customers using OTA sites to book and plan their stay. Booking.com and Expedia respectively drive 47% and 21% of the European booking through OTA's (O'Neil, 2013). Moreover, OTA's were the only ones within the hospitality industry that showed steadiness during economic decline. In 2013, 45% of the total European travel sales revenue was generated by the OTA's (HVS, 2015).

In Denmark, boutique hotels in Copenhagen pay highest percentage rate to OTA's through commission, at an average 9.3% per room sold, which equates to 60 DKK per room (HORESTA, 2014). This may be due to the high demand and large amount of leisure travellers. Boutique hotels in the countryside pay the least to OTA's, with an average commission rate of 4.2%, equating to 24.5 DKK per room. The net worth paid to OTA's by hotels in 2013, was 250 million DKK, which corresponds to 5% of room sale in Denmark (HORESTA, 2014).

3.1 The Billboard Effect

The billboard effect originally refers to the benefit hotels receive by being present on a third party distributor (OTA) being; more reservations through the hotel's own distribution channels, due to its presence on OTA's. A study conducted in 2009 at Cornell University, shows that travellers would gain the information required from the OTA and would then book directly on the hotel's own distribution channel, resulting in higher direct sales for the hotel, which became known as the billboard effect.

The hotels had between 7.5% and 26% uplift in direct bookings and many assumed that it was because of the billboard effect. Having funded Cornell's report, Expedia used the report to encourage hoteliers to use OTA's (Starkov, 2011). Hoteliers saw this as an opportunity to have their marketing efforts managed by the third party, while still receiving direct bookings through their own channels.

The Cornell report (2009) did not anticipate the widespread growth of digital information, the impact it would have in the market, converging the markets, and how that has shaped today's purchasing habits of online interactive customers. The report also did not acknowledge how the unique research patterns of the users - going between Google, hotel brand website, OTA site, and social media - could have partially influenced the outcome of higher direct bookings. Furthermore, it is not to take into account the rate parity effect, being the effect of Expedia and other OTA's placing a hotel on the first search results page when it has a particularly good rate for a 24-hour or a 72-hour sale. With strict rate parity, the hotel has - due to mandated rate parity - the same special rate or the same 24-hour or 72-hour promotion on its own website (Starkov, 2011). This results in an increase in bookings on the hotel website during the exact same time the hotel is on Expedia's first search results page.

Some argue that the billboard effect is "dead", while others argue that it still exists but the definition should change to reflect what it is today. When talking about the billboard effect, some refer to the increased visibility and bookings on a hotel's website, and what was brought about by guests discovering the hotel on a third party distribution platform. It is measured in increased bookings, but also increased searches (Starkov, 2011). The "billboard effect" now acknowledges other outcomes, such as, different searching patterns, checking the hotel website for more information, larger pictures or to compare rates, searching the hotel on social media to see what others are saying, or people will just search directly on OTA because they find it easier to deal with OTA's (Ramelli, 2011). For instance, as recent focus on Denmark

being the coined happiest country in the world, its biking culture, the high level of sustainable awareness, home of LEGOLAND and Christiania, it has become a travel interest for diverse groups who may not know of any of the hotels in Denmark, making them inclined to plan through an OTA.

3.2 Partnering with Expedia

Expedia values itself on being part of a two-sided market, providing travellers with efficient travel search engines and hotels with the opportunity to have a global reach with a platform that allows for multiple payment methods (Schaal, 2016).

The rate of commission paid to Expedia starts at a base of 10% and varies depending on the options, as can be seen in Table 3.1. In Copenhagen, 110 hotels are using Expedia. Expedia manages 150 sites, namely Hotels.com, Trivago, Orbitz, and MrJet. The sites owned by Expedia are known as 4th or 5th party distributors and perform Meta search, which is a tool that uses another search engine's data to produce their own result from the internet. According to their website, Expedia asks the 4th party sites to use the tag generator and place links on their website and maintain branded links to Expedia.com. In return, Expedia will provide support to increase sales, handle the transactions and billings for the customers that refer to them, and receive 3% commission from their sale (Expedia Inc., 2016). Such sites are available in 70 countries, in 35 different languages. Hotels can sign up to Expedia through their Partner Central; from there the hotel will appear on all their sites. This helps Expedia pitch that they have a global reach, which has resulted in a revenue of 6.67 billion dollars in 2015 (Statista, 2015).

Table 3.1 Expedia Standard commissions allocated for each booking:

Expedia Special Rate hotels (ESR) - prepaid hotel	10%
Expedia Car	6%
Activities	10%
Vacation Packages (Flight+hotel+car rental) min. 3 hotel nights	5%
Vacation Packages (Flight+hotel+car rental) less than 3 hotel nights	3%
Expedia Easy Manage Venere (EEM Hotels) or ESR hotels paid at the checkout	7%
GDS hotels	2%

Source: Expedia.com, 2013, Travel Agent Affiliate Programme

Expedia's Senior Director, David Hamblin, states that they can take a product or hotel and "put it out there globally, but do it in an appropriately localised way" (Carrell, 2015). Hamblin goes on to state that the hotel's content is displayed slightly differently. Each brand can decide how they display that content for their consumers, but there is one content load that will go to every site and in every language immediately. He additionally argues that Expedia will tend to the different cultural differences pertaining to preferences during the booking and payment phases, giving the example that Indians prefer to pay via deposit, and Chinese customers prefer UnionPay (Carrell, 2015).

Hamblin argues that understanding and tracking the searching process, as people use different platforms and on different devices, and optimising the process is what Expedia excels in. Such information is gathered in a database called "Commission Junction", which provides information about impressions, orders, transactions and commissions earned (Expedia Inc., 2016a). However, hotels do not have full access to this database. Expedia does share some information through other channels. For instance, they provide some information on their Market Watch, so that hoteliers can see how they are doing against their competitors, and provide individual assessments through Commission Junction (Carrell, 2015).

Hamblin states that the hoteliers that have the best type of relationship with Expedia, view it as a distribution channel, and use other channels alongside and see it as a way to optimise their distribution strategy. Hamblin states that their technology investments will examine the complex consumer trend in the travel industry, and not an OTA, or Expedia trend. However, Hamblin overlooks that advertising strategies also play a role in shaping trends, by highlighting desirable qualities and arouse a desire to buy a product or service. Hamblin continues to state, “Consumers want to book across multiples devices and because these times are changing, they also want a local experience when they book, not one that is foreign to them” (Carrell, 2015) continuing with the example Chinese consumers want to book in Mandarin and pay through UnionPay, while Scandinavians are “more OTA savvy” (Carrell, 2015).

3.3 Partnering with Booking.com

Booking.com is part of The Priceline Group Inc., and it accounts for 50% of all hotel nights booked in Europe. It has established a large amount of inventory, and many consumers perceive it as having all the hotels, or the ones that matter (O’Neil, 2013). It is confirmed by the CEO of Booking.com, Darren Huston that hotels usually choose Booking.com to partner with, the main reason being that they promote themselves as the cheapest way of providing paid marketing.

As of February 15, 2016, Booking.com offered accommodation reservation services for over 850,000 properties in over 220 countries and territories on its various websites and in 42 languages, which include approximately 390,000 vacation rental properties (Priceline Group Inc., 2015). Priceline reached a revenue of 9.22 billion USD as of the end of 2015, with Booking.com accounting to 65% of the revenue (Statista, 2016c).

Booking.com has an Affiliate Partner Program that can be utilised once the hoteliers sign up through Partner Centre. Commission starts at a base of 15% and increases depending on the model you choose to feature. It depends on many factors, such as volume to sell, popularity of your brand, value (not price), service levels etc. The hotels agree to a rate, and sign for permission to sell. The commission is split according to how the number of rooms booked- the more bookings made, the higher the commission, as seen in Table 3.2.

Table 3.2 Commission paid to Booking.com according to Stayed Bookings per Month.

Stayed Bookings Per Month	Your Payment From Total Booking.com Commission
0-50	25%
51-150	30%
151-500	45%
501 or more	50%

Source: Booking.com, 2015, Affiliate Partner Program

With Booking.com taking a large commission from the hotels and not being the one to receive and host the guests, there is a risk that they do not take much consideration into customer relationship management, instead they prioritise aspects related to earning higher. Moreover, OTA's create an imbalanced market, as larger brands and chains outgun smaller properties, as they possess the ability to bid higher levels of commission, for instance 30-50%, which is to Booking.com's advantage (Innfinite, 2012).

Booking.com gather data from bookings and website visits, including IP address, which browser is being used, the computer's operating system, language setting, location, to name a few. They also gather such information through social media plugins. They use the information primarily to provide the hotel with the necessary

details about the guest (Booking.com, 2015). According to Booking.com's privacy terms and conditions, they use the information to customise customer service, invite guest reviews, and act as an account administrator, marketing activities, and market research (Booking.com, 2015). The data gathered is used to enhance the booking experience for the traveller on their own website. This information is passed to a local Booking.com office, data processors, advertising distribution channels, and if necessary, law enforcement (Booking.com, 2015). Information that is shared with the hotel is contact information, payment details and details about the stay.

Booking.com has also preceded hotels in their positions on search engines, by paying for search positions and ranking by sponsored links strategies on the hotel's own keywords, thus exploiting the hotel's brand without their permission, to excel themselves (Innfinite, 2012).

4.0 Social Media: A Possible Solution for Hotels

As defined by Xian and Gretzel (2010), social media consists of internet-based applications that exist on Web 2.0 and that enables internet users worldwide to interact, communicate, and share ideas, thoughts, experiences, information, and build relationships. Online communities are a significant part of the tourism industry and have shaped the way people make their travel decisions, as it presents strategic opportunities, and unsolicited and user-driven information, the latter increases trustworthiness of the presented information. This chapter highlights the existing opportunity present online to participate with the online travel community to share their story.

User generated content on social media sites are now used as a way for people to share their experiences with others, who are likely to plan a similar trip, and have an impact on their decision making (Bullas, 2010). This might be an opportunity for the way the services of a boutique hotel are interpreted by its guests and possible customers. Travelers also have the option of criticising hotels and have their feedback reach millions of people in an instant. Online interactions have a great deal of impact over how people view establishments, and make their decisions. Awareness of this kind of impact, can be beneficial for an establishment, for instance, hotels can use social media as feedback from the customer (thus improving customer service), create transparency, establish the brand, build a community, be inspiration for research and development, portray an experience and story, ultimately leading to improve direct sales, and thus reduce dependency on OTA's.

Nowadays, nearly 2.1 billion people have social media accounts (Bullas, 2015). As a consequence of the growing media, the ability for users to share information has made the bargaining power of customers asymmetric. To highlight the significant impact this has had, in 2006 Time Magazine named "You- the website users" as their Person of the Year (Leung et al., 2013), implying the significance of the online user.

According to a report commissioned by Nielsen, 92% of travellers trust earned media, such as recommendations from families and friends and word-of-mouth above advertising. Additionally 70% say online consumer reviews are the second most trusted, and has increased 15% since 2007 (Nielsen, 2015). Written reviews, photos, videos, and blogging contribute to shaping people's motivations and creating awareness for locations they might not have known of before seeing a contact's vacation experience, pre and post travel.

Businesses have come to understand the importance of re-evaluating how to build and maintain alliance with online communities on social media to connect with potential customers and clients. Wang & Fesenmaier (2004), convey that social media is useful for managing customer relations by the unique ability to attract customers through focused user generated content, and retaining customers through an online community. Dellarocas (2003), suggests that social media provides travel-related companies with opportunities to understand and respond to customer preferences, by analysing comments made on online communities, and by understanding what guests like and dislike (Leung et al, 2013). Additionally, social media channels and sites provide an opportunity for hotels, which have the resources, to gain more direct bookings.

4.1 Social Media role in Tourism

Content sharing on social media has encouraged people to share their travel experience, providing information that other internet users can use to make their travel decision. Due to the exploratory nature of tourism products, travellers rely on others' experiences for their decision making. Social media is used throughout travel planning, as, according to WTO (2014), travellers visit fourteen sites before booking. Social media could decrease uncertainty and increase the exchange utility on one hand, and provide users by storytelling a sense of belonging into virtual travel

communities through storytelling (Gretzel, Kang & Lee, 2008). The former case can contribute directly to an increase destination visitation. The latter case can contribute to brand building of the destination, and can have an effect on destination visitation in the long run.

Social media is the breeding ground for several trends, and even shapes and alters people's perception on a topic. Social networking sites are an effective and innovative environment, which can help hotels build a connection between a trend and their hotel. For instance, increased awareness of environmental sustainability can move people to seek nature related experiences. This influences values and activities that can impact the travellers' behaviour.

Social sharing and networking sites and phone applications, like Facebook, Twitter, Instagram, Snapchat, and TripAdvisor, enable businesses to target groups of customers by any means of advertising. In addition, travellers post location-specific messages in Twitter, Facebook, and Instagram. These messages often contain the name of a restaurant, hotel, or an attraction. Blogs have become a new source of information, which also targets a niche audience that could be overlooked in traditional media.

Travel sites, like TripAdvisor, provide reviews and travel information about a destination, offering qualitative and quantitative measurements of an experience. TripAdvisor was founded in 2000, and has 50 million users today. It has a revenue of 1,246 billion USD, which grows by approximately 32% a year (TripAdvisor, 2015). A report commissioned by TripAdvisor and conducted by PhoCusWright (2015), with over 12,225 respondents showed that 77% refer to TripAdvisor before selecting a hotel. This is a reflection of how much customers have come to rely on different types of social media and the ability of sharing to plan a trip based on others experiences, as opposed to traditional advertising (Innfinite, 2012).

Although TripAdvisor is classified as a social media, it also has elements of an OTA. It now has an “instant booking” feature, which some hotels use. It differs from Expedia and Booking.com, because TripAdvisor claims that the hotels hold the control when communicating with the guests from the beginning. However they still require 12% or 15% commission for each stay (TripAdvisor, 2016). Additionally, much like Expedia and Booking.com, due to their wide reach and high level of trust from the consumer side, the reviews can have a lasting impact on the hotel. Small hotels with limited resources can be damaged by negative reviews on TripAdvisor.

4.2 Optimising Social Media Use

Social media has increased its presence over the last years in all the sectors, including hospitality and tourism, and some of the managers are orientating their interest into the return on investment of social media, as a response or proof for the improvements brought by social media. As Hoffman and Fodor (2010) explain, managers are making a mistake when thinking about the return on investment (ROI) when using social media. Instead, they should look at this subject from a totally different point of view. Instead of measuring traditional monetary ROI, hotels should consider their ROI as the experience and engagement opportunities for the guests, which can help determine the benefits sought by their customers and ways to target them when using social media.

Doing an analysis of conversations with customers can be successful in the long-run, as it can create healthy returns on marketing efforts, as well as result in returning customers and expanding to their network. Satisfied customers are likely to willingly market for you without expecting something in return. This kind of trust building takes time, resources and investing in conversations to produce real and long lasting relationships. Additionally, some companies have a lack of commitment to sustain social media marketing efforts, mainly due to the uncertainty of return of investment (Hoffman & Fodor, 2010).

Furthermore, it is argued that social media can save costs for an organization, for instance when the customers are acting like a free help desk when answering customer's questions about the products and services offered by the establishment, or by efficiently responding to the market research conducted by the establishment when developing a new idea or aiming to improve an already existent service.

Besides from benefiting only from business-to-customer communication, social media also plays a useful role as internal communication tools used for sharing knowledge, information, and training tips management within the company (Leung et al., 2013). It has also grown to allow for more customer-to-customer interactions.

In order to have a successful result, companies should stay ahead of their users, since the customers are having complete control on their online experiences. It is believed that some managers still regard social media applications as simply another traditional marketing communication channel, when in fact social media is predominantly produced by consumers, and not marketers. Marketers should regard social media for its particular opportunities, which allow channels development that touches subjects like: brand awareness, brand engagement and word of mouth.

4.3 Word of Mouth and Online Reviews

Research conducted by Google, shows that 84% of leisure travellers use the internet as a planning source (Leung et al., 2013). Moreover, 72% of travellers share pictures on a social network while on their stay (Nielsen, 2015). Leung et al. (2013) argue that social media is effective in informing travellers on tourism products or destinations and equipping them with more comprehensive knowledge. They believe that this is because the information available on social media is generated by diverse people from all over the world in various formats. According to a study conducted by PhoCusWright (2015), more than a half of global respondents would not make a

booking before reading the reviews written by others. Almost 80% of the participants read 6 to 12 reviews before taking a final decision. The newest reviews are preferred, as they give a fresher perspective of the current services at the hotel. Moreover, 53% of the respondents argued that they would not book a stay unless they can find reviews about the hotel. The survey reveals that the main reason why most of the people write reviews is because they want to share good stories with others (TripAdvisor, 2014). In one of the surveys of 1000 holidaymakers, conducted by World Travel Market (2010), it is shown that almost 60% of them are changing at least one element of their holiday purchasing plans after consulting online reviews, while more than 30% are changing their hotel options (World Travel Market, 2010).

As media becomes more mobile and accessible, it makes it even simpler for people to instantly report and record an exceptional or deficient service. This creates concerns for hotels and travel firms, as potential guests make use of online information and reviews before making a purchase. Extensively treated as one of the most essential source of information during a decision-making, **word of mouth** plays a large role in the hospitality industry (Solomon et al. 2010). Word of mouth can be easily handled online, being a competent reaching a large audience, mostly because people are inclined to accept and to believe the information offered by people like-minded people (Brown and Hayes, 2008). Online word of mouth can be measured by verifying the discussions held by the customers on different channels. User generated content can also contribute to word of mouth, and organizations have the possibility of creating such possibilities. An example is an OTA in Spain, Atrapalo.com, which offered their customers the possibility of sharing their photos or travel videos on the company's website (Hoffman and Fodor, 2010).

Due to the high reliance on word of mouth and online reviews, it is important to consider the impact reviews have on the perception of their hotel. According to the study conducted by PhoCusWright on TripAdvisor, 98% of the respondents found that TripAdvisor reviews accurately reflect the actual experience and 95% would

recommend TripAdvisor reviews to others. Meanwhile 87% out of 2,739 randomly selected TripAdvisor visitors feel more confident in their decisions after having used TripAdvisor and 53% revealed that they would not book a hotel if it does not have any guest reviews on the page (TripAdvisor, 2016). This suggests a shift towards more customer-to-customer interactions due to the high reliance of word of mouth and personal experience, over marketing and advertising released directly from the company.

4.3.1 Informal Reviews and Qualified Reviews

With the rating systems not being the only indication of a hotel's delivery, the World Tourism Organisation is considering to integrate online reviews with the traditional classifications systems (WTO, 2014). The feasibility of this is dependent on finding an appropriate methodology to incorporate the guest review into the classification systems. According to the WTO, before making a travel decision, customers visit on average 14 different travel-related sites with about 3 visits per site and carry out 9 travels related searches on search engines. Official hotel ratings are only used by the consumers as a way to filter their search in the booking process, but they use reviews from previous guests to make their final selection (WTO, 2014).

Some argue that online reviews are better at providing a benchmark on the quality and the services offered, while others question their authenticity and lack of objectivity. By incorporating online customer reviews, classifications systems can include both qualitative and quantitative assessments. The qualitative aspect can provide an idea of how the hotel meets expectations and provide quality check on the amenities that are mandatory according to their classification. According to the WTO, there is generally a positive correlation between guests' reviews and star levels, 3 and 4 star hotels have a greater scope of meeting and exceeding their expectations than 5 star hotels, and therefore they score relatively high. "Consumers appear to react positively, by giving better reviews, for 3 and 4 star hotels that deliver strong

value or improved service, whereas for 5 star hotels, it may be more difficult to exceed expectations of consumers” (WTO, 2014). This indicates imbalanced judgement of the star levels. This imbalance is further evidenced by table 4.1.

Table 4.1 shows percentages of how each star level is rated by guests on TripAdvisor “Top” hotels. The percentages show a consistent favour of 3 & 4 star hotels, and low ratings of 5 star hotels. This may be due to a contemporary increase in perceived value for money and exceeding expectations for that star level, resulting in lower star-rated hotels receiving better reviews than higher star-rated hotels. This raises the question of the objectivity of online guest reviews, as they may not rate the hotel based on their provided services and amenities, but rather on their own experience and their own perceptions of what makes a valuable experience. More controversially is the matter of authenticity, some hoteliers have been suspected of writing positive reviews for their own hotels and negative reviews for competing hotels. There have been a few cases where a hotel received a negative review before it had even opened (WTO, 2014). With over 150 million reviews on TripAdvisor, the reviewer is not required to have stayed at the hotel, yet TripAdvisor is continuously upgrading filters to eliminate suspicious fake reviews.

Table 4.1 Top TripAdvisor hotels by star rating: Review ratings (%)

Star Level	New York	Chicago	Los Angeles	Melbourne	Sydney	Copenhagen	Stockholm	Berlin
2	2.0	7.0	13.3	0.8	6.0	15.1	6.6	11.3
3	35.3	53.4	48.3	19.2	23.9	45.2	37.7	39.8
4	47.3	35.7	29.2	64.6	48.7	33.3	51.6	40.4
5	15.4	7.0	9.2	15.4	21.4	6.5	4.1	8.5

Source: World Travel Organisation, 2014, *Online Guest Reviews and Hotel Classification System - an Integrated Approach*

WTO (2014) argues that inauthentic reviews can be overcome by the utilizing “qualified reviews”. Expedia, Hotels.com and Booking.com only accept reviews from guests who have booked a room through their site, which they control by sending an email to the customer requesting them to provide feedback. In contrast to the number of reviews on TripAdvisor, Booking.com has over 30 million qualified reviews; Expedia has over 20 million qualified reviews from its combined brands. WTO (2014) further argues that the magnitude of qualified reviews is likely to minimise the impact of inauthentic reviews.

4.4 Brand Awareness and Brand Engagement

The offline way of tracking **brand awareness** might seem very easy to determine through studies and surveys, however, there are many ways of measuring awareness through online channels. Every time a customer uses an application which is owned or about an organization, the organization gets higher exposure to its brand. For instance, when Starbucks ran a spot promoting free coffee on “Saturday Night Live” and on YouTube, Twitter mentioned them too every eight seconds giving them a tremendous brand exposure. Another example could be “Naked Pizza” a catering company which used a billboard outside their shop to encourage people to follow them on Twitter, resulting in 85% of their new customers claiming that they have been motivated to buy from them because of Twitter (Hoffman and Fodor, 2010). An example of how this can be applied to hotels is seen Marriott International’s announcement of a partnership with the world’s leading art business, Christie’s in 2011. This brand initiative to deliver a deeper luxury guest experience resulted in an 8.9% increase in revenue, after seeing a decline in bookings in the prior 3 year (New York Times, 2011).

Another advantage of using social media is its ability of boosting **brand engagement**. For instance when Gretsch Guitars made a contest for its 125th anniversary on its MySpace page, to find a new best unsigned independent band, over 900 bands

participated in the contest and more than 55,000 of the visitors on the site voted for their cherished band. This enabled engagement with the target groups, and created awareness of the brand in the same time. Involving user generated content on social media can increase customer commitment, by building brand loyalty and making the customer inclined to help promote the brand (Hoffman and Fodor, 2010). Another example of brand engagement is found in one of the campaigns organized by JW Marriott Cancun Resort, where bloggers were asked to participate and in the end 5 bloggers were selected to stay at the hotel for 5 days. All the 5 bloggers had to produce a video where they would present the resort and they were asked to share their experiences on social media channels as: Facebook, Twitter and Instagram. In the end, the campaign reached 1.8 million viewers (Shankman, 2013). It is argued that in the hospitality industry, ROI should be measured through experience and engagement. A study commissioned by Advertising Age (2015) analysed thousands of data points for 3,000 personal and business travellers and found that how the hotel aligns with customer's personal values is an important factor for loyalty (as well as loyalty programs) and the key driver for profits (Frawley, 2015).

5.0 Concepts and Theories

This chapter explains the concepts and theories applied in this research paper, which inspired the methodological considerations chosen. It is separated into two sub-chapters, one focused on social theories, discussing how online customer-to-customer interactions is on the rise and is influencing the way travellers makes decisions. The second part is business theories, with focus on the Value Innovation Chain. It discusses how management can reflect on their resources and networks to generate and implement ideas to help hotels gain more independence by increasing a value-based unique experience. By understanding how online social behaviour influences the travellers' decision making process and patterns are identified, the Value Innovation Chain is used to pinpoint the lesser strengths of the hotel and how they can alter a specific factor, with the aim of gaining direct bookings by improving the social media performance.

5.1 The Innovation Value Chain

As more travellers are seeking experience-based trips, it is suggested that boutique hotels can use this as an opportunity to reflect on their value proposition, by listening to what their guests want. A framework, which can assist in achieving this, is the Innovation Value Chain. The Innovation Value Chain can be seen as a combination of Value Innovation, developed by W. Chan Kim and Renée Mauborgne (1997), as part of their blue ocean strategies research, and Value Chain Model, developed by Michael Porter (1985). It incorporates the idea in Value Innovation which suggests that competition should be made irrelevant and companies should aim to create uncontested market space by creating new demands or meeting demands that are not currently being met. The Value Chain provides a detailed process that company managers should consider when transforming raw materials into goods and services.

According to Kim and Mauborgne (2015), red oceans, industries with boundaries that are defined and accepted, and competitive rules are established and known.

Companies compete with their rivals to grab a greater share of existing demand. As more businesses enter the market, prospects for profit and growth are reduced, products become commodities and competition intensifies, leaving the market space bloody, creating a red ocean. In contrast, blue oceans are defined by untapped market space, demand creation and the opportunity can lead to highly profitable growth. In blue oceans, competition is irrelevant because the rules are waiting to be set. Although some blue ocean markets are created exclusive to existing industry boundaries, most of them have been created as an expansion of existing industry boundaries within red oceans.

Value innovation challenges the conventional belief that companies can either create great value to customers at a higher cost or create reasonable value and a lower cost. This value-cost trade-off strategy is seen as the notion of having to make a choice between differentiation and low cost. However, in contrast, companies in blue oceans sought to pursue differentiation and low cost simultaneously. Pursuing differentiation and low cost simultaneously lies at the heart of experience created (Kim & Mauborgne, 2015).

Innovation Value Chain, focuses on the activities within and around the organisation and relates them to an analysis of the strengths of the organisation, by evaluating how the value that is added through each activity. Porter (1985) thought that organisations are more than just a random compilation of machinery, equipment, money and people and that if these components are arranged into systems and systematic activities, then customers will be more willing to pay for the goods and services offered. Porter (1985) established two categories for activities; primary and support. The Primary activities are concerned with the creation of a good or service, while support activities are to help improve the effectiveness or efficiency of goods and services. The linkage between the activities enables a flow of information, good, services and processes for adjusting activities. The manager's' ability to manage the linkage will determine their profit margin, which is defined by the customers'

willingness to pay more than the total sum of the cost of activities to create a product or service. With the Innovation Value Chain, CEO's facing different innovation challenges, can examine different areas of their innovation process to determine the areas where there is room for improvement, in order to devise or develop an idea that would provide the highest impact suitable for the institution.

Merging the two concepts into the Innovation Value Chain, firms are able to manage their innovations challenges and competitive advantages, which differ from firm to firm. It is recognized in this thesis, that hotels included in this research maybe need different solutions to reduce their dependency on online travel agencies, depending on their utilities, demographics, locations, advertised experiences etc., and thus it is believed that commonly followed advice may be harmful or wasteful if applied to the wrong solution. The idea behind this is that it is not enough that companies import the latest trends in innovation to cure what is ailing them. Instead, they need to consider their existing processes for creating innovations, pinpoint their unique challenges and develop ways to address them. The Innovation Value Chain offers a comprehensive framework for doing that.

Morten Hansen and Julian Birkinshaw established the Innovation Value Chain (2007), after undergoing five large research projects on the matter of innovation. More than 130 executives -from over 30 multinational companies in North America and Europe- were interviewed. They additionally surveyed 4,000 non executives' employees in 15 multinationals and used the data to analyse innovation effectiveness in 120 new product-development projects and 100 corporate venturing units. Their research to develop this theory, lead them to present innovation as a sequential, three-stage process that involves idea generation, idea development and diffusion of developed concepts.

According to Hansen and Birkinshaw (2007), there are 3 stages in the Value Innovation Chain, namely, **idea generation**, **converting ideas** and **diffusing** products and practices. When looking to *generate* good ideas, manager's first look inside their own functional group or unit for creative sparks. If no ideas are generated within the functional group, the managers will look to cross-functional collaborations, to combine insights and knowledge from different parts of the company in order to develop new products and business, however this is not easily achieved.

Decentralized organizational structures and geographical dispersion, make it more difficult for people to work across functions. In some cases, companies can take years to start a new idea. Companies also need to assess whether they are sourcing enough good ideas from outside the company, be it other companies or other industries. In order to assess if the ideas they are sourcing are good enough, that means tapping into the insights and knowledge of all stakeholders and expanding the stakeholder network, to attain new knowledge. Doing this poorly, can result in the company missing opportunities and having low-level innovation productivity. For instance, in the 1980's Sony had an impressive track record for developing products that were new to the world, such as the Walkman and PlayStation. However, by the 1990's, Sony's engineers had become increasingly insular and as a result of their ideas that outside products were not as good as inside ones, they missed development opportunities in such areas as MP3 players, flat-screen TVs, cameras that were not compatible with the most popular form of memory. With this in mind, hoteliers should avoid isolating themselves when trying to create a blue ocean (Hansen & Birkinshaw, 2007).

Hansen and Birkinshaw (2007) found that the reason for shortage of good new ideas is partly due to inadequate networks. They noticed that people prefer to talk to their immediate colleagues rather than reach out to counterparts in other departments and divisions and managers fail to forge quality links with others outside their company. Hansen and Birkinshaw (2007) suggest that these companies should build external

networks as well as internal cross-unit networks to generate ideas from new connections.

Idea-Poor Companies

Weak Links:	Outcome of Weak Links:	Solutions:
- Idea generation - not execution	- Mediocre products	- <i>Solution Network</i> : targeted for finding solution for a specific problem
- A deal of resources spent on developing and diffusing mediocre ideas	- Mediocre financial returns	- <i>Discovery Network</i> : to learn, not teach. Unearthing new ideas or product domains

Generating new ideas is one side of the story, another side is how you handle or mishandle them in order to *convert* ideas into new products and services. In many companies, tight budgets, conventional thinking and strict funding criteria combine to shut down the most novel ideas. The issue is not a lack of good ideas, but the inability to support the development of the ideas. Inadequate commercial skills or lack of seed money for high-risk projects make it difficult for people to move forwards with ideas for new technology. When employees begin to feel that their ideas cannot be supported, the flow of ideas dries up.

Other companies have the opposite problem, managers do not apply their screening process strictly enough. This may result in the organization overflowing with new projects of varying quality – often underfunded or understaffed – with no clear sense of how initiatives fit into the overarching corporate strategy. This could result in a company having a number of incomplete projects, not having their ideas turn into revenue-generating products, services and process, and in turn, the ideas that were

potentially good, often goes nowhere because they're languishing in a part of the organisation that is too busy doing other things or that fails to see its potential.

The Conversion-Poor Company

Weak Links:	Outcome of Weak Links:	Solutions:
- Converting ideas into products and services	- Innovation can be stalled because the manager does not believe in the idea	- <i>Multichannel Funding</i> : open opportunities to be viewed from other perspectives
- The manager does not think the idea is good enough to supplement an existing initiative in the budget	- The diversity and number of people involved can be risk-averse & bureaucratic	- <i>Safe Havens</i> : allow executives to shield new business ideas from short-term thinking & budget constraint without isolating the company

Once the concepts have been sourced, vetted, funded and developed, they still need buy in and not just from the customers. Companies require the relevant constituencies within the organization to support and spread new products, businesses and practices across desirable geographic locations, channels and customers groups and have their ideas *diffused* into the company practices. Hansen and Birkinshaw created an integrated flow which views the Value Chain as an end-to-end process, instead of focusing on a part that only allows one to identify the weaknesses and strengths.

Some companies may face difficulties when gaining traction for their new ideas. In decentralized organizations, managers have a considerable amount of autonomy, which allows them the freedom to reject new ideas, and the power to delay or sabotage projects they personally do not believe in. Diffusing developed ideas requires more than an executive's order to adopt new ideas, executives need to create a sense of urgency for new concepts by using a variety of catalysts.

The Diffusion-Poor Company

Weak Links:	Outcome of Weak Links:	Solutions:
- Gaining traction for new ideas	- New idea are often rejected, delayed, or sabotaged by the manager	- <i>Idea Evangelist</i> : an internal ambassador to use personal network to increase awareness for employees to adopt new practices or products
- Not believing in the new ideas		

Hansen and Birkinshaw (2007) found that the managers they worked with were quick to praise their particular innovation strengths, with statements such as “We’re really creative.” Or “We’re very good at developing products fast.” However, they noted that when executives view their companies’ innovation processes as a value chain, and engage in the analysis of linked step-by-step process, they were surprised by what they learned. What they found was that their beliefs in what their strengths were, could lead to weaknesses in the process if they’re not complemented by equivalent strengths in other areas. Consider the previous example about Sony, their flat lining in innovation in the 1990’s was not due to lack of good ideas floating around the company, but because managers did not screen the ideas, and as a result a few took hold and new ones just kept coming. Engineers at Sony became increasingly frustrated and felt as though their creative talents were going to waste. The brainstorming sessions that were implemented by senior managers were intended to help mend fences with the engineers, but it only ended up contributing to the frustrations (Hansen & Birkinshaw, 2007). By focusing more time and resources mainly on their strong link (idea generation) and failing to recognize their weak link (idea selection), the management team undermined the company’s overall innovation efforts.

A company's strongest innovation links are simply no good if they prompt the organisation to spend money with little hope of solid returns or if the attention paid to them further weakens other parts of the innovation chain. Managers need to stop putting all their efforts into improving their core innovation capabilities and focus instead on strengthening their weak links (Hansen & Birkinshaw, 2007).

5.1.2 Strengthening the Flow of Ideas

Across all the stages, managers must perform 6 critical activities: internal sourcing, cross unit sourcing, external sourcing, selection, development, and spread the idea companywide. Each step is a link in the chain, and along the chain, the company may find one or more activities that they excel in (their strongest links) or one or more activities, which they struggle with (their weakest links). However, in order to attain the most of the Innovation Value Chain, executives are asked to take an end-to-end view of their innovation efforts, to discourage managers from incorporating innovation practices that may only address part of the chain but not necessarily the link that needs most improvement. In other words, having a bird's-eye view of the entire process helps managers centre their attention on the weakest links and prompts executives to be more selective about which practices to apply in their quest for improved innovation performance.

Managers may perceive a component as an innovative strength, which may be a weakness. When managers target only the strongest links in the innovation value chain – heeding popular advice for bolstering a core capability in, say idea generation or diffusion – they often further debilitate the weakest parts of the chain, compromising their innovation capabilities overall. To improve innovation, executives need to view the process of transforming ideas into commercial outputs, much like Michael Porter's Value Chain, for transforming raw materials into finished goods.

Moving forward, if executives adjust their solutions to the right problems, over time, the weak link in the innovation chain may become a strength - and consequently, another part of the chain will need tending. Managers need to monitor each link in the chain constantly in order to continually improve the whole (Hansen & Birkinshaw, 2007). Managers must identify and implement new key performances indicators that focus on the specific deliverables from each link in the chain. Table 5.1 below shows rating system to help managers identify their weaker links, to gain an understanding of how they can begin to materialize the full potential of their employees' or stakeholders' ideas, which ultimately, in the case of hotels, could make them more independent from online travel agencies. The questions presented in the table below, were used in a questionnaire sent to the hotel employees, to gain their perspective on the flow of ideas, and will be discussed in further detail in section 6.2.2. Hereafter, the findings are analysed to determine the stage and activity, which the hotel may face difficulty with.

Table 5.1 Rating your Company's Innovation Value Chain

	Do not agree	Partially agree	Agree	Activity	Phase
Our culture makes it hard for people to put forward novel ideas	1	2	3	In house idea generation	High scores indicate that your company may be an idea-poor company
People in our unit come up with very few good ideas on their own	1	2	3		
Few of our innovation projects involve team members from different units or subsidiaries	1	2	3	Cross-pollination among businesses	
Our people typically don't collaborate on projects across units, businesses or subsidiaries	1	2	3		
Few good ideas for new products and businesses come from outside the the company	1	2	3	External sourcing of ideas	
Our people often exhibit a "not invented here" attitude- ideas from outside are not considered as valuable as those invented within	1	2	3		
We have tough rules for investment in new projects-it's often too hard to get ideas funded	1	2	3	Selection	High scores indicate that your company may be a conversion-poor company
We have a risk-averse attitude toward investing in novel ideas	1	2	3		
New-product-development projects often don't finish on time	1	2	3	Development	
Managers have a hard time getting traction developing new ideas	1	2	3		
We're slow to roll out new products and businesses	1	2	3	Diffusion	High scores indicate that your company may be a diffusion-poor company
Competitors quickly copy our product introductions and often make pre-emptive launches in other countries	1	2	3		
We don't penetrate all possible channels, customer groups and regions with new products and services	1	2	3		

Hansen & Birkinshaw (2007) suggest that the forum shown in Table 5.1 be used to ask the employees of the establishment about their experience with introducing new ideas to the company. Sørensen and Jensen (2012) argue that front-line employees in the tourism field are generally not involved in knowledge development in tourism companies, and it is essential that they are, because a tourist's experience relies on a number of encounters between tourists and tourism employees. They argue that the characters of tourism service encounters themselves are barriers to knowledge development in tourism companies. They believe that service encounters are potentially important sources for knowledge creation and innovation. However, the capacity for a hotel establishment to do this depends on a number of organizational conditions, such as their inclination to involve front-line employees in innovation processes, their work culture and their internal communication capabilities. They further argue that such encounters should be transformed from service encounters to experience encounters.

5.2 Online Social Communities

The importance of looking into Online Social Communities is to understand the process from planning a trip to booking it and identifying the components that influence decision making along the way. This will help highlight where hotels should place their focus online to gain more direct bookings. Looking into the concept of online social communities, specifically a study conducted by Wang and Fesenmaier (2002) help form an understanding what the benefits sought by potential travellers when engaging with the online travel community; OTA's, hotels, travel sites, travel blogs, and social media pages related to travel. The motivational benefits are used in the survey to identify the motivation of the travellers, and thus help the hotels included in this study shape a strategy that would help target guests more accurately.

Although research has been conducted in relation to online communities, there are still various definitions of “online communities”. Kang, et al., (2007) describe it as a network of people which freely interact with other members and engage in activities that satisfy the benefits they chase when choosing a community. Communities and their characteristics have been long studied and even the existence of online communities have been foreseen around 20 years ago when Licklinder created the first online community called ARPAnet. Since then online communities have become more and more popular, facilitating the way people network, and changing the course in which the society evolves by modifying the way production, learning, communication and commerce works (Wang & Fesenmaier, 2004).

When it comes to the hospitality and tourism industry, both the travellers and the tourism organizations facilitate the value and quantity of information the traveller can obtain from the travel companies and in the same time the travel companies can attract more travellers. However, for an online community to be successful, it has to meet two extremely important aspects: the larger the number of members is, the more expanded the online community will be and there should be a good amount of active members for a long-term survival of the community (Madupu, 2006). Jang, Ko and Koh (2008) add that there are two different types of online brand communities: company and consumer initiated. When the company is directing the online community, they should be aware of the trust level they are building for their users and the benefits offered in order to maintain long term survival of the community, as well as loyalty to the brand. Some organizations see the online communities as an extra advantage for marketing, where they can gather a large number of data and feedback regarding their products or services, giving them the possibility for improvement allowing them to easily understand their customer’s needs and expectations (Madupu, 2006).

For businesses, several benefits can come from an organisation being aware of their online guests and their interaction, essentially, their virtual community. Businesses

use it to enhance their existing products and services, broaden their marketing horizon, and supplier network. Companies now orientate towards creating a more developed relationship with their customers, resorting to CRM, a business strategy that focuses on the synergy between a company and its customers. Moreover, the organizations should focus their attention on learning about their customer's motivation, needs and expectations (Wasko & Faraj 2000). When it comes to CRM, companies can take advantage of the online communities by being able to maximize the customer interaction, improve the customer service, reduce support costs, increase revenue and gain additional insight into the business.

Online communities are a very important marketing tool for organizations, as they can collect feedback about their products or services, allowing them to take care of any inconvenience and to take advantage of suggestions the customers are making (Madupu, 2006). Furthermore, understanding the customer's needs, sought after benefits and how they interact with one another, helps maintain the online community and capitalise on the interactions.

Wang et. al. (2002) has categorized the benefits of online communities for their users as follows: functional, social, hedonic and psychological. In addition to these benefits, another benefit which is believed to influence the degree of member's presence, the "monetary benefit" is studied by Gwinner et al., 1989. All the five benefits are studied in the survey.

Functional benefits

As Armstrong and Hagel (1996) explain, a functional benefit is utilized by the community members when they want to achieve some online activities as, for example, when people wish to purchase or to sell something, or when allowing the members to exchange information with the other members, which could help them in the purchasing decision. For instance, members which share the same interests in

regards to the destination or the type of hotel, have the possibility of creating or joining a group in order to share experiences and exchange information about their common interests. The specific components that are sought within this benefit are;

- Obtaining practical information
- Convenient and efficient communication
- Information gathering and sharing

Social benefits

The social benefits of an online travel community are based on the tasks the members are supposed to do like socializing with the others, share ideas, help and request help from the others; activities requiring trust between the members in order to create a prosperous and long lasting relationship. Almost all the online activities require trust, starting from the initiative of sharing a travel experience with other people, or choosing a travel comrade for unique experiences (Wang 2002). As Preece (2000) argues, members will more freely interact and support the other members when they can identify themselves with other members who take part in the online community. The specific components sought within this benefit are;

- Receiving help from other members
- Helping other members
- Socialising with members

Psychological benefits

As (Wang 2002) explains, online travel communities can present psychological benefits too when the members are seeing the community as part of their lives. When people recognize this, they sense belongingness and connexion with the others members. (Wang & Fesenmaier, 2004) It was discovered that virtual communities have a very important significance for their members, starting from simply identification to the feeling of affiliation and what starts from a simple research of

information can become a source of associations with the other members and of understanding. The specific components sought within this benefits, are;

- Being affiliated with the group
- Maintaining relationships
- Establishing identity

Hedonic benefits

Hedonic benefit gives the sensation of enjoyment or amusement when being part of a group. (Wang, 2002) Some online communities are offering them the possibility to engage in activities as contests or games of their common interests which will generate entertainment (Wang & Fesenmaier, 2004). Online communities offer the possibility for people to join and probe new things which could generate enjoyment, enthusiasm, excitement or even happiness. The components sought within this benefit are;

- Positive emotions
- Positive experiences
- New, fun and exciting experiences

Monetary benefits

Monetary benefits are concerned with the opportunity to purchase a service, with a monetary gain, such as, lower costs or an extra commodity upon purchase or arrival. It is argued by Kozinets (1999) that monetary benefits influence the way people feel about a service of a hotel. Gwinner et al. (1989) explains that monetary benefits have a big impact when service companies desire to create a loyalty relationship with their members. It is argued that special treatment benefits can have a positive influence on online communities for hotels and restaurants influencing customer's loyalty and the way people feel about a hotel (Kozinets, 1999). The specific components sought within this benefit, are;

- Offers and deals

- Benefits from being a member (or part of a loyalty program)
- Receiving free amenities

This concept is used to identify which needs are sought the most, to indicate how hotels can aim their activities, as explained by the Innovation Value Chain, to primarily increase their value, partially by meeting online needs.

6.0 Methodology

This chapter explains in detail, the approach taken while researching and gathering data, within the realm of philosophy of social science. It discusses the considerations of the chosen ways of acknowledging the way we form knowledge and the way we view the reality of the research subjects, in the epistemology and ontology respectively. This is known as the research design. Hereafter, it will detail the chosen methodologies that were used to gather data, explaining why each method was seen as the most suitable approach in order to gather relevant data. It will also explain the analytical process applied.

6.1 Research Approach

In order to explore how Danish boutique hotels can reduce dependency on OTA's, an understanding of the current relationship between hotels and OTA's must be developed first. This is to determine which components to consider that can be observed to understand the patterns associated with the social phenomena, from the perspective of the hotels. Specifically, the inductive approach is applied to research and understand this.

A set of characteristics need to be chosen to collect data related to them and draw conclusions from them. The social world, however, can only be observed through the use of research defined concepts. For this study, the concepts explained in chapter 5, Value Innovation Chain and Social Theories, were used to shape the chosen data collection methods. Specifically, the Value Innovation Chain shaped the interviews and the questionnaire for employees, and the Social Theory inspired the web-survey. The research is concentrated in one location, Denmark, to place focus on the background information, the relevant trends, and direct the relevant theories and studies.

The ontological approach applied throughout this thesis is constructivism, which suggests that an entity is in a constant process of reformulation and reassessments (Blaikie, 2010). Ontology is the philosophical conceptualisation, referring to subject of existence, specifically considerate of the nature of being. Constructivism implies the assumption that social reality, particularly in organisations are product of social interactions. Social order is in a constant state of change, especially in a workplace where numerous agreements are continually being terminated, changes, revised, renewed etc. Knowledge is additionally viewed as indeterminate, which is to say that no one version of a social reality can be regarded as definite, including that of the researchers. Therefore, companies can benefit from cross-functional negotiations, as all the social actors contribute to their social reality. To try to understand the reality of the hotels included in this study, the researchers have conducted semi-structured interviews with the hotel managers, so that they can describe the reality of their hotel practices in their own words, and have also sent a mini-questionnaire to the employees to get a sense of what they find challenging when it comes to developing and implementing new ideas. This will be discussed in further detail in section 6.2.1.

The epistemological approach taken throughout this thesis falls under the belief of realism. Epistemological assumptions are concerned with how our minds relate to reality and the process of reasoning in knowing (Blaikie, 2010). It is an explanation of how we think and how we obtain knowledge from our surroundings. More specifically, the authors recognise that reality is a product of the natural order, and the events and discourses, of the social world. Additionally it is maintained that by identifying the events and discourses, it will form an understanding of the reality and gain insight on possible ways to change the reality, thus following the considerations of critical realism.

6.2 Data Collection

This section will explain in detail the methods used to gather and analyse the data. It will provide insight into why the specific methods were chosen and are thought to be suitable to answer the research question. This study utilises both qualitative and quantitative methods. This helps fashion an understanding of the reality of the social world, so that the interpretations of the interviews and the findings from the questionnaire and web-survey, can represent the reality. All data will be analysed as in the context that pertains to the research questions, focusing on identifying patterns of booking online, and the hotels internal practices when developing new ideas.

For this study, out of 38 boutique hotels contacted, 4 different boutique hotels in Denmark responded and were willing to participate. The hotels included 2 hotels in the city and 2 in the countryside ranging from 8 to 110 rooms. Of the 4 hotels, 2 are part of a corporate chain, 1 is part of a family chain and 1 is a family run hotel. The variety of the hotels provides a vantage point of participants, for a social reality in Denmark to be studied.

6.2.1 Interviews

In order to form an understanding of the realities and challenges faced by the hotels, regarding their partnership with OTA's and their use of social media, semi-structured interviews with hotels managers were conducted, allowing for the gathering of qualitative data.

A series of open-ended questions were asked, allowing the interviewee to answer explaining how they feel and what they thought. Open-ended questions invite the interviewee to bring other points that they may deem relevant. Moreover, depending on the answers, the interview can take a different direction than anticipated, thus gaining new knowledge. The interviews take interest in the interviewee's point of view, as their answers will play a large role in establishing an understanding of their

current reality and practices. Doing so gives insight into what the interviewees identify as relevant and important, in terms of explaining and understanding the perspective on their relationship with OTA's, and on social media. The interviewer can ask additional question, not included in the "interview guide", as it pertains to the topics discussed. However, regardless the novelty of the question, all questions are asked in similar wording, while maintaining the flexible nature of a semi-structured interview.

Conducting a qualitative semi-structured interview allows for the gathering of rich data in the form of detailed answers that express the interviewees view on their reality. Additionally, it allows for the researcher to look at the different cases as unique, so that the researcher is less inclined to 'pigeon-hole' the participants, as participants do not only provide answers, but also reasons for their answers and may be more inclined to discuss delicate issues in a personal environment.

In order to prepare for the interviews, the researchers composed the questions into five general topics to investigate, namely; the hotel's background and performance within the last five years, a description of their hotel as a boutique hotel, their relationship with OTA's, their use of social media, and their ideas of differentiation. Under each general topic, five main questions are prepared, some of which include sub-questions as a guide depending on the answers provided. Because the interviewers wanted to give leeway for the participants to discuss unique challenges that they face, it was also vital to be attentive to their answers and grab the opportunity to probe further regarding the new topic.

The interviews were held in a conference room at the hotel. This was done so that the hotel managers can meet within their working hours, so it is not an inconvenience for them, and so that they can feel comfortable in their own environment and in their expression of their thoughts and feelings. All of the interviews were recorded and transcribed. The interviewees were asked if they would like the transcript to be sent to

them, so that they have the opportunity to clarify something they said, or add to their points.

Prior to interviewing the hotels for the study, the researchers conducted a pilot interview with a Danish city hotel, to test and prepare the interview questions and process. Conducting a pilot interview also allows the interviewer to prepare for the process and gain some experience and insight into what the interviewer should be aware of. For instance, being clear, asking simple questions, giving the interviewees time to process their thoughts and form their answers, listening attentively to what is said and how it is said, steering the conversation, being prepared to tackle inconsistent answers, clarifying and extending meaning to what is said without being imposing or leading, engaging the interviewer without talking too much.

6.2.2 Questionnaire for Hotel Employees

After conducting interviews with the hotel managers, there seemed to be a gap in information regarding the involvement of employees. The involvement of the employees should be taken into consideration, as tourism experiences generally rely on a number of encounters between the tourists and the tourism employees (Baum, 2008). Employees can be a valuable source for knowledge and innovative ideas, however some companies may find it difficult to utilise this potential because in tourism companies, employees are generally not involved in knowledge development. This may be due to the capacity needed to involve employees in knowledge development, for instance, inclination to involve employees, work culture, and internal communications processes (Sørensen & Jensen, 2012). Not involving employees in knowledge development or innovation can be limiting for the company. Moreover, gathering multiple accounts on the social reality will help establish trustworthiness in the findings.

To fill in the gap in information, a questionnaire is sent to the hotel managers, to forward to 10-15 of the most engaged staff members. The questionnaire consisted of

13 statements with a Likert scale of 3 possible answers; Disagree, Somewhat Agree, and Agree. They were further instructed to place a mark under that level of agreement that best suited them. The statements used in the questionnaire are taken from Hansen and Birkinshaw (2007) Innovation Value Chain as seen in Figure 5.1. The staff members are instructed to complete the questionnaire individually, and send it directly back.

Hereafter, the responses are used to identify the activity or stage in the idea flow process that the employees from the respective hotels, collectively find challenging. The answers are collected and assigned to their respective hotels, and the average answer for each statement is calculated and used to identify challenging activities or stages. The 6 activities and 3 phases to be identified are also taken from Hansen and Birkinshaw's (2007) rating chart, seen in Figure 5.1. Once the area where the hotels employees feel that they are most challenged has been identified, recommendations will be provided on how to overcome this challenges with specific focus on reducing dependency on OTA's or to improve social media usage, based on arguments in the literature review and findings from the web-survey.

6.2.3 Web Survey

The role of a survey is to generate statistics, quantitative or numerical details about some aspects of the studied sample. A web survey has been conducted to identify benefits sought by travellers when booking online. The questions were directed towards: booking patterns, their preference when booking a hotel room and when using social media. Furthermore, because of the high reliance and impact of word of mouth and reviews, we wanted to gain insight into how it applies to Danish guests during the booking process, to understand how hotels can enhance their participation with the travel online community.

Given the above information, before designing the survey, a sample has been chosen for the survey: people living in Denmark, between 18 and 50 years old, users of social

media channels, as according to the Hotel Analyst (2015), the customers of a boutique hotel would normally be in their early 20s to mid-50s, with average to higher income.

When designing a survey, the accent is placed on designing a measure and not a conversational interrogation. In general the answer of the survey is important to the extent of something that it is supposed to be measured. Good questions boost the relationship between the responses and what the analysts are trying to measure (Bryman, 2009). The web-survey consisted of closed-ended questions, where the respondents either had a multiple choice option or Likert scale. All the questions enquiring about booking patterns included an option for the respondents to include their own answer, relevant to their experience. The survey assessment is not error free, however, the methods used to conduct a survey are essential in designing a valuable survey, more concisely: the sampling, designing, and data collection, have a big impact on the accuracy of the results.

The first part of the survey focuses on background information such as gender, age, occupation, annual income and country of residence. The second part of the survey elicited information on booking patterns, consisting of 5 questions with multiple choice answers, in regards to how often people book a room, the usual purpose when booking a room, channel used for the booking, most used social media when making a booking.

In the third part of the survey, the questions are regarding people's preferences and expectations when booking a room and their when using social media. These questions were based on 5 types of social online community benefits: functional, social, psychological, hedonic and monetary benefits, by using five- point Likert- type scale ranging from "not important at all" to "very important" or from "strongly disagree" to "strongly agree". The following 5 benefits which have been intensively used in

many studies of online communities: functional, social, hedonic psychological and monetary- were taken from Wang and Fesenmaier (2004).

The functional benefit has been used as an inspiration source for questions in regards to the importance of obtaining practical information about the hotel as a booking decision maker, of conveniently communicating with others online or with the suppliers, or sharing experiences with others, whereas social benefits were used for questions in relation to relationship building, the help received from others and offered to other travellers. Next, the psychological benefits generated questions in regards to the importance of belonging to a travel community, of being affiliated with other members, maintaining relationships with others or establishing self-identity. Since the main idea of the hedonic benefit is feeling entertained and positive, the questions asked were related to experiencing new things, the about the importance of having fun and feeling amused.

In extension to the 4 benefits mentioned previously, another benefit has been added from Lee et al. (2008), the monetary benefit, which has been used as an incentive for questions about the value of receiving special deals, discount rates, benefits from loyalty programs or from receiving free amenities from the hotel. In addition to the 5 benefits, some questions about people's trust in OTA's and hotels have been added.

From the results of the survey it is expected to understand the motivations and to identify the benefits that people are seeking when traveling and how hotels can enhance their participation with the online travel community.

6.2.4 Purposive Sampling

The findings from the survey will be primarily used as a form of non-probability sampling, to discover categories and their properties, which are relevant for the research question being posed. The results will be managed in the context of the

selected design. This is known as purposive sampling. The goal of purposive sampling is to sample participants in a strategic way (Bryman, 2009). However, because it is a non-probability sampling, it cannot be used to generalise to an entire population, but can be used to identify components, opportunities or trends that can benefit the hotel in gaining more direct bookings. This can help give an idea of the characteristics and patterns of the people seeking certain benefits, but it does not tell us the motivation of each individual. With purposive sampling, relevant web pages to reach participants are selected with the research purpose and the entailed components in mind. The survey was therefore posted on travel community pages.

6.3 Analytical Process

In order to answer the research question, the data collected is analysed using the analytical induction approach. With analytical induction, we are seeking a mutual explanation of a current phenomenon. Patterns are sought to explore how they construct a social reality. Due to this, it is important to maintain consistency when collecting and analysing the data.

To ensure for consistency when analysing the interview transcripts, qualitative content analysis is applied. It is an approach to data and documents that emphasize the role of the investigator in the constructions of the meaning of and in texts. There is an emphasis on allowing categories to emerge out of data and on recognising the significance for understanding the meaning of the context in which an item being analysed and appeared (Bryman, 2009). It is used to identify themes or patterns.

To facilitate in the process of analysis, a coding scheme will be followed for the interviews. Beginning with preparing the data - all data was transformed into text, in the form of transcriptions. We defined the unit of analysis to unitise the message, as this helps determine compatibility with others studies. It also helps in order to develop the categories and coding schemes. The codes used are aligned with the themes constructed to develop questions for the interviews. From the data, statements and

answers which context fell into one of the following categories, they were extracted for further use:

- ❖ The hotels background;
 - The history, the theme, location, ways they create value
- ❖ Relationship with Online Travel Agencies
 - OTA's used, commission paid, perceived advantages and disadvantages, experience with OTA's, direct bookings vs. OTA bookings, affected service delivery
- ❖ Current social media use
 - Responsibilities of social media for hotel, channels used, efficiency of channels, use of customer generated data, perceived advantages and disadvantages, involvement of staff
- ❖ Differentiating from Online Travel Agencies
 - Involvements of staff, partnerships, activities, loyalty programs, efficiency of aforementioned

The above categories, are generated from observations made from literature research, and are used to define the regularity of the interviews. The data from the survey is gathered and the results for each question are processed in the form of charts and graphs. The questionnaire for the staff is tallied, to give an average score for the respective hotels, and the survey results are processed.

6.4 Delimitation

A delimitation of this study is that it does not enquire in the survey which type of traveller they consider themselves to be. This was done because the focus of the survey was to identify patterns of people when they book online, and it is recognised that there no one individual falls under only one type of traveller. The motivations for traveling change with each travel, and as this thesis is inspired by the assumptions of the Blue Ocean Strategy, and the purpose of the study is to find how hotels can

reduce their dependency on OTA's through their internal practices, and by doing so, it is important to identify and expand their value to gain more direct bookings. Therefore, purposive sampling was chosen.

Most of the interviews were conducted at the respective hotels, apart from one interview which was conducted through the phone. This may add on to the challenges, as it can be difficult to establish a personal tie between the interviewer and interviewee. Moreover, the interviewee cannot be seen, thus physical expression cannot be noted, which can be challenging to determine which topics the interviewee finds most important and relevant, however that can still be deduced from tone of voice, use of language and time spent talking about a topic. The interview could be replayed and interpreted, as the phone call was recorded.

One of the hotel managers wanted to showcase the inner workings of his hotel, and gave the interviewers a tour of the hotel, while discussing the hotels background, the description of the hotel and providing an insight into the process behind the scenes. Although this gave the interviewers a visual opportunity to understand the setting and helps us to understand his explanation, it gave the interviewers little control over the level of noise and distractions for both the interviewee and interviewers.

Employees from 2 of the hotels could not participate in the questionnaire, either because they were too busy due to high season, or not experienced enough due to high turn-over in the hotel.

7.0 Analysis

This chapter is designed to look at the data that has been collected as it pertains to the research question. This chapter is designed to look at the data that has been collected as it pertains to the research questions of this paper. This analysis will focus on the internal practices of the hotel when developing ideas and ways to differentiate from OTA's, and how social media can be an opportunity to benefit from. It is recognised that social media is not the only possible way for hotels to reduce their dependency, nor it is expected that hotels eliminate their use of OTA's all together. What is suggested is that social media is a distribution channel worth investing in if possible, to reduce costs paid in commission, which can be used to showcase a value-based experience of the hotel. Moreover, it is recognised that motivations are complex and ever changing, therefore understanding which benefits ignite certain motivations, can help managers better understand and target their guests. The examination will start with a description of the hotel, their practices and values, following how employees perceive the idea-generation process, and concluding with what they can focus more on by applying findings from the survey.

7.1 The Danish Market - An Interview with HORESTA's Chairman

To attain a better understanding of the hotel industry in Denmark and background on the perception that Danish hotels have of OTA's, their use of social media, and possible ways of differentiating themselves from the OTA's, the chairman of HORESTA, Jens Zimmer Christensen, was interviewed. HORESTA is the national trade association for the hotel, restaurant and tourism industry in Denmark, with around 2000 members. According to Christensen, who is also the hotel manager of the Maritime Hotel in Copenhagen, with more than 22 years of experience in the industry, the hotel business development has suffered due to the financial crisis in 2008, but has experienced a consecutive boost which has since improved. There still being a difference in the economic side of hotels located in Copenhagen, compared

to the hotels outside Copenhagen. However, hotels in other cities in Denmark, such as, Billund, Vejle, Århus, have become more popular in recent years and performing better than average (HORESTA, 2014). Christensen states that “OTA’s are here to stay so far or for a few years” (see Appendix IV). This suggests that the hotels are dependent on the billboard effect; the distribution and marketing power of OTA’s. OTA’s make individual hotels visible, which is mainly necessary to adopt because of the people’s tendency to access pages OTA’s to see what it is offered, when looking for a room in Copenhagen. Without a partnership with OTA’s, hotels may find it difficult to attract customers to their own direct booking sites.

In consonance with one of HORESTA’s survey findings, it is estimated that approximately 25% of the bookings in Denmark are coming from the OTA’s, adding that when looking at his hotel’s results, more that 60% of the bookings come from OTA’s. However, Christensen states that the number is not totally clear, as some of the hotels have not answered the survey. According to HORESTA’s Normtal report (2014), the rate of commission varies depending on the hotel type, customer base, choice of sales distribution and price level. For a boutique hotel in the province, the rate is usually 4.9%, while for a boutique hotel in Copenhagen the typical rate is 8.5%. However, the hotels included in this study, who mention their commission rate, vary between 10-25%. In 2013, 250 million DKK was paid to OTA’s through commission, considering a typical rate of 4.9% and 8.5%. The volume of bookings made by OTA’s is excessive, but there are other aspects that should be measured: namely, the services offered by OTA’s, which are charged. Christensen believes that “some hotels pay too much for the service and that is typically between 15-20% that the hotel pays of the room sale” (see Appendix IV).

Another issue, rate parity, is required once the hotels are opting for a better place on the OTA’s website, or when they are choosing to make a promotion on the OTA’s website. Also, according to Christensen, the OTA is only an intermediary between the hotel and the guests, sometimes promising more to the guests than what hotels can

offer, which will negatively influence the customer's perception of the hotel and not of the OTA's. As the Christensen states "if somebody is disappointed, then they are disappointed at the property of the hotel, and then OTA's conveniently go in the background" (see Appendix IV).

Christensen suggests that while partnering with OTA's, hotels could still use different tactics to get the customers to book directly on the hotel's website by offering some special benefits as points on a bonus card. However, even though he believes that moving some more traffic on the hotel's website, generating more direct bookings and reducing the commission paid to the OTA's it is possible, ending the collaboration with OTA's is not a great solution for the time being. Christensen comments regarding the relationship with OTA's and hotels, specifically the dependency on OTA's, "it can hurt more the hotel than the OTA's, because there are so many hotels and one less would mean nothing to them, but it could mean a lot for the hotel"(see Appendix IV).

From Christensen's view, the most used social media channels in Denmark would be Facebook and Twitter, mostly used by the hotel managers or some selected employees. They are used as a way of communicating with customers and potential customers, and if the hotels' posts are interesting, that might generate intrigue, and others will be inspired by the ideas. Using Andersen Hotel as an example, Christensen explains that the boutique hotel in Copenhagen, have managed to create excitement by offering the room for 24 hours from the moment guest checked in, which was later mentioned in the New York Times magazine. Christensen states that this is a smart strategy, and he associated it with another idea of offering free breakfast, where only 8% of guests eat breakfast even if it is free and it is only a small number of guests that would really stay for 24 hours, explaining that "small things will catch on" in order to "manage to create a hype and get people to talk about that" (see Appendix IV).

When discussing emerging trends in boutique hotels, Christensen would personally define boutique hotels in a traditional way, where characteristics, such as good location, special design or a story are essential. He explains that what is seen increasingly in the customer's preferences is "A smaller hotel with a dominant way to send a signal", with "more personalized services" (see Appendix IV). Moving from standardized hotel accommodation to a unique experience, so that the guest can feel "a part of a local community" (see Appendix IV). However, Christensen also recognises that large chains also brand themselves as a boutique hotel, and when it comes to size it can argued whether it is relevant to consider.

The following section outlines the overall findings of the survey about people's booking patterns and online patterns, as they pertain to the benefits sought and preferences that hotels could adapt.

7.2 Booking patterns and preferences - Findings from the Web-Survey

The survey is designed to explore a range of aspects regarding people's patterns when booking a hotel room online and their general use of social media. It was answered by 166 people, from different online channels like pages directed toward travel topics and personal networks. From the respondents, 94.5% are living in Denmark and the remaining 5.5 % have responded from countries as Romania, Germany, United Kingdom or USA. The survey is used as purposive sampling; therefore it is used as a way to find possible trends or ideas that could eventually benefit the hotel in gaining more direct bookings, based on the patterns of the respondents.

It is observed from the interviews held with the managers of the 4 hotels studied in this paper, that they have a diverse clientele, from young to elder people, therefore, the survey has been sent to people starting from the age of 18 to 60 year old: 38.8% of the respondents were people between 18-25 years old, followed by 33.9%

responses who are 26-30 years old, 16.4% are between 30-40 years old and only 10% responses coming from people above 40 years old. This could be explained by the fact that people over 50 years old are using social networks less when compared to people between 18-49 years old, according to Andrew Perrin (2015). The majority of the respondents were either full time employees (37%) or students with a job (31.5%), with 63.3% earning annually from under 50,000-200,000 DKK and the remaining 36.7% earning above 300,000 DKK.

According to a study conducted by Oxford (2010), Copenhagen has a purchasing power of 86.2 (index 100). This is also evidenced in the frequency of which the respondent's book hotel rooms. From the respondents, 60% book a hotel either twice a year or once every 2-3 months. It can also be assumed that some of the respondents traveling frequently are business travellers, for instance the 7.8% that book a hotel room at least once a month.

7.2.1 Booking patterns

The second part of the survey contained questions about people's booking patterns, to understand people's reasons for traveling, how often they travel or the channels used when making a hotel booking.

In the interview results of the Flash Eurobarometer in Denmark (2016) almost 80% would use Internet to plan their holidays. From the results of the survey it is noted that only 10% use the hotel's website to make a booking, 40% of the respondents book a hotel through Booking.com, making it the most used channel supported by the findings of Statista (2016), which show that 50% of the hotel nights booked in Europe, being the number one hotel reservation service in the world. Few respondents said that they use Expedia, with only 4.4%, however 28.9% use Hotels.com which is part of Expedia's chain. Moreover, over 50% of the respondents believe that online travel agencies offer better deals than the hotels offer on their own websites. Almost 65% of

the respondents believe that OTA's provide them with practical information, and over 80% of them believe that hotels will offer practical information.

When asked about the main purpose for booking at a hotel, 54.5% of the respondents selected "I enjoy travelling", while 11.5% would book a room for business purposes or quick getaways respectively, 8.5% state they found a good deal and 11.5% would book to visit families and friends. This suggests a hedonic need sought once on the trip, while monetary benefits have the lowest rate for why the book a hotel. Psychological, social and functional needs are equally sought at 11.5%.

Although the survey consisted of mainly closed-ended questions, some questions included an option for the respondent to add additional information relevant to their experience. For instance, when asked "What is the main channel you use to book a hotel?" some commented with "all of the above", or "I check sites like Booking.com, and then I call the hotel directly". However, none of the participants selected the hotel's social media site as part of the process to book or plan their trip.

7.2.2 Preferences when booking a hotel room

In order to generate new ideas about how hotels could differentiate themselves and reduce their dependency on OTA's, it is believed that looking at the benefits that are sought when booking a hotel room can provide insight into what drives their decision and influences the booking process. For this to be understood, questions about their expectations from hotels and OTA's were asked.

Around 95% of the respondents stated that obtaining practical information was either very important or important. Similarly, 25.6% said that convenient communication was very important and 41.1% stated that it was important. This indicates which channels could be beneficial for the hotels to satisfy the apparent need for transparent and easy communication, by knowing what type of information, and the delivery, are

sought. Moreover, a difference was noticed in relation to how much importance people give for efficient communication with online travel agencies. From the respondents, 43.6% stated it is important to have an efficient communication with the hotel and for 30.3% is very important, however only 27.3% consider efficient communication very important when asked specifically about communication with the online travel agency, which indicates that the expectation of the OTA's ability to effectively communicate with its customers is relatively low. This could suggest that convenience of booking a room may be more important than convenient and effective communication.

As found in the study made by the European Commission the Eurobarometer for Denmark (2016), the most important decision making source when planning a trip comes from recommendations of friends, colleagues or relatives. This being in line with 56% of the respondents, supported by the WTO (2014) report, which also states that 92% of consumers worldwide trust recommendations from families and friends and word-of-mouth above advertising, and that 70% say online consumer reviews are the second most trusted. Reviews coming from other people are imperative in people's decision making when booking a hotel. From the respondents, 58.8% see reviews are very important, and 24% who see them as important. Even though reviews are extensively used by people before making a booking, the possibility of socializing with other guests or being affiliated with an online travel community is mostly seen as not important.

The survey results show that for almost 75% of the respondents, special deals or discounted rates seem to be of a major importance in the booking decision, as well as receiving free amenities during their stay or benefiting from the hotel's loyalty programs, supporting Kozinets (1999). Moreover, when planning a trip it is important for the respondents to experience new things, have fun and excitement, or feeling amused, almost 44% of them seeking positive emotional states before making a booking.

7.2.3 Preferences when using Social Media

Nowadays, social media is seen and used by many companies as a way of communicating with their existing or potential clients. It is therefore essential to look into how the respondents of the survey use social media, in the direction of possibly finding new suggestions of how hotels could differentiate themselves with the use of social media

According to the survey, it is observed that sharing experiences on social media is important for most of the people, as 41.8% of the respondents considering it very important and that 22.4% see it as important. As Dellarocas (2003) explains, social media provides travel-related companies with opportunities to understand and respond to customer preferences, by understanding what guests like and dislike.

With nearly 2.1 billion people having social media accounts, and as a consequence of the growing media, the ability for users to share information has grown too. On social media, almost 80% of the respondents believe that it is necessary to obtain practical information and about 75% are expecting efficient communication when using social media. In addition to that, more than 50% of the respondents consider important to get help from other users or to offer help. According to the responses, around 50% would seek new experiences, positive emotional states or fun and excitement when using such channels and also finding special deals.

In the continuity of the survey, questions about people's preferences and expectations when dealing with hotels' social media channels were added. From the findings it is observed that while only about 25% of the respondents will follow a hotel's Facebook page for loyalty to the brand, more than 50% would follow hotel's Facebook page in order to obtain a good deal and more than 75% of the respondents

would book directly with the hotel if the hotel could prove that their deal is better than what it is offered on the OTA websites.

For the question in regards to which social media platforms they would go first if they were to book through social media, the most common answers were Facebook and Travel Blogs, followed by Twitter and Instagram. An average of 19% to 30% of the respondents have answered that they would follow the hotel on social media if they would get along with the staff, have enjoyed their stay or if the hotel would organize events from time to time. When asked about what would make them follow a hotel's social media pages, people selected: unique travel tips, explaining that if they like something from the characteristics of the hotel, it would be preferred to get tips from the hotel rather than from random travel guides, discounts for following the hotel on social media or for direct bookings, special deals during the stays.

7.3 Examining the Hotels

The following section will examine the 4 hotels identified in this study, individually. The findings will be discussed in accordance to the theories, literature review and arguments made in chapters 2-5, and the data collected from our survey, questionnaire and interviews. Furthermore, the findings and the literature will be assessed to provide recommendations for the respective hotels on how they can focus on differentiating themselves from OTA's and enhance their social media performance to attract more direct bookings.

7.3.1 Andersen Boutique Hotel

Absalon Hotel Group is a family run hotel group, consisting of 3 hotels in the centre of Copenhagen, more precisely: Absalon, Andersen and Annex. Andersen hotel, redesigned into a boutique hotel in 2004 and later again in 2012, it is the only boutique hotel of the Absalon Group. Benefiting from one of the most important

aspect of a city boutique hotel, Andersen Boutique Hotel has an advantageous location, being situated in Vesterbro, in the heart of city, close to all main touristic attractions of Copenhagen. With a total of 73 rooms, Andersen Boutique Hotel has been rewarded both in 2014 and 2015 as “World Luxury Hotel Awards” in the category “Luxury Boutique Hotel” (Andersen Hotel, ND). In order to get a better understanding of the hotel and its practices, an interview has been held with the Marketing Coordinator of the hotel, who has as main responsibilities: the Social Media, Marketing and the PR of the hotel.

Andersen Boutique Hotel fits Anhar’s (2001) description of a boutique hotel, as it markets itself as trendy and focused on design, luxury and colours, having a homey feeling as it is the oldest family hotel in Copenhagen, trying to make it “ your home away from home” (see Appendix VI). When promoting Andersen Boutique Hotel, they would promote not only the design, location and personalized services, which are important characteristics of a boutique hotel, but also what Vallen & Vallen (2012) explains to be of a big importance: the availability of the staff. The staff would offer customised help and answer all the questions coming from the guests or even “answer the questions before they ask” (see Appendix VI). From Andersen Boutique Hotel’s own findings, with the help of an in-house tool called “relations manager” which generates feedback from their customers at checkout, it is noticed that the most important service for most of the guests is that they feel valued at the hotel, an aspect assured by them with “the friendliness, availability and the helpfulness of the staff” (see Appendix VI).

According to the Marketing Coordinator, OTA’s have influenced their strategy, the explanation being that OTA’s became dominant in the industry that “you can barely survive without them” (see Appendix VI). The manager states that there has been a change in the relationship with OTA’s, as they have become increasingly influential with guest interaction, selling prices and influential on the financial statements. When compared with the usual 25% of the bookings coming from OTA’s which is the usual

number for Danish hotels, as explained by the Chairman of HORESTA, Christensen, the marketing coordinator of Andersen Hotels claims that the booking percentage is not overwhelming for them. However the manager still feels that the commission should be reduced, as the hotel is paying a commission of minimum 15 to 25%.

Vallen & Vallen (2012) argue that the quality of services received at a boutique hotel should be personalized and the guest should expect unique and memorable positive experiences. The Marketing Coordinator of the hotel explained that besides the high commission paid, sometimes there are misunderstandings between the OTA's and hotel, negatively influencing the service quality received by the customer as for example: when a guest sends a request through OTA's, the hotel does not always receive the message, or the OTA's promise things that cannot always be delivered at the guest arrival, creating difficulties for the hotel employees when meeting situations that cannot be easily handled, making the hotel wish to "not be dealing with OTA's at all" (see Appendix VI) as they influence the quality of services offered. The marketing coordinator further explains that although their side in this two-sided market is not being appropriately represented, eliminating the use of OTA's is unrealistic. In spite of all the unpleasant situations created by OTA's, there can be some opportunities from the OTA's-hotel collaboration. Starting with the OTA's ensuring that they have the right information and are capable of transferring it to both the guest and the hotel, as the marketing coordinator states "OTA's should be more focused on what they actually tell the customers what they've booked, making sure that customers get what they asked for" (see Appendix VI).

One strategy that Andersen Boutique hotel is applying in order to reduce their dependency on OTA's is making their website available in as many languages as possible, the argument being that "a lot of times why people don't book directly is because it is not in their mother's tongue, they can feel insecure and when they go on their local OTA's it will be easier" (see Appendix VI).

Furthermore, like many businesses, the hotel is aware of the benefits of having social media presence. Andersen Boutique Hotel is present on almost all the main channels, namely, Facebook, Instagram, Pinterest and Twitter. The pages are mainly managed by the Marketing Coordinator, with help from the General Manager and the Manager of Operations. Facebook and Instagram are the main focus, as these are the main channels used by their Danish customers according to the Marketing Coordinator of the hotel, Danish customers representing also the majority of their guests.

The staff is encouraged to participate in their online presence. Their posts generate a very high number of shares, likes and views on Instagram and Facebook. Even though there are 3 people who are mainly updating their social media channels, the Marketing Coordinator explains that a bigger dedicated team would be preferred to be in charge of social media so they could have a better structure of using it.

Moreover, Andersen Boutique Hotel is aware of social media's opportunities, enhancing their brand awareness. The Marketing Coordinator states that their current use of social media is very good when speaking of creating brand awareness. However, many things would need to be improved in order for them to get people from social media on their website and they already started to work on that, by initiating or hosting different campaigns where they offer different rewards. From their previous campaigns, they experienced positive results which generated more direct bookings.

Furthermore, the Marketing Coordinator believes that in order to be successful and to generate the expected results, social media should be incorporated in the entire strategy of the hotel, so they could end up by getting actual bookings on social media, which is the focus on the long term.

Another strategy that Andersen Boutique Hotel is using to attract people to come at the hotel and for brand awareness is the customer generated data, which according to Wilson, Murphy and Fierro (2012) does not require big expenses and has an advantage as it is usually having a strong impact for future customers. In addition to that, the hotel is usually using Instagram. When people talk or make an engaging post about the boutique hotel, Andersen Hotel would “regram” the user generated data.

Furthermore, they use the testimonials from TripAdvisor about the hotel, on their own website, in order to create more credibility, which seems to be a good approach, since it has been found in a study run by PhoCusWright (2015) that 53% out of 2,739 respondents would not book a hotel room if it does not have any reviews (TripAdvisor Inc., 2016). Andersen Boutique Hotel is aware that with customer generated data, negative comments would come too, however, they are seeing this as a positive fact, which allows them to improve services or aspects which are repeatedly criticized by the reviewers. Overall, Andersen Hotel places effort on staying relevant with their clientele, as it also evidenced by the position as 3rd best hotel in Copenhagen on TripAdvisor’s travellers’ choice (TripAdvisor, Traveller’s Choice 2016).

Based on the interview with the Marketing Coordinator of Andersen Boutique Hotel, it could be argued that the hotel is having a good organisational strategy, having a dedicated team which is offering good services for their guests. Indeed, this is supported by the classification offered by TripAdvisor as the 3rd best hotel in Copenhagen. In addition to that, the hotel use of social media could be taken as an example by other hotels, Andersen Boutique Hotel noticing the importance of having an online presence on all the social media channels used by its guests.

Even though the hotel seems to have a good use of social media, there will still be small details that could be changed. The Marketing Coordinator of the hotel explains that sometimes OTA’s provide hotels with wrong information, which will influence the

customer's expectations once arrived at the hotel. From the findings of the survey (Appendix), it is seen that over 80% of the respondents usually expect to receive practical information from the hotel and only 65% expect practical information from the OTA's. Hotels do not have full control on what OTA's are promising customers, however, the hotel should check all the information on the OTA's websites about the hotel, in this way they could possibly correct the OTA's and reduce some of the conflicts created. Since people are having higher expectations in receiving information from hotels, the hotel should make sure to have all the information that OTA's offer about them, on the hotel's channels too.

Andersen Boutique Hotel is aware of the opportunities brought by social media, actively using it for brand awareness and for learning more about their customer's needs. Like the Marketing Coordinator suggests, one aspect that should be changed would be the incorporation of social media into the entire strategy of the hotel. It is assumed that in this way, the hotel will be able to create a better and more organized structure which will help the hotel in the long term to get more direct bookings.

Moreover, at the time being, everyone is encouraged to post on their social media channels, the hotel does not have an exact team in charge of social media. It is believed that having a team and a structure, could bring more benefits for the hotel and better results in their efforts of using social media. Although the employees from Andersen hotel could not participate with the questionnaire, it can be assumed that they could benefit from a solution network approach, directed towards investing in man-power focused to showcase their internal value to enhance their social media presence.

7.3.2 First Hotel Kong Frederik

First Hotel Kong Frederik is part of a Scandinavian chain known as First Hotel, which was established in 1993 and now has 90 hotels. It is located in the heart of Copenhagen, by the City Hall, and is the oldest hotel in Copenhagen. First Hotel

Kong Frederik uses its collaborations with the First Hotel chain, and Global Alliance, to highlight and optimize their reach, and rely on the service expectations of an international brand to attract guests. Although First Hotel Kong Frederik classifies itself as a boutique hotel, due to the charming appeal, it brands itself as having a Townhouse atmosphere, which has similar attributes to that of a boutique hotel (see Appendix VII).

First Hotel Kong Frederik has historical significance in Copenhagen, as it has been situated in the centre of Copenhagen since 1900. The building has been a lodging establishment since the 14th century. In 1973, another hotel called Hotel Hafnia, which was next to Hotel Kong Frederik, had burned down. This prompted the First Hotel chain to buy the burned hotel, renovate it and merged it with Hotel Kong Frederik. The establishment reopened in 1976 after a renovation.

The interior of the hotel takes on a classic English town house style with mahogany furniture. There are three different types of styles for the guest room, classic, library and romantic, with free minibars are offered in the room. According to Anhar (2001) having different themes in guestrooms, will appeal to repeat guests, as they can return to a hotel where they have trust in the quality of service, but still get a different experience with each stay. Due to its very central location, guests are within walking distance to shops, cafés, restaurants, transportation options and Tivoli. With such a location, the hotel has an occupancy rate of approximately 80% with 110 rooms. As found in HORESTA report (2014), city boutique hotels earn double as much as the countryside hotels in room bookings, due to their high demand.

The number of bookings through OTA's, opposed to the number of direct bookings, varies significantly every month according to the manager. First Hotel Kong Frederik, partner with a number of OTA's, namely; Expedia, Booking.com, Trivago, Amadeus, and Surrey. The manager sees the cooperation with third party OTA's as beneficial as they argue that the industry is changing, and the current dependency on OTA's

from the hotel side is a reflection of customers becoming more loyal to the OTA brand, rather than the hotel's brand. The manager however did not wish to disclose how much commission First Hotel Kong Frederik pays its partnering OTA's but did state that it is a typical rate for hotels in Copenhagen, as is found in HORESTA (2014) report is at an average 9.3% per room sold. The manager goes further to argue that there are some 4th and 5th party agencies that hotels should be aware of, because hotels will have little control in terms of service, and there is a tendency to find outdated and incorrect information about the hotel.

Same like the Chairman of HORESTA, the manager of Kong Frederik Hotel also believes that "OTA's are here to stay" (see Appendix VII), and questions if the agencies really deserve 20% of a room, especially if they are driving prices and having a negative influence on hotels. It is also argued that it is difficult to have an overview over the guests that are booking if the same guest uses different OTA's to book with each stay.

Hotel Kong Frederik benefits from its participation in the First Hotel chain. Although members of the group may book a room at another First Hotel, the hotels also help one another if there is a large group traveling together and request an excessive number of rooms, and then the hotels can help manage the large group together. As seen in the research for PhoCusWright Inc. In 2015, hotel chains use of OTA's less than a non-branded hotel. This collaboration is an opportunity for hotels in the First Hotel chain to differentiate themselves from OTA's, as they can encourage repeated guests to book through an internal booking system for First Hotel guests. It is also an opportunity to increase value, as the hotels can collaborate together to develop different activities, amenities, services, and marketing strategies, which are directed towards gaining more direct bookings. They also offer free breakfast for the guests if they book through their website, creating an initiative for more direct bookings. To further differentiate from hotels, they work with small businesses to ensure that they book at First Hotel Kong Frederik and provide a price guarantee.

In regards to the social media initiative from Hotel Kong Frederik, they mostly use Facebook. It is either the general manager or front office manager that can post on the social media sites, to promote the hotel. The headquarters in Oslo manages the brand presence on social media, on channels like Facebook and Twitter. Social media provides businesses with the opportunity to gather information about their customers, in order to help establish an effective and important customer relationship management (Noone, McGuire, & Rohlf, 2011). From the hotel's side, they are interactive with guests who post on their Facebook page. The hotel also puts pictures of the staff and the daily activities of the hotel as they take place, as this can be interpreted as a way to personify the hotel. This rings true to an argument made by Michael Tiedy (2013) that travellers prioritise participating in the environment. The manager argues that posts that promote an offer are not as popular as those showcasing the hotel's activities. The manager believes that using social media is a good opportunity to establish interaction with the guests, however it is argued that encouraging social media, also encourages negative expressions, and that a negative experience will be shared almost instantly, leading to misinformation or misrepresentation.

As stated by the manager, the cooperation with OTA's is seen as beneficial, arguing that the industry is changing, and the current dependency on OTA's from the hotel side is a reflection of customers becoming more loyal to the OTA brand, rather than the hotel's brand. It is believed that even though the OTA's have such a big impact on the hotel business and more specifically on its customers, hotels should still try to differentiate themselves and find innovative ways to reduce their dependency on businesses as OTA's which require big commissions for their help. As suggested, social media could be a possible solution for doing so. In this sense, the hotel should consider increasing their presence on social media. So far, they are only present on Facebook. However, a bigger presence on more than one social media channel could

bring more chances for brand awareness both in Denmark and outside the country. Moreover, with the right promotion, the hotel could increase brand engagement too, and for this to happen, Kong Frederik Hotel could find new and more attractive ideas for promotion on social media. For instance, the hotel could organize a contest where people would have to leave comments and share on their social media channels about how they would describe the hotel, the winner will receive a free romantic weekend or a weekend with a friend, including a stay at the hotel, breakfast and spa facilities. Involving user generated content on social media can help building up loyalty to the brand and sometimes it makes the customer to give extra effort in promoting the brand, which later will most probably bring delayed sales (Hoffman and Fodor, 2010).

The location and the style of the hotel are influential and beneficial for the hotel's occupancy, making it attractive for guests who would like to book a stay in the centre of Copenhagen, in addition to this, being part of First Hotels group, gives the hotel another advantage for promotions and potential to have more direct bookings than a non-branded hotel whose power of promotion is usually not sizable.

According to the survey, over 50% of the respondents believe that OTA's are offering better deals than the hotels are offering on their own websites. This idea could be changed in the interest of Kong Frederik Hotel with the help of social media and of the First Hotels group and their promotions on their social media channels. Usually, OTA's promote hotels with a bed and breakfast option, what Kong Frederik and the other hotel in the First Hotels chain could do, would be to make special packages to be offered for their followers, or loyal customers, where they could include more than the simple bed and breakfast, as for example a dinner or welcome drink when booking through their direct channels.

With the intentions of understanding the hotel's experience when introducing a new idea from the employee's perspective, a questionnaire was sent to Hotel Kong

Frederik in order to identify points in the idea flow process, which they may find challenging. The questionnaire was filled out by 5 employees; therefore, the result of the questionnaire might not show necessarily the exact situation of the hotel.

According to the responses, it was unanimously agreed that it is not difficult for employees to put forward new ideas and it is believed by the majority that people come up with new ideas by themselves. Regarding the collaboration and involvement of team members from different departments for innovation project, 3 out of 5 people answered that employees from other departments participate in their innovation projects. Moreover, questions about external sourcing of ideas were asked, and while one agrees that few good ideas come from outside the company, 3 others responded that they somewhat agree with the fact that ideas coming from outside the company are not considered as valuable as the ones coming from inside and that few of those coming from outside are good ideas.

From the results of the questionnaire it is observed that, employees feel that few ideas come from outside. In order to rectify this specific weak link, according to Hansen and Birkinshaw (2007), they could introduce a discovery network or solution network approach. According to the interview with the manager, First Hotel already collaborates with businesses, First Hotel chain and Global Alliance, which provide opportunities to learn about emerging technologies and emerging businesses. First Hotel may also focus more on a solution network approach. A solution network approach could allow the hotel to focus on fixing a specific matter. This could include evaluating how other hotels manage complaints or internal communication, and assigning the task to an employee or a team who is dedicated to finding a solution. Applying the staff's knowledge about hotel's guests, could additionally reduce dependency on OTA's, encourage employee satisfaction and guest satisfaction. This corresponds to the study by Sørensen and Jensen (2015), which claims that the staff's knowledge can be used to learn more about the guests motivations for choosing the hotel as "needs are changing all the time" (Sørensen & Jensen, 2015),

and is an opportunity to create targeted value for the guest based on observed needs of their guests.

The questionnaire identifies the possibility of a conversion-poor company. 2 out of 5 people disagreed with the fact that the hotel has tough rules to get new ideas funded and that they are not afraid to take risks in moving further with an idea. Moreover, when asked if the managers have a hard time developing new ideas, only 2 disagreed, meanwhile the other 3 respondents somewhat agree. From the answers, they all believe that the company does not have difficulties in finishing new ideas or products on time. From this stage, the activity that scored the highest, with 18, was the ideas conversion stage. According to Hansen and Birkinshaw (2007), when an idea is halted at this phase, it is because usually management does not consider it good enough to replace an existing initiative that is already in the budget. For this, multichannel funding is encouraged. This helps open opportunities for ideas to be viewed from different perspectives, outside of management's view.

Moving further, the questionnaire has focused on the diffusion of new ideas process. According to the majority of the respondents, it is believed that the company is not slow in rolling out new products nor is their business easily copied by the competitors. However, 3 out of 5 employees somewhat agree that the business does not penetrate all possible channels or customer groups. The questionnaire suggests that this stage is the biggest challenge faced by the Kong Frederik hotel. The statement with the most support in this section was "competitors quickly copy our product introductions and often make pre-emptive launches in other countries". This means that the hotel could assign an ambassador, as Hansen and Birkinshaw (2007) refer it to, in order to create urgency to promote an emerging idea that has been approved, and encourage employees to adopt the new product or business idea.

7.3.3 Hotel Rønhave

Located in the countryside provisional area in Denmark, Hotel Rønhave is a family owned hotel. With only 8 rooms, Rønhave is classified as a boutique hotel, due to the types of services provided, and to its small size. Rønhave has been running since 2011 and started out with two rooms and has since renovated the hotel and grew to 8 rooms. The general manager, who is a family member, implied that the reason they were unable to add more rooms was because the renovations had to happen quickly, as to not disturb the guests. Prior to its opening, it was a farmhouse built in 1865, making its nearby surroundings, and thus activities, nature-packed, providing charm and calm.

With only 8 rooms, each room has its own kitchen and bathroom. The general manager believes that having a small number of rooms is one of their strengths as it provides opportunities to form a rapport with the guests during their stay and allows guests to be more independent in their activities and have a comfortable stay, as they can decide how much contact they want with the staff. However, when the guests require assistance, the staff is always ready to help in the moment.

As found in *The Boutique and Lifestyle Hotel Report (2015)*, boutique hotels are focused on creating experiences, using the characteristics of its surroundings to build on the charm of the establishment, and that could be seen at Hotel Rønhave, which embraces its natural surroundings and history, and uses it to foster the theme and story of the hotel. The general manager understands that the surrounding of the hotel is an opportunity to develop a theme in the hotel that will match with the guest's motivation for visiting the site. As stated by Anhar (2001), boutique hotels have as primary features architecture and design. At Hotel Rønhave the designs of the room are left simple, as to maintain the experience of stimulating the guests through simplicity and calm and are surrounded by large fields of open and tranquil spaces. According to the manager, many of their guests are above 50 and say that they appreciate the option to be independent when it suits them. They have the option of

being served breakfast, but also have the option of making their own, eating in the room, or outside or by the sea. For Hotel Rønhave, enabling their guests to be free and enjoy nature as they please is what establishes the value proposition.

Vallen and Vallen (2012) explain that boutique hotels try to offer memorable experiences and to do so, providing ethereal services and the mind-set of the hotel staff are essential. Another important element that adds to the value and experience of the hotel is the encouraged personalized relationship between the staff and the guests. This is beneficial as the guests will get to see a familiar face throughout their stay and can become comfortable with them. The size of the hotel makes it possible to have an intimate relationship with the employees and guests.

Hotel Rønhave has the largest partnership out of the 4 hotels with Booking.com, paying 15% in commissions, but also partner with Expedia and HRS. The manager views the partnership with Booking.com as beneficial, due to their wide reach in advertising and multi-lingual platform. On the other hand, the manager says that it is difficult to be represented to their satisfaction as aspects of the hotel turn into criteria as part of a “box-ticking exercise”, instead of an expression of a story and an experience. The customer will then only compare the qualifications, instead of the overall picture the hotel wishes to share. This supports that OTA’s have an impact on how guests perceive the hotel. The money paid in commission could be invested elsewhere in the hotel, but the manager also recognizes that existing without the OTA’s would be challenging. They provide the hotel with a global reach, which has ultimately resulted in more bookings in the past 4 years. The hotel manager estimates that 70% of their bookings now happen through OTA’s, and says that this is a significant increase since 2011, supporting the argument that independent hotels benefit significantly from OTA’s.

Hotel Rønhave is present on Facebook and Instagram, although their use is directed towards current guests, rather than potential guests. Focusing on previous guests

ensures revisits, and encourages loyalty and awareness. This could also lead to more direct bookings, if they guests are sure that they would like to visit the hotel again. However, the opportunity to reach potential guests through their own social media use seems to be untapped, but the manager acknowledges that this is because they would be difficult to be found through social media, and it is easier to create awareness for their hotel through distribution channels, and then work towards gaining loyal guests, possibly for more direct bookings.

Currently, social media is not a big priority in Hotel Rønhave, as the manager argues that it is time consuming and has qualms regarding the pay back, “we’re also so small, and we have to think about how many hours it is, compared to if it’s worth it” (see Appendix VIII). They do however respond to reviews left on Booking.com and TripAdvisor, however, with over 300 reviews on Booking.com alone, the issue of time spent on responding still prevails. Another challenge the manager mentioned was lack of originality in each response, “you cannot write the same thing to everyone, you have to rethink the same answer to make it worthwhile for the people” (see Appendix VIII). The manager decided to only respond to complaints and comments that can be misleading for others to read. The manager continued to give an example of a comment that had stated that there were no fire alarms in the room. The manager was inclined to reply and correct the statement, also to avoid being penalized for an untrue statement.

Overcoming challenges and improving the performance of the hotel, happens in an informal setting, which can be appropriate for the size of the staff. They discuss openly challenges that they have experienced, and how to improve, so that they guests are satisfied with their stay. They also discuss the online reviews and use them as an opportunity to reflect on their performance and how to improve for another time. According to their online reviews on Booking.com and according to the manager, the customer satisfaction rate is at 95%. This could be a result of the application of the staff’s knowledge and experience, the ability to understanding the

motivations of their guests, establishing a relationship with the guests, understanding Booking.com as only a distribution channel while creating their own opportunities or a combination.

Being a small hotel with only 8 rooms can be very attractive for people who prefer countryside boutique hotels, since it could be interpreted that they prefer small and unique places, unknown by many people, which is in line with the description in the report commissioned by The Hotel Analyst (2015). The size of the hotel could increase the demand for this type of customer.

The small number of employees could be seen as an issue when looking at improving and investing more on their social media strategy, however, the hotel could get help on this, for example, by offering a 3 to 6 months internship to a student. In this way, the hotel will benefit from free help and an online presence.

It is believed that when chosen properly, social media could be a cheap way of promoting the hotel and engaging existent and new clientele. As Hoffman and Fodor (2010) state, hotels should not measure social media in terms of sales, but to use it to learn from their customers and to find new ways or strategies to engage them with their brand, or to present them with the new products or services when necessary. From the survey findings and supported by the Chairman of HORESTA, it is observed that the most used social media channels in Denmark are Facebook and Twitter, therefore, the hotel should only try to be more active on these two channels, in order to get a better understanding of their customers' needs and to continuously improve their services.

The hotel manager explains that they receive and respond to reviews on TripAdvisor and Booking.com. However with over 300 reviews on Booking.com alone, the issue of time spent on responding still prevails. As found in a study realized by PhoCusWright around 80% respondents would read 6 to 16 reviews before making a

booking and 98% believe that reviews accurately reflect the actual experience (TripAdvisor, 2016). With this in mind, the hotel should continuously review and respond to negative reviews, in order to maintain a good image. Again, with the help of the right intern, the time problem could be solved, and the reviews would be answered.

The hotel manager explains that their actual focus on Facebook is for Hotel Rønhave is directed towards current guests, rather than potential guests and it is seen as an opportunity to ensure revisits, and encourage loyalty and awareness. From the survey results, it is observed that only 25% of the respondents will follow Facebook from loyalty reasons and a much higher percentage will do it for special rewards as discounts.

7.3.4 Hotel Comwell Sorø

Comwell is a Danish hotel chain with 16 hotels in Denmark and 2 in Sweden, having both city and countryside hotels. Hotel Comwell Sorø is a countryside boutique hotel, at a distance of 82 km from the centre of Copenhagen, with 93 rooms and 18 meeting rooms, and was opened in 1999. Comwell Sorø tries to differentiate from the other hotels, even from other Comwell hotels, by putting in practice different projects. The theme of the hotel is defined by cosiness, food, transparency, involvement, where the guest is made to feel like home, a place that can be trusted, representative characteristics for a boutique hotel (Anhar, 2001). At Hotel Comwell Sorø, the main differentiation in service, is based on the food and wine served, using almost only local products. According to the findings of HORESTA (2014), restaurants are an important source of income for a countryside hotel, as they earn double as much as city hotels. The services also include tasting of homemade jam and honey, acting as an appealing element that allows the guest to gain an insight of the hotel's natural surroundings. Moreover, at Hotel Comwell Sorø the guests are welcomed to access almost anything they like, including the bar, where the guests can take their own

drinks and pay for them later, projecting a trust with the guest, and a desire to make them feel at home. They are also invited in the kitchen to have their breakfast while the kitchen staff is preparing meals. The manager refers to it as “the most intimate room in the whole hotel” (see Appendix IX) and says that more often than not, the guests enjoy having breakfast in the kitchen. Moreover, the hotel manager advises that involving the staff is important everywhere, no matter if it is a city or countryside hotel, and the best customer experience is created by adding small details that will create a great experience for the guest by “putting layers on all time” (see Appendix IX) and also they will try to deliver more than they promised to their guests, as they see it as “another way to make sure that they have a smile on their face at all times”.

At the moment, 50% of the hotel’s business is coming from conferences and the rest of the business is generated by other things as: parties, concerts organized at the hotel, people coming in groups to study at the hotel. Due to the high amount of guests generated from conferences, Hotel Comwell Sorø has given much effort into optimising the experience for all involved. When conferences are held at the hotel, they have two main focuses: one is on the person who is organising or speaking at the conference, to make sure that everything needed is provided to maintain that person calm and be able to have a successful conference. The other focus is on the attendees, to assure that when they get tired or need a break, the hotel could provide them with different activities which will relax and help them get the energy back for the conference.

At Hotel Comwell Sorø, as in any specialized boutique hotel, the accent is on being innovative and giving the customers the best experience at all times (Vallen & Vallen, 2012), from small things like inviting them outside in the summer time to taste their homemade honey or jams, teaching them how to make filled chocolate, and other services tailored for different types of needs. Such small services, are a demonstration that the hotel uses its restaurant service to create a unique

experience for their guests, at no extra cost, essentially creating what Kim and Mauborgne (2015) refer to as buyer value.

As Michael Tiedy (2013) explains, the “modern-day” travellers prefer to participate in the environment, rather than feeling like they are in a corporate hotel. When looking at the customer experience, the hotel is trying to always be there for their guests, making sure that they are always taken care of and the employees are encouraged to make conversations with the guests, in order to make them feel comfortable and to build a good customer relationship. Additionally, staff interaction with the guests is believed to be an important factor in offering a unique experience for the guests. Hotel Comwell Sorø has around 30 employees, presented by the hotel manager as “one big team” (see Appendix IX) where “everybody is doing almost everything” (see Appendix IX). Moreover, the manager explains the staff takes strive to ensure that the services at the hotel are kept at high standards at all times, so that the employees and guests have a pleasant experience, even when an issue arises. For instance, conferences attendees would typically spend most of their days in the hotel. This translates to approximately 15 encounters between the guest and staff members, in other words, 15 opportunities to ensure that the guests remain satisfied. The employees rely on each other to deliver in each counter, so that the next encounter could remain pleasant.

As it could be observed, Comwell Sorø boutique hotel has an efficient staff, dedicated to their work and to creating unique and innovative experiences for their guests at all times, being one of the top 25 hotels in Denmark by TripAdvisor (TripAdvisor, Top 25 hotels-Denmark). The hotel benefits from being part of the Comwell group, giving their customers the opportunity of being part of the loyalty club. Being a countryside hotel, the hotel manager considers that the location is advantageous, being in the middle between Copenhagen and Fyn, being an hour drive from each city. However, they experience difficulty in attracting the leisure guests, the explanation being that it

becomes “far away all of a sudden” (see Appendix IX) and that there are not many concerts and events occurring in Sorø, unless the hotel itself arranges a concert.

Hotel Comwell Sorø recognises the impact of word of mouth. According to management it is the best way of promotion if you have the patience to wait. This is in line with the findings of the report by WTO (2014). Regarding their conference experience, the manager explains that participants inform other people about their experience, stating; “a lot of trainers or teachers here speak so well of us to other trainers and teachers, so we don’t need to do that much promotion...not for conferences” (see Appendix IX). The manager adds that they have been doing that for almost 3 years and “now it is paying off” (see Appendix IX). In regards to their leisure promotions, Hotel Comwell Sorø is mainly relying on their loyalty club, with around 380.000 members and on the business club with about 100.000 members, stating that “we do it in the Comwell common ways, there is the club and there is the business club and that’s about it” (see Appendix IX), the hotel manager states that they find leisure promotions to be “expensive and not powerful” (see Appendix IX). They additionally use traditional marketing ads on TV and newspapers for local promotion.

Regarding their use of OTA’s, as most of the hotels, they would still “rather be without them” (see Appendix IX). Besides the minimum 15% commission paid to the OTA for around 25% of their bookings, the main reason being that when promoting their hotel on OTA’s website, sometimes prices on the OTA’s website are lower than the ones provided on their homepage. The hotel manager explains that the number of used OTA’s has reduced to 5, when compared with 3 years ago when the hotel was using around 10 OTA’s, the main help for the reduction being the loyalty club and the orientation towards conferences more than leisure.

The leisure side of the business is not as successful and they consider the leisure promotion “expensive and not powerful” (see Appendix IX), due to the associated

costs and the unsuccessful results. However, social media could provide an opportunity for this to change. At the time being, the hotel is only present on Facebook and TripAdvisor. Facebook is used for hotel promotion and organized events at the hotel, the hotel manager being the only one who does that.

In terms of social media use, Hotel Comwell Sorø is active on Facebook as a business objective used daily, where they try to promote their hotel and upcoming events. The hotel manager explains that he is a bit selective regarding what goes on Facebook and how the posted pictures look. Therefore, one person is in charge of their social media presence, because it is believed that what is posted should remain controlled. Furthermore, their Facebook page is used only for their posts, and limits customer's posts about the hotel's services. Considering that guests posts and reviews have an impact on influencing other people's decisions when choosing a hotel, this may be a liability. On the other hand, this could be a way to avoid misinformation and negative posts, which all 4 hotels have mentioned as a problem.

Even though social media is becoming more and more important for people and businesses in order to facilitate their communication with the clients and potential clients, it is observed that Comwell Sorø is not taking full advantage of it, even though at the hotel the team seems to interact very much with the people, in the online world, Comwell Sorø could benefit of some more customer interaction. When chosen properly, social media is considered to be inexpensive and in a long term, beneficial for companies, giving them the possibilities to connect with people, understand their customers preferences and expectations, communicate with them in real time online.

As mentioned by Christensen, the two main social media channels used by people in Denmark are Facebook and Twitter, and this is supported by the survey findings as well. Therefore an idea to attract more leisure travellers to the hotel is to use more the two channels. With the help of Facebook and Twitter, the hotel could benefit more from increasing their brand awareness, and not only. At the moment, Facebook is

used only by the hotel manager when posting something new, however, since the hotel manager describes the team as being “one big team” (see Appendix IX) it is believed that selecting some members of the staff partake in the social media use, could be a solution for what the hotel Comwell Sorø to efficiently use Facebook and Twitter and still keep a good strategy entailing: same language style, type of posts added by each employee, etc.

Another thing that Comwell Sorø could do differently would be to allow customers posts on their Facebook page. People tend to trust posts of other people, in comparison with posts made by companies (Madupu, 2006). Additionally, from the survey it could be noticed that more than 58% of the respondents see reviews coming from other people imperative in the decision making of booking a room. Also, like Hoffman and Fodor (2010) explain, involving user generated content on social media can greatly develop customer commitment, building up loyalty to the brand and even allowing the customer to freely promoting the brand which in the future will most probably bring delayed sales.

Considering their experience in hosting conferences satisfactory, Comwell Sorø, could also focus on establishing connections and deals with institutions or companies that often organise conferences. This can satisfy their niche clientele, and ensure more direct bookings, if agreed upon.

Additionally, the staff can shape their social media strategies based on the travellers motivations. Similar to most of the hotels in Denmark according to the study made by HORESTA (2014), OTA's bring around 25% of the bookings for Comwell Sorø. According to Flash Eurobarometer in Denmark (2016) and also from the findings of the survey, it is shown that most of the people would use an OTA when making a booking, one of the reason being that almost 50% of the respondents of the survey believe that OTA's will provide them with better offers than the ones found on the hotel's website. Based on this, it is suggested that the hotel to promote some special

campaigns on their social media channels, websites and via Comwell group, in order to reach a wider audience. The promotion could entail a better rate than the one offered on the OTA's, or more personalised offers which will be more attractive than what is offered on OTA's. For example an offer for 2 people including bed and breakfast and a dinner cooking lesson where the two guests will cook together; team or family offers where besides the typical services included in the OTA's packages, the hotel could include small competitions and rewards.

The survey highlights the fact that special deals, discounted rates or receiving benefits from the hotel's loyalty programme have influence in the booking decision. It is observed that over 50% of the survey's respondents answered that they will follow hotel's Facebook page to obtain a good deal and more than 75% would book directly with the hotel if the hotel could prove that their deal is better than what they offer on OTA's. Therefore the hotels could benefit from these by offering special offers or promotions on their own channels. As Hoffman and Fodor (2010) state, every time a customer uses an application which is owned or about an organization, the organization gets higher exposure to its brand. In this case for instance, on Facebook, Comwell Sorø could make a promotion where if people would "Like" five of their post, will get two glasses of champagne when coming at the hotel or 50% discount to brunch, or if they "share" five posts, they could benefit of a 3 course meal dinner. In this way, when people "like" or "share", their friends will be able to see the hotel, creating brand awareness.

From the questionnaire submitted to the hotel staff, almost all the respondents agree that good ideas and products come from outside of the company and that they are as valuable as the ideas coming from inside the hotel. According to their answers, the hotel is seen by 4 out of 5 employees as having a culture where people do not have difficulties in generating new ideas and where people are collaborating on projects across departments. However, 3 out of 5 respondents consider that very few good ideas come from people on their own and that few innovation projects in the hotel

involve team members from different departments. In the idea generating stage, the activity with the highest score is “in-house idea generation”, suggesting that the employees feel that people have good ideas within the unit but experience difficulty when putting a new idea forward. In contrast, they feel that ideas coming from external sources are used more than ideas from within the hotel. Therefore, Comwell Sorø should place focus on developing a solution network rather than a discovery network. The solution network could be directed towards an internal communication system, where the staff is invited to share their ideas with management.

With regards to the selection and development of new ideas, this stage scored low points, suggesting that there is not much resistance when converting the ideas. However, the hotel scored the highest on the diffusion stage, with 19, with most employees somewhat agreeing that the hotel does not penetrate all possible channels, customer groups, regions, with new products and services. Hansen and Birkinshaw (2007) argue that problem arising at this stage is due to lack of urgency from the executives to diffuse new ideas into the business practices. Suggesting in this case, that the hotel manager could involve the staff by ensuring the services they provide, reaching a broader audience.

8.0 Discussion

This paper has focused on determining the relationship and dependency boutique hotels have on OTA's, with the scope of offering suggestions on how they could diminish the dependency and promoting their value, by making more use of social media in order to gain more direct bookings.

From the findings of this paper, it is observed that OTA's represent a way for hotels to get more bookings, helping them to achieve a better occupancy and a wider reach, due to the OTA's marketing possibilities. As stated, "OTA's are here to stay" (see Appendix IV and Appendix VII) and considering that the relationship "OTA's - hotel" brings some major benefits for hotels too, it is considered necessary for hotels to maintain this relationship, meanwhile considering and applying some new and innovative ideas, that will potentially, in the future, help them gain more direct bookings and negatively influence the use of OTA's which benefiting of such a high commission percentage.

At the starting point of this paper, the aim of the research was to find solutions for the hotels to gain more direct bookings by adjusting their use of social media. However, from further research and interviews held with the Chairman of HORESTA and 4 boutique hotels in Denmark, it has been found that at the time being, most of the hotels do not consider social media as an effective channel. However, it is maintained that it is important for hotels to regard the benefits that come with the use of social media, as it is an opportunity to participate in the online travel community, engage with their guests and attract potential guests. As supported by the literature review, social media channels are very important, not only in the hospitality industry, but for any business, in order to facilitate the communication with clients and learn about customers preferences and expectations, in this way creating a possible new source for innovative ideas. Social media could be an efficient method of creating brand engagement, online word of mouth and brand awareness, which according to

Hoffman and Fodor (2010) will bring direct sales in the future. Having a well-established online presence becomes increasingly important for companies nowadays; therefore hotels should consider that in order to maintain innovative practices.

Besides the already existing benefits of using social media, mentioned above, hotels can also direct their social media use to showcase their established value to attract customer whose sought benefits are aligned with the value of the hotel. For hotels to increase their value, they should be aware of the trends that their targeted group participate in. With this in mind, hotels should systematically re-evaluate their buyer value components to remain relevant in an ever-changing industry.

According to Brescia Peter (2016), one new innovative solution that hotels could adopt to increase direct bookings is Messenger bots which will be available on Facebook's Messenger platform. Messenger bots, allow customers to create their own bots, which will be then submitted for approval by Facebook. It is explained that this will open new booking channels for hotels as it will facilitate many aspects like: the users can explore options without having to call the hotel, notifications will be sent to the users so they won't forget about their search, the barrier to entry is very convenient for hotels, especially for small hotel chains which won't have to develop their own applications for this matter, the system can work as a "human based" customer service, saving time and money for the hotels. In addition to this, Facebook is known as a "gold mine of personal information", able to make personalised hotel suggestions, considered an opportunity that is not too easy to achieve on traditional channels (Koddi.com, 2016). One thing should be taken into consideration though: the service will be available for OTA's too, therefore a new "battle" between OTA's bookings and direct bookings might begin.

9.0 Conclusion

Although OTA's provide convenient services for travellers and are designed primarily to meet the needs of customers, hotels seemingly do not benefit proportionally from this two-sided market. Hotels point to the high commission rates paid, misrepresentation of their hotel and the magnitude of travellers criticising the hotel instantly upon encountering one disagreeable factor, to exemplify the negative impacts of OTA presence. However, all hotels recognise how their own activity and revenue has increased as a result of the billboard effect. However, it seems as though hotels have come to rely heavily on the billboard effect and OTA presence to replace their own marketing strategies through other channels. As is recognised by several, namely the chairman of HORESTA, hotel managers included in the study and individuals mentioned in the literature review, OTA's are here for good, as they meet the needs of both customers and hotels. However, hotels should try to regain dominance over their value.

Social media plays an important role in many aspects of the hospitality industry, including guest satisfaction, process improvement and its potential to move markets by driving consumers' purchasing patterns, and can thus be used too as a distribution channel focused on getting direct bookings. It is important that hotels are present on such channels. They provide a way for them to engage with the targeted online travel community, to identify growing trends that could help them reflect on their internal practices to meet the needs of their guests and boost direct sales. Emerging trends, whether online or in real life, play a large role in shaping people's desires and habits, which can be seen as opportunities for businesses to provide services that meet a growing demand. This is exhibited in the creation of OTA's and the billboard effect, as observed a need for convenient and practical travel information there is an existing need to facilitate the planning and booking process.

A current trend that is being observed within the industry is a shift towards value-based travels, as the Vice President of Hyatt's branding explains it "[Travelers] have a wish list and want to make the most out of all their experiences and reasons for traveling" (Ramirez, 2016). Today's travellers seek to participate with the local setting, by interacting with people, trying local foods, visiting local and popular attractions. As is evidenced in this paper and the analysis, travellers still appreciate and seek a convenient method for booking. However OTA's do not provide the overall story being told by the hotel. They may at times have a negative impact considering misinformation posted about the hotel, which is a matter that the 4 hotels included in this study mentioned as a problem with their partnership.

Hotels rely on the services provided, to be visible and increase revenue. Similarly, with convenient communication, practical information and reviews from other travellers on high demand, travellers also rely on the services of online travel communities; therefore eliminating OTA's is unattainable. However, due to the current shift in traveling trends, hotels should invest their resources towards developing a value-based experience by listening to what the needs of their guests, offering them what they want and through the channels they prefer. As hotels are using innovative practices to create their value, they should systematically consider each link in their Innovation Value Chain, to strengthen the flow and diffusion of ideas and ensure that their practices remain relevant and efficient.

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