# The Importance of Internet Usage in Hotel Businesses: A Study on Small Hotels

# Otel işletmelerinde İnternet kullanımının önemi: küçük oteller üzerine bir çalışma

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*This century is an important era in terms of accessing the information, collecting it, saving it and transferring it to the required units because of the rise in the competition atmosphere. In this era the internet usage has increased, internet settled into our homes and everywhere via our mobile devices and accessing the information has become easier. Thus, the use of internet has become an obligation in the hotel business which provides abstract product. Small and boutique hotels whose number has risen recently has a big importance to meet the demands for the destinations. In this study the internet use in the small hotel businesses issue is emphasized. The study was carried out about the small hotels in Silifke which is a touristic region in Mersin Province, Turkey. First of all, the related literature was reviewed and the questionnaire was prepared.The small hotel business administrator were interviewed face to face and they filled in the questionnaires. The obtained data was assesed using statistics package program, the numeric and percentage data was obtained and they were converted to tables.Although it was obtained that most of the small hotels use internet, it was confirmed that the administrators do not have enough information about the internet usage areas.*

*İçinde bulunduğumuz yüzyıl rekabet ortamında yaşanan hızlı artış nedeniyle, bilgiye ulaşılması, bilginin toplanması, depolanması ve gerekli yerlere aktarılmasının işletmeler açısından son derece önemli olduğu bir dönemdir. Bu dönemde İnternet kullanımı hızlı bir şekilde artmış, İnternet evlerimize ve hatta mobil cihazlar vasıtasıyla hayatımızın her alanına girmiş ve bilgiye ulaşım kolaylaşmıştır. Bu nedenle soyut ürün sunan otel işletmelerinde de İnternet kullanımı bir zorunluluk halini almıştır. Son yıllarda sayıları giderek artan küçük ve butik oteller destinasyonlara olan turizm talebinin karşılanmasında büyük öneme sahiptir. Bu araştırmada küçük otel işletmelerinde İnternet kullanımı konusu üzerinde durulmuştur. Çalışma Mersin iline bağlı turistik bölgelerden olan Silifke'de küçük oteller üzerine yapılmıştır. Öncelikli olarak konuyla ilgili literatür taranmış ve anket soruları hazırlanmıştır. Küçük otel işletmelerinin yöneticileri ile yüz yüze görüşülerek anketlerin doldurulması sağlanmıştır. Elde edilen veriler istatistik paket programları ile değerlendirilmiş, sayı ve yüzde hesapları elde edilerek tablo haline dönüştürülmüştür.Çalışma sonucunda küçük otellerin çoğunluğunda İnternet'in kullanıldığı tespit edilmesine rağmen, yöneticilerinin İnternet'in kullanım alanları konusunda yeterli bilgiye sahip olmadıkları tespit edilmiştir.*

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## 1. INTRODUCTION

Today people use the internet aiming at communication, setting up business relationships, having information about new products. As the result of this, the competition among the businesses escalates and in an escalating competition environment, the businesses which can access the information fast and easily and transfer the information fast can survive. Businesses started to do many of their processes as product advertising, marketing, communication (within and out of the organization) with the emergence of information technologies and especially the internet in our lives. The product in hotel businesses is abstract. The use of internet is inevitable for informing the guests about the products, accessing large mass of people and setting an effective communication system. That people access the information like touristic region, facilities and accommodation depends and they can decide their accommodation selection in a fast and right way depends on their accessing the right information fast. Thanks to internet, it is possible for the guests to access the hotels directly (Birkan, 1998: 30). Guests might get information by doing a research about the hotels they want to go and they can make reservations via internet. Moreover, they can pay by their credit card via hotels websites and can get the results of their reservations. Therefore; the internet usage has become inevitable "in the competitive environment these days (Pajo, 2013: 21-22; Şener, 2009: 90).

Small hotels which are run by families and local investors constitute most of the hospitality facilities. With their day by day increasing numbers, small hotels play an important role in tourism regions. Small hotels are the businesses that employ the local people. Though their sizes are small, they are very important in European economies. Small hotels which employ at least ten people and have less than 50 rooms support the local economies and provide stable employment possibilities. Furthermore, information technologies and internet are not used at a sufficient level in small hotel when compared with large hotels (Buhalis and Main, 1998; Litucy and Rail, 2000).

In this study, for what purposes internet are used by administrators in small hotel businesses wasexamined.  Firstly information about information technologies, internet and internet usage in hotel facilities were given and secondly information about a study on small hotel business administrators was given. The obtained findings were examined and the results and recommendations were stated in the last part.

## 2. INFORMATION TECHNOLOGIES

Information technology is a term which includes recording and saving of data, producing information after some processes, accessing, saving and transferring the produced data in an effective and productive way. This situation is based on three main principles. Information must be obtained, saved and accessed when it is necessary. Information technologies firstly started its emergence with the computers in 1954. With the developments in 1990s, information technologies became one of the competition means, even the most important of all instead of the technology usage obligation. In a global competition environment, that the businesses can maintain their activities, that they can maintain their market share and that they can take part in new markets depends upon their technology usage (Tekin and Zerenler, 2001). Rise in the information density, complication in the processes, obligation to meet the demands, adaptation to the changing conditions have played an important role in the

emerging of this situation. In brief, rapid developments in the information technologies during the last 25 years were noticed by many businesses because of its competitive advantages (Mojsilovicvd, 2007: 3610; Sarıışık and Özbay, 2015: 275-281).

Tourism businesses take place in service sector and information technologies are used intensely because of the features of products that are sold. In tourism, the product that is sold is the service. Thus, information technologies have many big benefits for the guest and the business like informing the guests about the product, advertising and selling of the product. Information technologies in tourism businesses provide advantages for the administrators, staff and guests asdecreasing failures, conveying reports to the administration, meeting the demands of the guests fastly and satisfying the guests. Therefore, the usage of information technologies in the tourism businesses has been increasing rapidly (Pajo, 2013: 21-22). Information technologies frequently used in tourism businesses and their purposes are stated and summarized below (Akgül, 2010: 27-28).

*İnternet*: it is the name given to a group which is formed by information resources. Internet is a technology which is created as the result of the need of saving and sharing information which is increasing day by day (Pajo, 2013: 24). Internet, with its broadest meaning, is a large global net which connects millions of computer nets to one another and provides communication with one another and accesses to the information fast and easily. The first emergence of internet was the military aim and the historical development is as follows: (Altınbaşak and Taşbaşı, 2006; 323).

- In 1969 the USA military of defense created a net called ARPANET (Advanced Research Project Agency) for defense and intelligence. Communication among the nets connection (internetwork) was created with the connection of local nets with this net. It was broken down due to a virus in 1980. The modern internet concept emerged with BITNET (Because It's Time Network) which was created between two universities. This net was demanded outside the USA later.

- The difficulties in the connection of the nets were overcome in 1982 and these were accepted to be standard.

- In 1984 domain names were developed to determine the kinds of organizations (edu, com, gov, etc) which took place in the net and they were included in standards.

- From the first years of 1990s on, World Wide Web (www), which is the fastest growing internet zone, emerged. Its commercial use was allowed by removing legal handicaps. HTML language (HyperText Markup Language) was developed and that webpages can be designed by everybody became possible.

- Mosiac which was the first internet browser was developed in 1993. Thus, there was an interface which enables people to surf on the internet.

- From 1994 on, internet browser number has increased with the creation of Yahoo by two university students. Internet took its modern state with the chat softwares, search engines emergence.

*E-Mail:* another operation done on the internet is a digital letter sent on the internet. Electronic mail is a feature that computer users correspond with other mail users via

internet. Any kind of file like video, image, music can be added to e mails and it can be sent to recipient. Billions of e-mails are sent everyday and it is commonly used because it is cheap and easy (https://tr.wikipedia.org/wiki/E-posta) .

*Lan:* they are Local Area Networks. It lets the computer within an organization connect with each other

*Wan:* (Wide Area Network): it is a physical large network which lets many computers connect one another. It lets internet to be usedwhich is the widest area network

*Edi:* it is structural electronic data exchange between different organizations. It is used in e-commerce.

*Intranet:* it is defined as a network which is an internet based application and connects only the computers within a certain organization, local area networks (LAN) and wide area networks (WAN) with each other.

*Ekstranet:* it is an open network which connects a business with its customers or other businesses with which it has the same targets.

*E-Commerce:* it lets commerce to be done in electronic media via internet.

*Specialized systems:* they are softwares which has the ability to develop themselves by taking collected data from natural people from an area of specialization.

*Erp (Enterprise Resource Planning):* ERP which means enterprise resource planning or business resource planning is the general name for the connected administration systems which providesrequired resources like workforce for the production of goods and service, machine and materials.

It can be stated that internet is effective on all information technologies directly or indirectly or it is the base of them considering the kinds of information technologies (Sarıışık and Özbay, 2015: 275-281).

## 3. INTERNET USAGE IN HOTEL BUSINESSES

Information is intense in hotel businesses. Information technologies have become the main source of competition superiority with regard to the importance of information in the definition, advertising, distribution and presentation to the customer. The fast proliferation of internet usage helps the travel and tourism agencies access the markets around the world by decreasing the costs of distribution channels. Furthermore, there has emerged the chance to access more and more people around the world via e-mail. Thanks to internet the globalization of the world has accelerated enormously and the world has got smaller (Altınbaşak and Taşbaşı, 2006; 78).

Hotel businesses which is in want of meeting the information needs of the customer with their product and service benefited from reservation opportunities on the internet especially in order to improve their service quality by taking the advantage of information technologies and internet. Benefiting from the internet is accepted as important for the continuity of the business in new economics trends (Sarıışık and Akova, 2006: 129). E-business and e-commerce which are done on the internet seem very important because hotel businesses have the service business feature. In this context, World Wide Web (www) which is an area

of internet can be stated as important. Www plays the role of a bridge between the guests and hotels in terms of accessing the written and digital information, graphics, drawings, tables, images, animations, videos and sounds. Internet, as a marketing target, helps the guests know about the services and products or it provides a productive communication with the guests. Internet ensures that guests get information about hotel services and compare it with the features of the other businesses without any intermediary. Communication without an intermediary eliminates the commission given to the travel agencies and this causes a decrease in costs. Many international hospitality businesses like Marriott, Hilton or Sheraton in America use their websites to reach new markets, to inform about their products and services and to make online reservation on their websites. The benefits the hotel businesses can have by using internet and their websites are as follows (Lituchy and Rail, 2000: 86-97; Buhalis and Main, 1998: 198-202; Karamustafa, Biçkes and Ulama, 2002: 51-92; Emeksiz and Yolal 2005: 50):

- They can ensure superiority in competition environment,

- They can reduce sales and marketing costs. ( for example, they can reduce brochure and ad costs)

- They can increase reservation demands,

- They can have the opportunity to inform, remind and convince the guests with their product and services,

- They can make marketing research,

- They can have the chance to make e- commerce by having new income opportunities like online reservation and sales and advertising income.

- They can reduce the costs thanks to communication with the guest without an intermediary. (like commissions given to the travel agencies and tour operators)

- They can have an effective marketing communication with the existing and potential guests,

- And they can have the opportunity to advertise their product continuously,

- They can have technological superiority against their rival businesses,

- They can supply information necessities of the business using internet and can reach the information fast,

- They can have the chance to reach their existing and potential guests faster and with less cost.

There are many advantages of working on the internet for the small businesses. The most important of these are as follows (Hsieh and Lin, 1998: 114-116):

- Internet is the way to show the products and services of the hotels to the guest in multimedia format with a reasonable cost.

- It ensures small businesses to communicate for an effective collaboration. It makes easy to communicate with other businesses. (Like communication with

banks or getting agency reservations on the internet.) It normally ensures easiness for the small hotels which lack field engineering.

- Larger businesses do not have any superiority over the small businesses using internet and their own websites. They do not have an obligation like going underbureauctratic procedures as in large hotels.

- Interner is the cheapest way to advertise a product or service in global market in small businesses.(Wilder et al., 1997).Thanks to internet it is easy to access millions of people surfing on the internet. Internet is a big chance and the cheapest advertising form to reach those people for small businesses.

- It gives a chance to the small businesses to have effective strategies in globalizing world. Thanks to internet, it becomes easier to do business with the foreign countries.

- Hotel businesses which are active seven days a week have a sustainable communication with the guests.

Hotel businesses can use internet for the following processes at the same time (Hepkul, 2002: 269):

- To have information about the rival businesses.

- To send messages to many people via e mail.

- To download the required information to their computers.

- To do banking transactions

- To communicate and track stock market

- To track reservations on the internet

- To increase service quality

Hotel businesses must keep the information on their websites up-to-date in order to benefit from these advantages internet ensured at a maximum level. Hotel businesses also renew themselves by adjusting themselves to the technological renovations in addition to keeping their websites up-to-date. For example Java, a new computer language. If technological changes do not happen, the webpages will lose their attractiveness and as a result the visitor number decreases (Hanna and Millar, 1997: 470).

## 4. EVALUATION OF THE QUESTIONNAIRE

*Aims and Limitations:* In this study, the internet usage in small hotel business is emphasized. The main aim of the study is to determine the aims of internet usage in small hotel businesses in Silifke, a touristic region of Mersin Province, Turkey. The number of the small hotels was taken from Silifke Tourism Office. It is obtained that there are 56 small businesses. 6 of the administrators of those hotels could not be reached and 5 adminstrators did not want to participate in the questionnaire. Thus, 45 hotel administrators filled in the questionnaire.

*Applied Method:* Literature review about the subject was done and questionnaire, one of the quantitative methods was applied and the data was obtained. Questionnaire items were

formed from Çakmakçı. Administrators were firstly asked to answer demographic information in the first part, and then they were asked to answer the multiple choice questions about information technologies and the aim of their internet usage. In the face to face interview, the answer that the administrators gave was chosen. Data were evaluated using statistics program; numeric data and percentages were obtained and were converted to table form.

*Acquired Findings:*

*1: Demographic Features of the Participants*

According to demographic data, 80% percent of the participants were male and 20% were female, 31% of the participants were between 20-29 ages, 26.7% of the participants were between the ages 30-39, and 28.9 % of the participants were over 50. Moreover, 44.4% of the participants were high school graduates, 44.4% of the participants were university graduates and 80% of them worked as business owners or managers.

*2: Information about the Facilities*

In the data about the facilities, it was obtained that most of the facilities were the buildings constructed before 1999 (36.6%) , 2000–2004 arası 14.6%, and they went into action as hotel buildings between the years 2005-2009 (31.7%), that is they are old buildings, and only 17% went into action after 2010.

Furthermore, it was obtained that the number of the staff in most of the facilities are under 10 (88.9%), most of the facilities have under 30 rooms (84.4 %) and have 40 to 80 beds.

*3: Information about Computer Use*

According to the information about computer usage, 1 or 2 computers are used and the number of the staff using the computer is 1 or 2.

**Table 1.** The Reasons for Internet

| The reasons for internet usage | % |
|---|---|
| Banking transactions | 55.6 |
| Accessing news, stock market. etc. | 42.2 |
| Reservation tracking on the internet | **77.8** |
| Communication on the internet | **80.0** |
| Enhancing Service Quality | **84.4** |

According to Table 1, hotel administrators stated that they use internet to enhance service quality (84.4%), to communicate (80%), to track reservations (77.8%) It is observed that banking transactions (55.6%), news and stock market operations (42.2%).

**Table 2.** The Reasons for Webpage Usage

| The reasons for webpage usage | % |
|---|---|
| Advertising | **91.1** |
| On-line reservation | **77.8** |
| Accelerating reservation demands. | 68.9 |
| Technologic superiority | 57.8 |
| Superiority Competition Environment | **73.3** |
| Getting information about rival businesses | 37.8 |
| Tracking technological developments | 62.2 |

According to Table 2, administrators stated that they use websites for advertising (91.1%), online reservation (77.8%), and superiority in competition (73.3%)  The least chosen alternatives by the participants were technological superiority (57.8%) and getting information about rival businesses (37.8%).

In addition to this 6.6% of administrators stated that they do not need it and they do not have a website because of the cost of making a site and lacking of educated staff.

**5. RESULTS AND SUGGESTIONS**

In the study it is indicated that most of the administrators are male, young and educated. Moreover, that most of the interviewees are business owners and managers (80%) is thought to be positive for the reliability of the study.

Although it was stated that the buildings of the facilities were old when they started, it was observed that they were restored during the application of the questionnaires. It was observed that most of the businesses are under 30 rooms (84.4%) and between 40-80 beds and the number of the staff is mostly under 10 people (88.9%). It was observed that there are only 1 or 2 computers and the number of the responsible staff for the computers is 1 or 2.

Some of the administrators did not want to participate in the questionnaire, 6.6% of the participants stated that they do not have webpages because of  not needing it, the height of website building and lacking of educated staff. In the study it was observed that the administrators who use internet and have website mostly use interner to advertise (91.1%), to increase the service quality (84.4%), to communicate (80%), to track reservations (77.8%) and to provide competition superiority (73.3%).

Moreover, it was observed that the least chosen alternatives by the administrators are for providing technological superiority (57.8%), banking transactions (55.6%), news and stock exchange transactions (42.2%), getting information about rival businesses (37.8%) in this study.

The administrators do not have enough information about internet usage although small businesses in Silifke have restored buildings, the administrators are educated and most of them have internet connection in this study. This situation indicated that internet usage in small hotel businesses in Silifke is not enough and the result of this study is parallel to Buhalis and Main, and Litucy and Rail.

Small hotel business administrators were recommended to get counselling service and education from the specialists of institutions like non-governmental organizations, chambers of trade, and universities about the importance of internet use.

Furthermore, this study is conducted in Silifke, a touristic region of Mersin province, Turkey. The same study can be made broadly in different regions and countries and different suggestions can be made.

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