

## **ROLE OF THE NEW MEDIA AS A DISTRIBUTION CHANNEL FOR ACCOMMODATION SERVICES IN TOURISM**

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### **ABSTRACT**

*The new media has changed the tourism and hospitality industry on many levels bringing an unprecedented change in the way consumers purchase the accommodation services. More and more consumers in a tourism industry use the new media in order to seek information and purchase. At the same time companies that sell accommodation services, or are intermediaries in their sales, are adapting and rapidly increasing an implementation of the new media in their business as a new and innovative channel of distribution. Use of the new media is therefore widely accepted by accommodation providers in a tourism today. This paper gives a brief review of main forms of the new media, which are used in purchasing and selling of the accommodation services, including web sites (and blogs), e-mail, social medias and mobile commerce. An empirical research have been conducted in order to investigate the role of the new media as a channel for distribution of accommodation services in tourism. Exploratory research used for survey a highly structured questionnaire answered by a sample of 102 respondents. The objective was to explore their experience and perspective of their use of the new media in seeking information and purchasing. According to the research, it can be concluded that the new media is the core and the key to a successful business, not only in the sale of accommodation services, but in the whole tourism and accommodation industry. As a result large share of the sales have moved to the new media as a dominant channel for distribution of such services.*

**KEYWORDS:** new media, accommodation service, distribution channels, internet, tourism

## 1 INTRODUCTION

“New media of 21<sup>st</sup> century” have several definitions. Most of them revolve around internet and user interactions through different technologies carrying video, text, pictures and sound. The definition changes as new media change during to the advances in technology (Peruško, 2011). Beal (2016) defines new media as content available on demand through the internet which is available to be used on any digital device and that usually contains user feedback and creative and interactive response. Therefore examples of the new media would include web pages such as newspaper portals, blogs, videogames and social networks. Key characteristic of such media is a dialogue. They enable sharing and interacting with the content. Unlike traditional media those new media are based on user involvement and interaction. Television, movies, journals, books and other printed materials are not new media. In defining new media Manovich (2001) goes further and proposes that new media does not means only interactivity and hypermedia but should also have the following characteristics:

- Numeric in nature – they are composed of data, digital codes
- Modularity – they are made from different elements such as sounds, pictures, forms, that can exist separately
- Automatization – many operations in process of generating content, distribution and manipulation are automatized
- Changeability – new media are changing over time
- Transcoding – computer logic influences how we understand and perceive ourselves.

For the purpose of this paper we define new media according to some of their main characteristics: availability through the internet, interactivity, availability on digital devices in real time without time and spatial boundaries. Those include web pages, blogs, live streaming of sounds and video, chat rooms, social networks, certain mobile applications, virtual reality and similar. Importance of communication through new media with potential customers are rapidly gaining importance. Companies have tangible benefits when using different channels such as social media for communication and promotion of its products and services. Social media are important for building and managing relationships with customers and employees, for making new contact points for extending service to the customers, for identification and motivation of customers in promoting a brand, for creating events, audience and followers, and similar (Marta and Thomas, 2013). As customers spend more time online and on social networks, those media became more and more important for business strategies of a companies (Panian, 2013). New media promote not just user interaction but also become an important channel for distribution of different goods and services, especially today through different applications optimized for smartphones (Urbančić, 2016).

## 2 ROLE OF NEW MEDIA AS A DISTRIBUTION CHANNEL IN TOURISM SERVICES

During purchase decision making for touristic services customers are influenced by different factors that can be grouped into four distinct groups: culture, social, personal and psychological (Kotler and Armstrong, 2011). Most purchase decisions in this particular field will be also influenced by emotions, discretionary time and income level.

Tradition sales funnel becomes obsolete as travelers report spending roughly one hour evaluating and researching different hotels for their most recent stay (Inversini and Masiero, 2014). Research by Hawk and Partners (2012) reveals that number of factors influences the selection process. In the past this process was relatively linear but now it has become more dynamic and cyclical with different touchpoints and feedback loops influencing and reinforcing each other as shown on the next diagram.

Picture 1. Purchase process for the accommodation tourist service



**Source:** Hawk Partners (2012): Hotel Channel Usage Study, available on: [2012http://rss.hsynidicate.com/file/152004811.pdf](http://rss.hsynidicate.com/file/152004811.pdf)

Recent research in this field show that it is prevailing trend using new media for searching and booking of tourist services. In Switzerland in year 2011 79% of respondents were already using

new media for booking stays (Law *et al.*, 2015). Booking.com was the main site used and providers of service such as small hotels, house owners and similar rated it as very important sales channel. Some of the most important factors contributing to the success of the new media as a distribution channel are their extensive reach, nonstop availability, user ratings, user friendliness and automatization of the whole search and booking process which results in a low transaction costs (Laškarić, 2010).

It is no wonder that hotels and other providers of room and board services recognized the importance of IT, internet and new media as a new channels for distributing or selling of their touristic services. New media enable more reach at lower costs while at the same time ensure more information and easier purchasing for the consumers seeking those services (Baldigara *et al.*, 2013). Such technologically supported channels make it much easier to manage free resources, automatically adjust pricing and in some instances to exclude unnecessary intermediaries from the process (Galičić *et al.*, 2008).

### **3 RESEARCH GOALS AND METHODOLOGY**

Main goal of the research was to explore application of new media as a distribution channel for tourist services, more accurately for selecting and booking touristic stays. Also levels of communication and level of adoption have been investigated. Research methodology included quantitative exploratory research that was carried out on a sample of 102 respondents via highly structured questionnaire. Data was gathered by snowballing. Questionnaire contained 17 questions mostly in a form of Likert and Thurstons scales. Questions have been modified according to existing research tools used on this topics by Kwon *et al.* (2013) and Wongkalng (2013). Data was gathered during August 2016.

### **4 RESEARCH RESULTS**

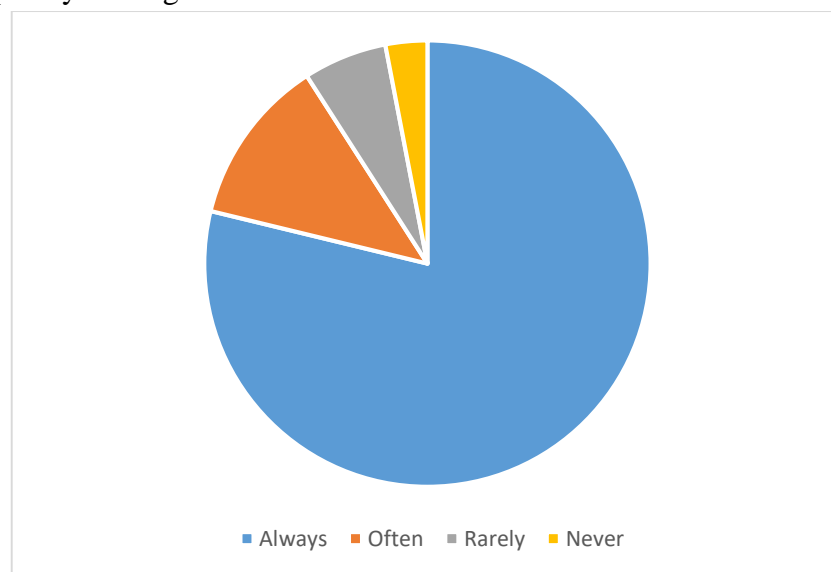
Demographic characteristics of sample as presented in the table 1 shows that majority of respondents were female (64%) and that most of respondents were young people currently enrolled in higher education institution mainly Faculty of Business and Economics at University of Zagreb.

Graph 1 shows the frequency of usage of a new media when looking for information about booking and selecting hotel stays and touristic services. 78% of respondents stated that they are always using new media, while 12% uses them often, 6% rarely and 3% never as shown below.

Table 1. Demographic structure of sample

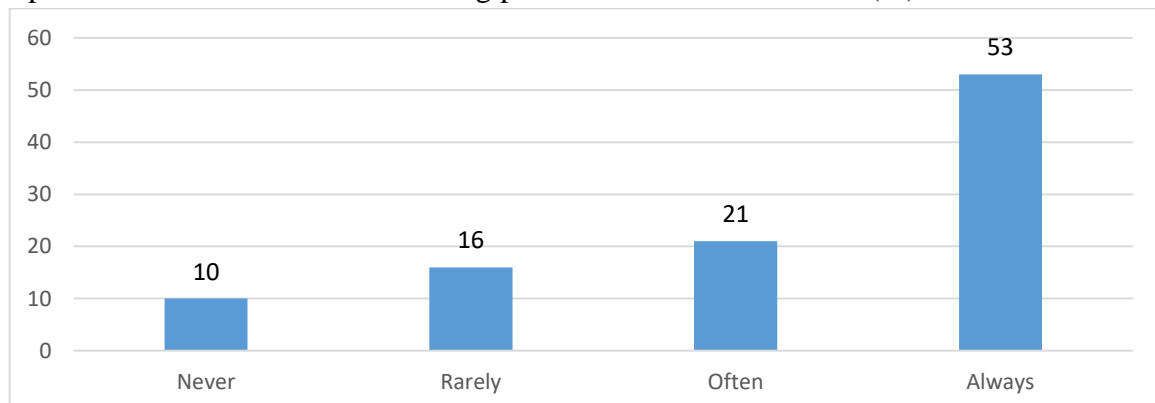
		Frequency	Percent
Gender (n = 102)	Female	65	64%
	Male	37	36%
Age (n = 102)	18-25	49	48%
	26-34	28	27%
	35-44	16	16%
	45-54	7	7%
	55+	2	2%

Graph 1. Frequency of usage of new media for information about accommodation services



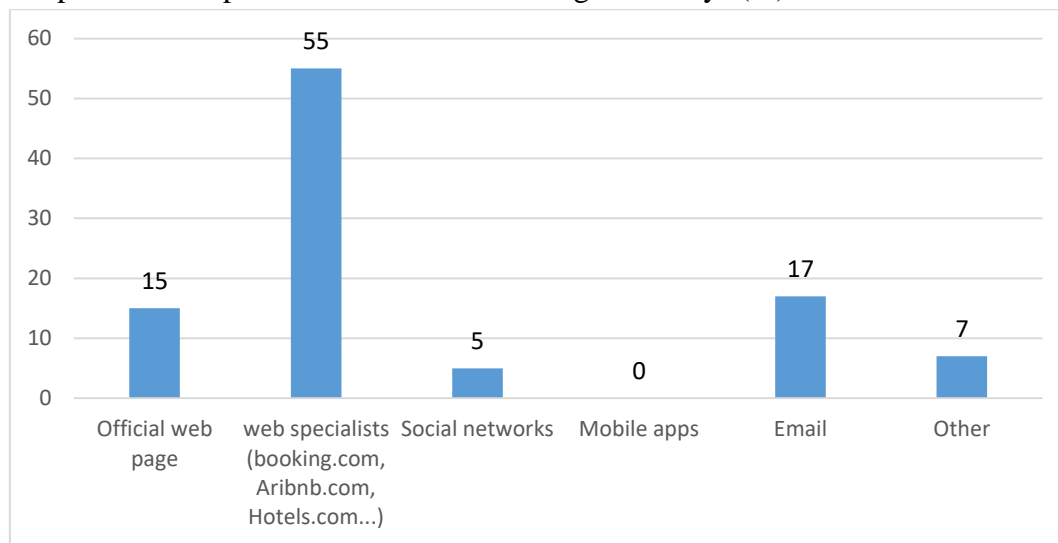
Next graph displays the use of new media for reservation or booking of a stay. Out of 99 respondents that reported using new media 53% always uses new media for making booking, 21% does it often and 16% rarely and 10% never. It is interesting to mention that respondents for this purposes mostly used computer (90%) and only occasionally (10%) smartphone or tablet.

Graph 2: Use of new media for booking/purchase of accommodation (%)



Results showed that most often used were specialized web pages and intermediaries such as Airbnb, Booking.com, Hotels.com and similar by 56% of respondents, followed by official web pages (15%), then by social networks (5%) e-mail (17%) and other forms by 7%. It seems no mobile applications specialized for this purpose have been used among respondents which comes as a surprise and will surely change in the future.

Graph 3: Use of particular media for bookings of a stays (%)



As displayed in the table 2, specialized web pages such as Airbnb, Booking, Hotels.com and similar are the most popular channels to use when doing any activity regarding search, comparison or booking of a tourist stay. This finding is very important because it points toward development and adoption of this type of digital channel of distribution among consumers. It also indicates that for the companies offering accommodation it might be more important to invest into better rankings of their offering with those specialized intermediaries than to have its own webpage.

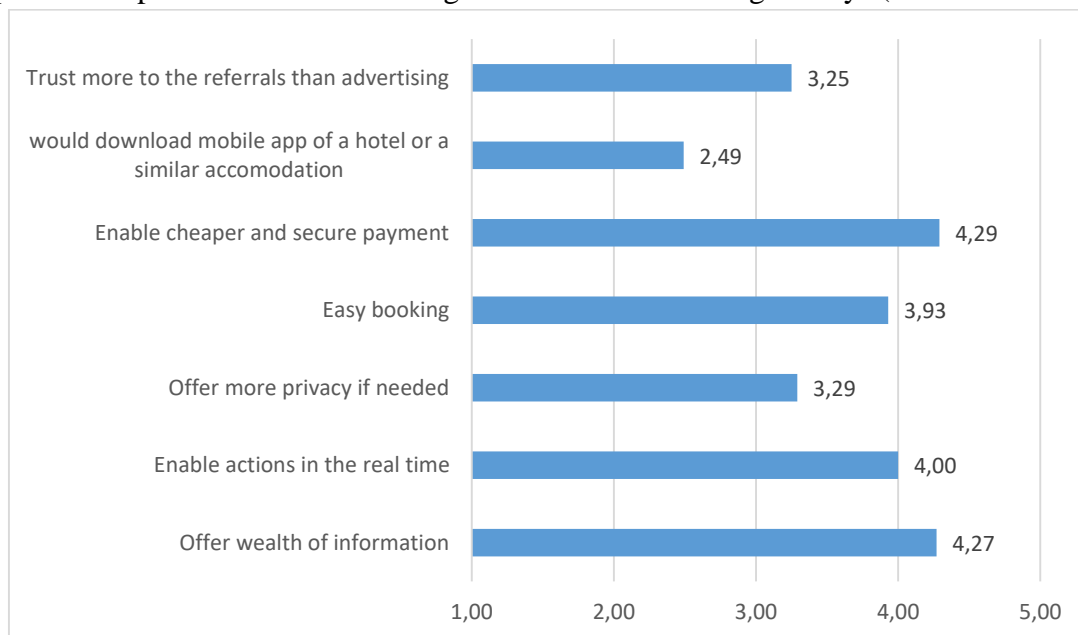
Table 2: Use of different channels by activity

Variable	New media type	Frequency
Search for information about accommodation (n=99)	Specialized web pages (intermediaries)	75
	Social media	11
	Official web pages	10
	E-mail	3
	Blog	0
	Mobile apps	0
Comparison of offerings and prices (n=99)	Specialized web pages (intermediaries)	80
	Official web pages	13
	Social media	3
	E-mail	3

	Mobile apps	0
	Blog	0
Getting discounts (n=41)	Specialized web pages (intermediaries)	18
	Official web pages	12
	E-mail	8
	Social media	3
	Forums	0
	Mobile apps	0
	Blog	0
Searching for information about events in the vicinity of accommodation (n=75)	Specialized web pages (intermediaries)	52
	Social media	14
	Official web pages	5
	Forums	4
	Mobile apps	0
	E-mail	0
	Blog	0

Finally, on the graph 4 there is a result of 5 point Likert scale regarding agreement with statements about benefits of using new media. Respondents most agree with the statements that new media offer them cheaper and secure payment ( $M=4.29$ ) and offer wealth of information ( $M=4.27$ ) and they tend to agree the least with the idea of downloading mobile application of a hotel or similar accommodation provider ( $M=2.49$ ).

Graph 4: Perception of benefits of using new media for booking of stays (arithmetic mean, M)



## 5 CONCLUSION AND RESEARCH LIMITATIONS

The results might not be generalized to the whole population because the sample was small and sampling method was not adequate for such purpose. However, there are some interesting and indicative results. Almost all of the respondents (97%) used new media at past at least once when booking or searching for the information about their stays. This shows high market penetration of new media and their importance during the purchase of touristic services process. New media has also become an important channel of distribution for such services as 90% of respondents reported using them at least once for actual booking/purchasing of their stay. Out of that number 74% reported using them always or often which points toward high adoption rate and their maturity. Most of the customers used specialized digital intermediaries such as Airbnb, Booking.com and similar. Implications for the hotels are numerous as this shows that they should pay more attention and channel their marketing efforts also through those specialized digital intermediaries. Classical channels such as tourist agencies are losing market share fast and can not compete with digital channels in availability 24/7, quality and quantity of information and price. Therefore agencies have to add additional value for the consumers and offer more complex touristic products. In the future it is expected that such trend toward adoption of digital channels of distribution for touristic services will increase even further as all of the specialized intermediaries already offer their applications for the mobile devices. The only unexpected result of the survey was actual negligence of mobile devices among respondents. Industry reports show that mobile devices in the next few years will be the main source for using different internet services and that already significant number of customers is using them for doing business transactions today. It is important for managers in this sector to understand importance of new media for business success and to invest into meaningful presence of their companies on all those channels in order to be closer to the customers who changed their behavior and spend more and more time online posting, sharing, liking and living.

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