Distribution Channels in the Small Hotel Sector:

'I want to be the boss of my rooms'

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Dedication

Dedicated to my parents, Alexander Dipoli and Rosa Maria Pichler, who supported me in any way throughout these years of studying and were always there for me.

Thank you with all my heart.

Abstract

Although the internet has significantly changed the distribution in the hospitality industry, research has been paying limited attention to how this affects small accommodation providers. Generally theory sees these organizations in a disadvantaged position when dealing with third parties as for the distribution of their product, hotels are dependent on intermediaries. This study investigates in how small sized, independent family hotels in South Tyrol handle their distribution channels. By analysing their current cooperation with third parties, the thesis challenges the assumption that small hotels have to rely on intermediaries in order to be effective. Data was collected through in-depth interviews with four representatives of the hospitality industry and an online survey among three- and four-star hotels in South Tyrol, resulting in 118 responses. The findings show that the hotels in the region make very limited use of intermediaries as they get the vast majority of their bookings direct. The hotels place great value in the personal interaction with their guests and third parties cannot contribute to it. The deep trust between the hotels and the customers results in a strong basis of regular guests and an excellent Word of mouth publicity. Intermediaries are perceived as not facilitating the contact between demand and supply but as interfering in the direct relationship hotels want to have with their guests. Third parties are seen more as an additional marketing tool, especially OTAs as they enable the hotels to target a worldwide market, something they cannot do on their own. The study revealed that their current business model works very well for the hotels, therefore they are sceptical towards new methods of distribution and prefer to await the development and establishment of innovative technologies instead of being first movers.

Keywords

Intermediaries, Distribution Channel, Small Hotels, Tour Operators, Travel Agencies, OTAs, South Tyrol

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1. Introduction

Even though in the past hotels used to get most of their bookings over the telephone or even face to face or the mail, they still relied on distribution channels to increase their sales.

Distribution channels are of vital importance in tourism as they are the link between supply and demand and bridge the gap of time, space, quantity, variety and communication-information (Buhalis and Laws, 2001).

In the hospitality industry, intermediaries not only help the suppliers in effectively selling their product but can also be part of their marketing mix (Kracht and Wang, 2010).

However, the last two decades saw a major change in the distribution of the tourism product as the number of people using the internet in order to book their holidays increased significantly.

The web facilitated a rapid flow of information and allowed the consumers to reduce their search costs and compare prices in a fast way (Toh et al., 2011).

Consumers are more independent today, as the internet gives them the opportunity to search on their own for tourism products and even to establish a direct contact with the suppliers, avoiding intermediaries.

With the consumers, also the hotels gained independency from intermediaries as they have now the possibility to interact on their own website with their guests. The accommodation suppliers discovered that the internet can help them to cut costs and improve their competitive advantage as the web makes it possible to offer and sell their product throughout the whole world at any time.

The facilitated direct contact between suppliers and consumers did not entail a complete disintermediation, as tour operators and travel agencies are still powerful players in the market and with the online distribution of the tourism product even a new form of intermediation emerged, the Online Travel Agency (OTA).

By gaining fast in popularity, this new online channel increased further the already fierce competition in the hospitality industry and currently every party is trying in its own way to attract the consumers and their bookings.

Only recently the complex circumstances in the distribution of the tourism product changed again as also social media sites joined the 'booking wars' by giving hotels, in exchange of a commission, the opportunity to offer their rates directly on these platforms; until now, nobody can say for sure where this development will go.

Given the importance of the phenomenon, there are many studies which investigate intermediation, disintermediation or reintermediation in tourism and research the changes taking place in the various distribution channels.

Most of them examined the topic from the consumers' or intermediaries' point of view, only a few researches considered the aspect of the supplier site and even less from the perspective of small independent family hotels.

According to theory, big hotel chains are adapting rapidly to the continuing changes in the distribution channels and redirecting successfully bookings to their own website, becoming therefore more independent of third parties.

But how is it for smaller organizations? The limited amount of literature dealing with small hotels sees intermediaries having great power and influence over them as due to their size these businesses would not be as efficient in creating a direct channel as their big counterparts. Further, as they would lack the resources of larger enterprises, also for their marketing small hotels would rely mainly on third parties.

The question emerges if the general theory is really applicable to all small sized hotels or if exceptions exists? Could there still be destinations where the hospitality sector relies on traditional methods and is able to survive through them or has the digital revolution made it impossible for all small businesses to function successfully on their own?

According to Anckar and Walden (2001) small independent hotels are primarily situated in remote regions and especially in this rural and reclusive territories the introduction of new technologies does not happen as fast as in urban areas.

Their point of view suggests that there could be hotels in peripheral regions that remained almost untouched by the IT revolution and its changes in the distribution channels.

Following this assumption, a remote area was chosen to conduct the research and as the province of South Tyrol in Italy consists predominately of small hotel businesses run by families and can be defined as a rural region, the destination seemed perfectly suited for this study.

When visiting South Tyrol, very fast it becomes clear that the hospitality industry there works in its own particular way, different from most other destinations.

It is not possible to find there the name of a big, well-known hotel chain shining on the top of an enormous complex, instead an almost infinite number of small sized but cosy properties exist in the region.

No hotel resembles another one but all of them seem to share the same idea of hospitality: as most of them are run by families they seem to favour a close and personal relation with their guests.

Their notion of hospitality seems to differ fundamentally from other accommodation organizations and therefore the distribution of their product could as well be very different.

An explorative research was chosen to answer this question, as already mentioned, little is known about how small hotels perceive the considerable changes in the distribution of the tourism product.

Further, the inductive approach allowed an open minded study of the topic without a disposition biased by general theories.

In conducting the research a mixed method design was employed, in which the qualitative approach of in-depth interviews was followed by a quantitative stage in form of an online survey in order to understand how small sized hotels perceive the changes in the distribution channels and to answer the research question adequately.

2. Problem Formulation

The huge changes the digital revolution brought to the distribution channels in tourism and the gap of literature on how small sized hotels cope with this new reality, led to the following research question:

How do small, independent family hotels deal with the significant changes that in recent years took place in the distribution channels?

By answering this research question, the thesis aims to challenge the very general and limited theory on small accommodation providers through investigating in the different distribution channels of small, independent, family hotels in the South Tyrolian region.

For a detailed investigation of the case, three sub-questions were composed.

The first one takes a general look on the business model of small sized hotels:

1. How do small family run hotels operate and what are their distribution channels?

The question tries to find out how this small sized organizations get their bookings, on which distribution channel they rely on and if they get a lot of direct bookings or not.

The second sub-question concerns itself with the cooperation between the hotels and third parties:

2. How do small hotels perceive traditional and new intermediaries and interact or collaborate with them?

This question, aims to reveal if the suppliers are satisfied with the work of the intermediaries and what challenges or conflicts they face within their cooperation.

The last sub-question deals with innovation in hotel businesses of a small size:

3. Do small hotels make use of innovative technologies and new opportunities in the industry?

By answering this question, the study tries to understand how small hotels view the introduction of new technologies.

3. Literature Review

The literature review will present various theories concerning the field of hotels and their distribution channels.

In the beginning, the traditional intermediaries in form of travel agencies (TA) and tour operators (TO) will be defined and it will be demonstrated which challenges and which advantages they can bring to the hospitality sector.

After it will be explained, how the internet changed the hospitality industry and how a new kind of intermediation emerged in form of online travel agencies.

The field of the new information communication technologies (ICT) will be displayed further and following the introduction of social media in the hotel sector, the possibility to use social platforms for distribution purposes will be explored.

In conclusion, the literature review will represent different theories and conceptions about small hotel businesses, their challenges and their collaboration with third parties.

3.1 Intermediaries in Tourism

The World Tourism Organization (1975, cited in Buhalis and Laws, 2001, pp. 8-9) defines a distribution channel as "*a given combination of intermediaries who cooperate in the sale of a product. It follows that a distribution system can be and in most instances is composed of more than one distribution channel, each of which operates parallel to and in competition with other channels*".

Buhalis and Laws (2001) argue that in the distribution channel it can come to conflicts, as all channel member depend on each other but still follow their own individual interests. Those interests not always correspond and sometimes are even contrary to the goals of the other channel members.

According to Buhalis and Laws (2001) one of the causes of conflict is, that in tourism intermediaries have far more power than in other industries. Normally the suppliers have control over the price, the product, the quality etc. but in the

travel sector, intermediaries have much more influence in driving the demand into a certain direction. When supply is larger than demand, intermediaries are more powerful, however if the demand exceeds the supply, the supplier site is more powerful.

One of the aims of this study will be to discover, if small family hotels in South Tyrolian have as well to deal with conflicts within their distribution channels and of what kind those conflicts consist.

In tourism, intermediaries can also be useful to the customers, as they are not only able to save them coordination and search costs, but also to reduce the quality uncertainty by restricting the informational asymmetries between consumer and supplier. This informational asymmetries would arise because the consumer does not know what he/she is buying and therefore confines into an intermediary. The third party can be an expert who is able to evaluate the quality of the tourism product, or someone who established a brand name which signalizes high quality (Calveras and Orfila, 2007; Clerides et al., 2007).

In his study Nicolau (2013) comes to a similar conclusion: he argues that, as it is impossible for the customer to test the tourism product before consumption, trust plays an important role in the tourist's choice. In order to reduce loss averse, in his opinion consumers place their trust into intermediaries when buying a tourist product which has the characteristic to be high-involving and non-frequently.

3.2 Travel Agencies and Tour Operators

In tourism traditionally the most important intermediaries consisted of tour operators and travel agencies (Kracht and Wang, 2010) even though also DMOs and other support networks who offer ancillary services, can often act as third parties (Buhalis and Laws, 2001).

According to Buhalis and Laws (2001), tour operators create tourism packages by combining services such as flight, accommodation, transport etc. and sell those packages at an inclusive price either direct or through retailers. Tour operators pre-purchase or pre-reserve those services and in most cases they

buy them in bulk, in order to generate economies of scale and discounts; therefore tour operators are often seen as wholesalers.

TOs can bring the supplier site significant advantages like increasing the occupancy in the low season and promoting the suppliers' product in a bigger market, but also the destination as a whole can profit from the TOs' work as they enhance the destination's accessibility by installing bus tours or charter flights (Buhalis and Laws, 2001).

To reduce their financial risk, TOs almost never purchase rooms from hotels, but instead just book them in allotment contracts with the option to use them until a certain release date (Buhalis and Laws, 2001).

In the negotiations of these contracts, it can come to conflicts between TOs and suppliers.

Travel agencies can be outgoing or incoming. Buhalis and Laws (2001) define outgoing travel agencies as organizations who provide a convenient location for the acquisition of holiday products. Outgoing travel agencies serve their customers not only with information and advice but also with an expertise knowledge and additional services, e.g. travel insurance. They sell individual products or packages but usually they do not own them. Outgoing travel agencies only act as a retail agent for suppliers and wholesalers, from whom they get a commission in exchange of their services. To encourage extra bookings, hotels offer an increased commission to outgoing travel agencies (Buhalis and Laws, 2001).

It is possible that outbound agencies assume at the same time the role of inbound agencies. Incoming travel agencies take care of the execution of tour packages and often function as intermediaries between suppliers and tour operators. Like outbound agencies, they get a commission for their services and they do not own the product they sell (Buhalis and Law, 2001).

However, as with the rise of the internet the situation has changed drastically in the recent years, it is not clear if small sized hotels still rely on these traditional intermediaries.

3.3 Information Communication Technologies

The increasing popularity of the internet and the evolution of information communication technologies have significantly altered the traditional distribution channel in tourism. The internet turned out to be ideal for selling the tourism products, "*which are characterized by being time-constrained and non-stockable*" (Catillo-Manzano and López-Valpuesta, 2009, p. 639).

ICTs allowed consumers not only to save time and costs by buying tourist products online but also to consult reviews from other travelers (Vermeulen and Seegers, 2009; Del Chiappa, 2013) and Vucetic (2016) sees ICTs as critical factor in increasing hotel performance, customer satisfaction and competitiveness.

Further, the internet enabled hotels to offer customers worldwide direct booking on their websites and to replace outdated and expensive methods, such as reservations by phone or mail (O'Connor, 2001).

By offering their product on their own website, accommodation companies could not only reduce distribution costs, target a bigger market and gain customers' information (Carroll and Siguaw, 2003; Kim and Kim, 2004; Chan and Law, 2006; Del Chiappa, 2013), but also become less dependent on intermediaries (Tse, 2003; Toh et al., 2011).

In the opinion of Pilepic et al. (2013) a direct online channel should always build the core of a hotel's distribution and marketing strategies, as direct booking guests not only are more loyal but also generate more revenue.

Crnojevac et al. (2010) argue that especially the quality of the hotel's website would influence the customer in their purchase decision. In their opinion hotels have adapted the use of their own website to generate bookings, but still face challenges in effectively using them because of a lack of resources and knowledge.

Buhalis (2003) sees a certain reluctance in the hoteliers' use of ICTs and of the advantages that come with it.

This thesis will investigate in the topic as it is still unknown, if by now also small independent hotels adapted successfully to this new era or if some of them are struggling in implementing the new technologies in their businesses.

3.4 Online Travel Agencies

Through the new ICTs also a different form of intermediation emerged, the online travel agency: whereas TOs and TAs used to deal in a one-sided market, with either the hotels or the tourists, OTAs introduced a two-sided market in which they bring supplier and consumer together, making both groups their customers (Oskam and Zandberg, 2016).

OTAs are able to offer customers' on their websites a comparison between the product and price of different suppliers. The OTAs have either direct access to the hotels' room and get their commissions after the guest pays the hotel (agent model) or the hotels sell their rooms to the OTAs, who keep a contract-specified margin (merchant model) (Lee et al., 2013; Barthel and Perret, 2015). "*The essential difference is that under the agent model the hotel collects from the guest and remits the commission to the OTA, whereas under the merchant model the OTA collects from the guest and then remits the wholesale price to the hotel*" (Toh et al., 2011, p. 183).

OTAs expanded quickly and the travel sales generated by them are increasing each year; for example, in 2013, 45% of the travel sales in Europe were generated by OTAs (Barthel and Perret, 2015).

Pilepic et al. (2013) even see the collaboration with OTAs as fundamental for hotels, if they want to continue to exist and not lose their market shares.

Given the increasing popularity of OTAs, this study will explore if they play an equally important role in the South Tyrolian hospitality market.

With the rise of the internet, some studies predicted a recession of the travel agent model, as customer would switch to booking directly on hotel websites or to OTAs. Even though OTAs took a large portion of the tourism market, Law (2009) does not see any evidence for a possible decline as in his opinion TA offer a personal service that cannot be replaced by ICTs and that travel agencies can keep competitive by integrating some of their business in the world wide web. Traditional travel agents would still be popular among older tourists, organized tours, business travelers, people with lower education or income and tourists who buy elaborated packages (Gronflaten, 2009; Del Chiappa, 2013).

3.5 Social Media

After the evolution of the internet, a new phenomenon entered and changed the tourism market, social media channels. Kaplan and Haenlein (2010) define social media as a group of internet based applications, which allow its members the creation and exchange of user-generated content. According to Kaplan and Haenlein (2010) social media represents a fundamental change in the way people retrieve, process and share information; the combination of social aspects and technology enables a dialog between the users, which would lead to a democratization of the information and the transformation of people as content users to editors. Further social media would allow its users to utilize the web in order to build personal and working relationships.

Leung et al. (2015) state that nowadays, for their marketing 75% of hotels are using social media. In their study, they emphasize the importance of social media marketing, arguing that if a customer has a positive attitude towards a hotel's social media site, he/she would also have a positive attitude towards the hotel brand, which would ultimately result in a booking. Therefore, Leung et al. (2015) suggest that social media should be used for promotions and brand building as well.

An even stronger influence on the purchase decision of customers in social media, has the electronic word of mouth (eWOM) (Leung et al., 2015) as consumers prefer unbiased recommendations from their peers instead of advertisements (O'Connor, 2010; McCarthy et al., 2010).

Kim et al. (2015) also see eWOM as an important factor in the customer purchase decision and emphasize in their study on the importance for hotels to interact with their customers on social media platforms, especially on responding to negative reviews.

Since not long ago, hotels have the opportunity to use certain social media sites not only as a marketing channel but also as a distribution channel.

Given that this is a recent phenomenon, until now not much is known in the academic literature, on how accommodation companies can use social media as distribution channel.

McCarthy et al. (2010) proposed the use of Facebook as distribution channel for hotels, however it was TripAdvisor, who took the first step, by launching "Instant Booking" on their website; Google followed shortly after with "Book on Google". These applications allow hotels to offer their rates directly on the social media platform whereas for the customer it is possible to have, combined in one site, information, comparison and the option to book.

"Instant Booking" is designed as a Cost-Per-Acquisition (CAP) model and the hotel only has to pay commission if the customer stays at the hotel; there are no fees for cancellations or no shows. For the use of "Instant Booking" TripAdvisor demands a 12% or 15% commission, dependent on how much visibility the hotel wants to get. In comparison, an OTAs commission can go from 15% to 30%, depending on the bargaining power of the supplier, with smaller hotels usually getting the short end of the deal (Toh et al., 2011; Barthel and Perret, 2015).

Big hotel chains are adapting rapidly to the changes in the industry and some are already incorporating "Instant Booking" and "Book on Google" in their distribution channels but how are small independent hotels dealing with the new circumstances?

3.6 Small sized independent Hotels

While there is a considerable amount of literature on the distribution channels of big hotel chains, only a few studies deal with the distribution of small independent hotels and their challenges to adapt to the new era of the internet.

Although the most common type of organization in the hospitality sector are small-medium sized companies (Morrison and Thomas, 1999; Anckar and Walden, 2001; Buhalis, 2000), it is difficult to find a common definition for them. Some researchers go by quantitative criteria, as Avcikurt et al. (2010) who define small hotels as enterprises with less than fifty rooms and fifty employees, whereas others opt for a qualitative approach.

In academic literature the segment of small hotel enterprises has not been researched as thoroughly as the field of large accommodation companies, partially because they were often misunderstood as "*scaled down versions of*

larger firms" (Morrison and Thomas, 1999, p. 148). But, as Lowe (1988, p. 210) puts it: "*to treat small hotels as though they were large hotels is rather like saying children are little adults*".

As this thesis is focusing on small independent hotels run by families, it is important to examine in detail this section of the hospitality industry.

Generally, the literature sees hotels of a small and medium size disadvantaged in the conflicts that emerge within a distribution channel:

As they lack the resources and market visibility of TOs, they have to bear their prices and contracts forced on them (Buhalis, 2000; Medina-Muñoz et al. 2003). "*Due to the structural and functional weakness of most Small and Medium-sized Tourism Enterprises, hotels depend almost entirely on tour operators for their communications with consumers and visibility in their major markets*" (Buhalis, 2000, p. 117).

In their study, Toh et al. (2011) argue that big hotel chains are able to negotiate beneficial terms with the OTAs whereas small and independent hotels have to pay higher commissions, which leaves them with a feeling of resentment towards the online intermediaries. In the case of small hospitality companies, the OTAs would even have a certain degree of influence in setting the rates. Nonetheless, the cooperation with OTAs is a necessary evil as they rapidly took over big market shares and produce the vast majority of online bookings (Gronflaten 2009). According to Toh et al. (2011), especially small hotels confide in OTAs in order to gain more market exposure.

Hills and Cairncross (2011) conducted a study on how small hotels perceive their collaboration with OTAs and found out that small hotels do not believe to get a good return on investment from OTAs and are unsatisfied with the accounting for commission payments. Further OTAs are also difficult to deal with and neglecting regional areas. Given these issues, small hotels are being carefully if the service provided by OTAs brings them any value, are reducing the number of OTAs, and redirecting internet bookings through their own business website.

A number of studies suggest the successful use of the internet as a way of gaining more power in the distribution channel but also see difficulties in the

adaptation of ICTs. However especially these new ICTs are the most efficient tool in increasing productivity and gaining independency from intermediaries; by not employing the new technologies, small hotels would not only lose a competitive advantage but also the contact to their customers (Morrison and Thomas, 1999; Anckar and Walden, 2001; Avcikurt et al., 2010).

In their exploratory study on critical success factors for small sized hotels, Avcikurt et al. (2010) list the use of internet, service quality, financial performance and marketing. They see the use of internet as the most important one, as a well designed website would provide independent small hotels with an effective marketing tool which in addition would also be inexpensive. The efficient use of ICTs would also strengthen the small hotels' distribution and decrease their dependency on intermediaries. Service quality would be a significant success factor because it leads to customer satisfaction, which can turn into customer loyalty. Crucial for the successful financial performance of small hotel businesses would be repeat customers and operational efficiency. In terms of marketing Avcikurt et al. (2010) see an advantage of small sized hotels as they are able to develop a direct relationship and communication with their guests.

Brown and Kaewkitipong (2009) discovered in their study that the adoption of e-business technologies depends on the size and resources of the organization. Larger sized hotels would have no problems to provide their own ICTs whereas small and medium sized hotels do not possess the same technology expertise and have to rely on intermediaries. Brown and Kaewkitipong (2009) observed that small and medium sized companies are targeting individual customers which allows them to establish quality service and a close relationship to the customer.

In their study Anckar and Walden (2001) argue that small hotels tend to be more dependent upon intermediaries, as they lack the resources and marketing power of their larger counterparts. They identify in ICTs an opportunity for small organizations to overcome some of their disadvantages. Anckar and Walden (2001) identify the internet as tool to give them more visibility in the worldwide market and distribute their product directly, hence becoming independent from third parties. However small hotels would not be able to use those ITCs

effectively as they lack the knowledge and do not have the financial resources for training or outsourcing. Anckar and Walden (2001) see also the hoteliers of small enterprises unwilling to change their old methods and identify ICTs in peripheral regions as less updated as in urban centers.

Also Hills and Cairncross (2011) see the difficulties to adapt to the internet and their unequal position when dealing with intermediaries as important disadvantages small hotels have to face.

In the Tyrolian region, Pikkemaat and Peters (2006) identify a low degree of innovation activities in medium and small sized hotels. They attribute this not only to a lack of financial resources of small businesses, but also to loyal conservative guests and to a low competition, which is making investments in innovation expandable.

"*If small hotels want effective promotion they are obligated to be innovative in modern communication and use Internet, social networks, mobile communications and applications in order to improve the online promotion*" (Vucetic, 2016, p. 139).

4. Methodology

As a mixed methods research will be applied in the study, the Methodology chapter will start with the introduction of the pragmatic paradigm. The following section will describe the research design, as it differs from other studies, which are conducted purely in a quantitative or qualitative way: mixed methods try to combine the strengths of each proposition.

The qualitative and the quantitative methods used in the study will then be explained. As little is known in the theoretical field about the explored problem and the aim of the thesis is to challenge general assumptions, an inductive approach has been regarded as most suitable. In a first qualitative step, in-depth interviews with independent – small sized family hotels in the South Tyrolian region were conducted in order to find out more about how they perceive the changes in the distribution channels and if they are affected by them. In a second quantitative step a questionnaire, based on the findings from the previous phase, was sent out to a vast number of three- and four-star hotels in the South Tyrolian region.

After illustrating the limitations of the employed methods, the chapter will conclude with a discussion about the mixed method design.

4.1 Pragmatic Paradigm

For many years the academic world has been divided between two epistemological considerations, Positivism and Interpretivism, and researchers had to side with either one of them.

Whereas Positivists see the social world as pre-given with a singular reality to discover through objective and value free research, Interpretivists believe in a constant change of the social order by different social actors who construct and reconstruct it. The paradigms are viewed by many as not combinable and choosing one usually means excluding the other.

This thesis will not take part in the debate on which stance is the right one by siding with one paradigm over the other. In a pragmatic approach, both notions

will be regarded as equally important and valuable in their contributions of understanding the world, as both worldviews attempt to find 'the truth', "*whether it is an objective truth or the relative truth of multiple realities*" (Dewey 1925, cited in Feilzer 2010, p. 3). However, pragmatism will not be reduced merely to its practicality and viewed as simply employing research methods in a 'what works' way.

In this thesis, pragmatism will be seen as a philosophical perspective itself, accepting the existence of singular and multiple realities. As Morgan (2014, p. 1048) suggests: "*on one hand, our experiences in the world are necessarily constrained by the nature of that world; on the other hand, our understanding of the world is inherently limited to our interpretations of our experiences*".

Empirical inquiry is seen as possible in both realities; therefore the researcher is not constraint by the requirements of either Positivism or Interpretivism and can focus on solving the practical problems in the 'real world' (Creswell and Plano Clark, 2007; Dewey 1925, cited in Feilzer 2010).

The pragmatist view sees the world as an 'existential reality' with different layers in it; those layers can be objective, subjective or even a mix of them (Dewey 1925, cited in Feilzer 2010, p. 3).

However by sharing the belief that one reality has different layers, the question emerges, how is it possible to observe and measure them?

A solution is offered by the use of mixed methods, which enables the researcher to study some aspects with quantitative and other aspects with qualitative methods (Feilzer, 2010).

Lowe (1988, p. 199) stated that: "*Running an hotel is essentially a pragmatic activity and academic research is usually characterised by abstraction and complexity*".

Therefore, a pragmatic approach was seen as appropriate as it allows to gain a practical insight into the relationships between hoteliers and their distribution channels.

4.2 Mixed Method Research Design

Creswell J. defines mixed methods research as "*a research design (or methodology) in which the researcher collects, analyses, and mixes (integrates or connects) both quantitative and qualitative data in a single study or a multiphase program of inquiry*" (as cited in Johnson et al. 2007, p. 119).

The number of mixed methods studies has been growing since the 1980s and according to Johnson et al. (2007) today it is the third major research approach; in tourism research, Molina-Azorín and Font (2016) noticed as well an increase of mixed methods studies.

Given the fact that there is no such thing as a flawless research method, combining multiple methods has been gaining in popularity: it limits the flaws of each method and contributes to a better understanding of the research question. By applying different methods, the strength of one method can compensate the weakness of another (Turner et al. 2017).

Leech and Onwuegbuzie (2007) propose a three-dimensional typology for mixed methods research design: "*a) level of mixing (partially mixed versus fully mixed); b) time orientation (concurrent versus sequential), and c) emphasis of approaches (equal status versus dominant status)*" (p. 268).

They identified those criteria to be the most important in mixed method research and based on those dimensions they developed eight notational systems for a mixed methods research design.

This study will use their 'partially mixed sequential equal status design'.

Partially mixed means that the qualitative and quantitative parts will not be combined in the same stage or across stages, but conducted concurrently or sequentially before mixing them in the analysis. Sequential indicates that the qualitative phase will be followed by the quantitative and equal status implies that both approaches have the same amount of significance in answering the research question.

The thesis will start with the qualitative phase in which in-depth interviews will be used to explore and identify the main issues and themes of the problem formulation.

Following up the quantitative approach will draw on the findings from the in-depth interviews by testing them in form of a questionnaire on a wider sample of participants. By testing the findings from the qualitative stage on a larger scale, it is intended to achieve a higher accuracy in the conclusion. The quantitative measurements will also help in reducing the generality of the interviews.

The project aims to gain an internal validity from the in-depth interviews and questionnaire, whereas an external validity should be provided by the questionnaire.

Both methods will be seen as equally important and discussed together in the analysis. Even though the research started with a qualitative phase, followed only after by the quantitative, both stages were simultaneously mixed in the analysis.

As for a successful mixture of methods the researcher needs to know the characteristics of qualitative and quantitative research, both methods will be introduced now and it will be explained in detail how they were applied in the study.

4.3 Qualitative data

The lack of studies on how small independent hotels work with distribution channels, solicited the use of a qualitative research method.

To start with, a qualitative approach was seen as appropriate, as it allows the researcher to gain an understanding of the situation through 'why' and 'how' questions and focus on the views and opinions of the participants rather than quantified answers.

Therefore an inductive study design was deployed in the thesis. According to Baxter and Jack (2008) "*this type of case study is used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes*" (p. 548). Mason et al. (2010) noted that when it comes to a gap of knowledge about a subject, often an exploratory study design is employed and that the qualitative findings can inform the next phase of the study.

The research approach can be seen as inductive, corresponding to the exploratory case study design, as through interviews it was tried to discover common themes and patterns between the participants' statements, without any theoretical assumptions.

4.3.1 In-depth interviews

Similar studies such as Law et al. (2015) and Myung et al. (2009) tried to examine hotels' perception on third parties using in-depth interviews and this thesis will employ that method as well.

In-depth interviews are useful in exploring new subjects and considered to be flexible and responding. Consistent of open-ended questions they enable the participants to elaborate their answers and convey their opinion and beliefs in their own words (Bryman and Bell, 2011).

The questions for the in-depth interviews were developed around the topics in the literature review and chosen based on their suitability in exploring the problem formulation; 15 questions were prepared and a translation of them can be found in the appendix (App. 5). The interview questions were semi-structured and they consisted of open-ended questions, which can facilitate the dialogue between researcher and informant (Bryman and Bell, 2011). The sequence of questions changed with every interview and some questions were slightly modified based on the knowledge gathered from the previous interviews.

The adjusting of questions based on the findings from the preceding conversations is consistent with the character of in-depth interviews and the inductive approach (Bryman and Bell, 2011).

As there is no clear definition of small independent hotels in the academic literature, hotels with less than 70 rooms and 50 employees were chosen for the qualitative part of the study.

The hotels selected for the interviews were all independent, three- and four-star hotels owned and run by families in the South Tyrolian region.

Lower star hotels were not included in the study as their cooperation with distribution channels was regarded as not significant enough. As there is a limited amount of five star hotels in the region and their modus operandi is quite different from lower categories, also that type was not included in the thesis.

4.3.2 Collecting qualitative data

In a first step it was tried to contact the hotels via email, which resulted in a zero response rate. It is possible that some of the emails were not transferred by the reception to the owners whereas others could have simply been ignored.

Therefore, it was decided to visit the hotels in person, in the hope a direct contact would produce more interviews; 9 four-star hotels and 21 three-star hotels were approached this way.

The author presented himself at the reception and introduced himself as a student who is conducting a study, on how small independent hotels work with distribution channels. Subsequently he asked if it is possible to arrange a meeting with the hotel owner, however in most cases the owner was not present.

Often the author was asked then to write an email, which the employee at the reception assured him would be transferred to the hotelier but none of those emails were answered.

In other situations the researcher was given the hotel's telephone number and asked to call in order to arrange a meeting. Through this method he was able to organize one of the four interviews.

In the rare circumstance that the author found the owner present, he managed to obtain three interviews, whereas the others declined; some with the justification that they do not work with distribution channels and could not contribute anything to the study.

The unwillingness to participate in the study could be seen as finding itself: probably those hotels do not work with intermediaries and therefore do not see any reason to talk about it.

With the hoteliers who agreed to participate, a date and time was set on which to have the conversation. An overview of the interviewed hotels can be seen in Figure 1. The interviews took place between the last week of March 2017 and the first week of April 2017.

T	Category in Stars	Nr. of Rooms	Duration of Interview	Transcript
Hotel 1	****s	64	50 Minutes	Appendix 1
Hotel 2	****	38	30 Minutes	Appendix 2
Hotel 3	***s	34	55 Minutes	Appendix 3
Hotel 4	***s	32	30 Minutes	Appendix 4

Table 1 - Interviews with hotels

4.3.3 Conducting the interviews

Before each interview some further research about the hotels was done: their website was looked up and, always online, it was tried to search for the hotels' distribution channels or other channels were the companies could be represented. In addition, the social media sites were consulted to see, how active the hotels are on these platforms and if they interact there with their customers.

To the interviews, the author came dressed appropriately, equipped with two recording devices and a folder with the interview guide.

Before starting the interviews, some small talk was conducted and the participants were asked their permission to record the conversation with the promise that they would stay anonymously. Recording devices can quickly make an informant too cautious in his/her answers, therefore the promise to protect the participant's identity was made to obtain genuinely open responses and further small talk before the interview contributed in making the informants feel at ease and creating an informal atmosphere.

As the participant's level of English was rather basic, the interviews were conducted in Austrian dialect, the native language of all informants. The decision not to use Standard German was taken consciously, as it would have

added only a stiff undertone to the interviews. However for an easier understanding and reading, in the transcripts the interviews were translated from Austrian dialect into Standard German.

All of the interviews took place in the hotels' bar, as having the conversation in an environment familiar to the informant, can give him/her a sense of security and increase the participant's confident in his/her answers. Even though a hotel bar is usually busy and noisy, all of the participants arranged a quiet setting, as at the time of the interviews no guests were present; just one interview was interrupted shortly because the owner needed to attend to some customers.

During the interview, different prompts were used to encourage the informants on expanding their observations. When they hesitated, a gaze of concentration or the repetition of the participants' words stimulated them in elaborating their answer. The interviewees were also encouraged to continue their train of thoughts by 'yes' and 'yes of course' approvals.

As the interviews were being recorded, it was not necessary to take notes and it was possible for the researcher to concentrate fully on the conversation.

At the end of the interviews some more small talk was done and the hoteliers were asked if they would like to have a translated summary of the paper, three of them agreed. A week after the interviews, a transcript of their corresponding recording was sent to the hotels via email and in that occasion the author thanked the owners once more for participating.

After the conclusion of the interviews it was tried to get the opinion of Booking.com's Areal Manager of North Italy in order to gain insights in the perspective of one of todays most prominent OTAs.

The Areal Manager was approached at a regional hospitality exhibition where he was asked for an interview. Unfortunately he could not give any official statements as the company is quoted in the stock market and any kind of comment has to come from the Public Relation Department.

Nonetheless he was very helpful and proposed, that if the questions are send to him by email, he can have a look at them and see if it is possible for him to answer them in the frame of his restrictions. Based on the findings from the interviews with the hoteliers, 10 questions were developed to ask Booking.com.

Those question were sent to the Areal Manager but even after sending a reminder, the author got no response. Nonetheless, some useful and interesting insights were gained during the informal conversation with Booking.com's Areal Manager of North Italy.

4.3.4 Analysing the interviews

Following the transcription of the interviews, a content analysis was applied in order to identify major themes and recurring patterns.

According to Elo and Kyngäs (2008), content analysis as a method allows to describe and quantify experiences in an objective and systematic way. The extensive amount of words and phrases was gathered in separate categories, and if they fell into the same classification, they would share the same meaning.

The conducted interviews were enough to identify a prevailing pattern and common themes, even though their number can seem rather low and someone might argue that they are not sufficient to gather a deeper understanding of the phenomenon. However, the fact that the informants responses and opinions corresponded in almost every aspect made it easy to identify the main issues of the subject and further interviews unnecessary.

The findings produced by the in-depth interviews, may also not apply to the majority of the people studied as they are not generable. Therefore, the second phase will see quantitative research in form of a questionnaire, test the conclusions drawn in the qualitative stage.

4.4 Quantitative data

In quantitative research, it is common practice that a hypothesis is deducted from theory and then tested (Bryman and Bell, 2011). However, in this study the quantitative data will serve as method to examine the conclusions made in a first experimental analysis of the qualitative data.

The majority in hospitality research uses quantitative methods (Taylor and Edgar, 1996) in form of surveys (Baloglu and Assante, 1999) and a self-completion questionnaire was also chosen as quantitative method of measurement for this study.

4.4.1 Questionnaire

Surveys can reach a larger amount of people than interviews, and are seen as less time consuming and cheaper to conduct (Bryman and Bell, 2011); the main difference is that there is no interviewer. This can be positive as interviewers may affect and bias the answers provided by the respondents. Since there is no interviewer to help the participant with his/her questions, self-completion questionnaires tend to have questions that are easy to understand and not open-ended (Bryman and Bell, 2011).

The questionnaire for this study consisted of 15 questions, 14 of them were self-evaluating to answer on a Likert scale from (1) to (5). Only two of the question were open-ended to fill out shortly. The two open-ended questions were asked in order to give the participants the opportunity to answer in their one terms and to prompt unusual replies.

A translated version of the questionnaire can be found in the appendix (App. 6).

4.4.2 Collecting quantitative data

To carry out the quantitative part of the research, it was opted for an internet survey as it is one of the cheapest methods and not as time consuming as e.g. postal questionnaires. The online survey allowed to contact and get responses from a vast amount of hotels in a relatively short time period. Another advantage of it is that no paper or money was wasted in the process.

Denscombe (2014) identifies three ways to conduct an online survey: via email, a Web-based questionnaire or online groups and social networks. For this thesis, it was chosen to invite the hotels via email to participate to the study by following a link, which led them to the web-based questionnaire.

The aim of the survey was to get at least 100 responses, which was seen as enough to test and generalize the findings from the in-depth interviews. As the usual response rate for surveys is even lower than for interviews (Bryman and Bell, 2011), 1,007 hotels were contacted in order to ensure a sufficient amount of responses.

The participants were selected by identifying on Google Maps all three- and four-star hotels present in South Tyrol. After, each website of the possible participants was visited and before extracting the email address, it was checked if the hotel falls into the parameter of the study; that is a small independent family owned hotel. The researcher had to rely on these parameters, as it was not possible to identify the exact number of employees and rooms solely from the hotel's website.

Although it would have been of interest, the form of the questionnaire did not allow to collect any demographic data as it was impossible to know by whom it was filled out. No demographic questions were included in the survey as it was not the primarily goal of the study to collect demographic data and additional questions would have made the questionnaire too long, distracting participants from the main issue or even discouraging them to read and complete it.

All of the emails and hotel names were saved on a list in an excel sheet, were the region was divided into 3 areas to get a better overlook and make sure that each section is represented equally (Table 2).

	West	Central	East	Total
4 Star Hotels	84	91	76	251
3 Star Hotels	268	292	196	756

Table 2 - Overview Survey

4.4.3 Sending out the questionnaire

An hotelier acquainted to the researcher, was asked to fill out the questionnaire in a first pilot test to make sure that the questions are clear and understandable. After the hotelier's approval of the survey, it was sent out to all hotels on the excel sheet and to avoid that the system mistakes the emails as spam, they were sent out in parcels of 10 addresses per email.

As the questionnaire aims to provide an overview on how things are now and not to investigate the subject for a longer time period, the survey was carried out in May 2017 and had a time restriction of two weeks. In the end, 118 hotels participated in the study, which was seen as sufficient since the aim was to get at least 100 completed questionnaires and a low response rate was already reckoned with. In a few circumstances, the respondents did not fill out all the questions and skipped some. Left-out question were in no way included in the study and simply rejected.

The fact that the questionnaire was filled out only by 11.71% of the contacted hotels, can also be seen as a finding itself, that is, many hotels seem not to be interested in the different distribution channels and intermediaries.

Unfortunately it was not possible to send a follow up reminder to the non-respondents and a thank-you email to the respondents as Google Forms does not allow to see by whom the questionnaire was completed. This made it also impossible to see which hotel category responded to the survey.

4.4.4 Development of the questionnaire

As already mentioned, the email sent to the participants, contained a cover letter and the link to the questionnaire. As the population of South Tyrol consists of German and Italian speakers, the cover letter and the questionnaire were written in both languages to avoid any misunderstanding of the questions and a possible reluctance to fill out the survey in the respondents' second language.

In order to establish a certain legitimacy of the study, in the cover letter the researcher represented himself as a Master degree student who is writing his thesis at the Aalborg University, Copenhagen.

The purpose of the study was explained and the participants were assured that the completion of the questionnaire would not take more than five minutes, as the shorter the time period of a questionnaire, the higher the respond rate (surveymonkey.com, 2017). To avoid scaring away possible participants it was also mentioned that the questionnaire is easy to complete and consists only of 15 questions.

Further it was tried to awake the respondents interest and to get them personally involved by showing them that their answers can be valuable in generating an overall view of the booking situation in the region and in creating a forecast of the future development.

The participants were guaranteed, that all their responses would remain strictly anonymous and confidential. By doing so, it was not only aimed to get more hotels to take part in the study, but also to get open and unbiased answers from them.

At the end of the email the hotels were thanked for their possible participation and encouraged to contact the researcher under his email address or phone number for eventual questions. As it was asked of the hotels to spend time on the survey, it was deemed only fair that the author would also take some of his time for possible clarifications and inquiries.

The questionnaire was created with Google Forms and limited to 15 questions, which can be completed by the participant in 2-10 minutes.

The outlet of the questionnaire was presented in a clear and clean way and it was not tried to make it look shorter by cramping all questions together, risking that participants would inadvertently omit a question.

A content analysis of the in-depth interviews allowed to identify recurring themes on which the questionnaire was developed.

All the questions were based on the findings from the in-depth interviews: the first ones were about the hotels' perception of direct guests, they were followed by questions on the use and efficiency of distribution channels and later the hotels were asked how they see social media sites as possible distribution channel.

13 out of 15 were closed questions in form of a Likert scale from (1) to (5). One question was purely open-ended and another one was a combination of an open-ended question and a self-evaluation. On the Likert scale for all questions (1) indicated always the lowest point of agreement and actuality and (5) the highest.

The coding of the data was facilitated by Google Forms, which automatically transferred the participants' answers to a bar chart and allowed a clear overview and analysis of the data.

4.5 Secondary data

The secondary data in this research was used to inform the author in detail about the common theories and beliefs regarding the problem formulation but it also helped to improve the research design and methodology. Through the secondary data it was possible for the author to gain a first insight into the topic, prepare himself for the interviews and create the interview guides.

Although the local library and the local DMO represented a valuable access point to secondary data, the majority of it was located in the world wide web. To find relevant articles, search engines like Google Scholar and the AAU database, were used; the search for those articles happened by applying keywords in order to narrow down the results.

Besides those search engines, various other web-sites were visited and consulted. Especially on the individual websites of the interviewed hotels and their social media sites, important material was found.

After a thorough analysis of the different books, articles, websites and catalogues, the most valuable information was identified and extracted for the research.

4.6 Limitations

4.6.1 Limitations In-depth interviews

The low number of interviews can be certainly seen as a limitation of the study, but as it was already explained in the qualitative chapter, theoretical saturation was reached and the researcher was of the opinion that additional interviews would not produce any new insights.

Another limitation could be the length of the interviews, as Kwortinik (2003) sees the common duration of in-depth interviews in one hour. However two of the discussions with the hoteliers lasted only half an hour, as all of the questions were answered in that time period and the informants did not try to elaborate their responses in detail.

This can also be attributed to the fact that the author is a novice in conducting in-depth interviews and therefore maybe lacked the skills to draw the informants out. The inexperience of the interviewer could have also led him to ask leading question or to fall into 'active listening' during the interviews, making a small part of the collected data useless.

The interview questions could also have biased the informants answer: to some questions the hoteliers might have answered with, in their eyes, desirable responses. They could have decrease or exaggerated the reality in order to look e.g. up to date or modest.

Further, the recording devices and the folder with the questions, could have conveyed the feeling of being analysed and made the informants uneasy in their responses.

Overall, the researcher's personal beliefs and ideas could have falsified and biased to some degree the outcome of the discoveries. Qualitative data can be seen as too subjective as it reflects only what is significant in the author's opinion (Bryman and Bell, 2011).

4.6.2 Limitations Questionnaire

One of the limitations of questionnaires is that no one can help the respondent if he/she has problems with the understanding of a question (Bryman and Bell, 2011).

Although assistance was offered and it was tried to keep the questions in the survey as clear and simple as possible, it is not sure if all the participants understood the survey and had no difficulties with the used terminology.

Respondents can also choose to not to answer questions at all, resulting in a problem of missing data (Bryman and Bell, 2011).

This was the case with the open-ended questions, which were skipped by some participants. However for one question the missing reply can also be seen as a no, since it was asked if the hotels work with other distribution channels than those which were already listed.

Bryman and Bell (2011) suggest to keep the questions of a survey interesting and in a small number in order to avoid a reluctance to respond. Unfortunately the need to restrict the number of questions did not allow to investigate in detail in some topics, e.g. it would have been interesting to know which social media channels the hotels use or which distribution channel they regard as the most effective ones in promoting their businesses.

Also worth to consider is the fact, that some individuals are more likely than others to participate in surveys. There is a risk that the actual respondents, differ from the rest of the small hotels in South Tyrol.

There is no guarantee that maybe for example, mainly hoteliers who are confident in using ICTs filled out the survey and only their opinion was reflected.

Further, it is impossible for the researcher to know who filled out the questionnaire and if the right person answered it (Bryman and Bell, 2011). As the survey was sent to the hotels' general email address, it is possible that in some cases employees took, or were given, the task to fill it out.

In conclusion, both, qualitative and quantitative, findings apply only to the area of South Tyrol and cannot be transferred to other regions.

4.7 Mixed Methods Discussion

In the opinion of Molina-Azorín and Font (2016, p. 551) "*an important consideration prior to designing and conducting a mixed methods study is whether a mixed methods design, as compared to a monomethod design, will best address the research problem and question*".

Precisely because of the mixed methods ability to answer the problem formulation in the best way, this design was chosen for the study.

This thesis does not see mixed methods research as superior to solely quantitative or qualitative studies but by employing only qualitative methods, it would not have been possible to transfer the findings from the interviews to the majority of the hotels in the region. On the other hand, only quantitative methods would not have allowed a detailed insight into the opinion of the hoteliers.

Therefore, the combination of both methods allowed them to complement each other by limiting their weaknesses and enhancing their strengths.

The benefits of the mixed method design can be seen especially in the analysis, where the mixing of the in-depth interviews and survey made a thorough investigation of the problem formulation possible.

5. Analysis

Resulting from the content analysis, two major themes emerged from the in-depth interviews: the first concerns trust; trust the hotels place in their clients but not towards intermediaries.

The second motif are the hotels' marketing strategies: how the hotels see intermediaries more as marketing than distribution channel, how the DMOs advertise their businesses contrary to other third parties and how the hotels use ICTs and social media to promote their properties.

Those two themes were tested with the help of an online survey, which consisted of self-evaluating questions asking from whom the hotels get their bookings, how effective intermediaries and DMOs are in advertising and how the hotels see the use of social media as possible distribution or marketing channel.

As during the research, it became clear that the specificity of the South Tyrolian region has a strong influence on its hospitality industry. Therefore, before starting with the actual analysis, for a better understanding of the circumstances, the setting of the region will be introduced and explained.

5.1 The specificity of the region

The majority of hotels in the South Tyrolian region are small sized independent hotels, most of them run by families; the small dimension of their properties and restricted number of their rooms seems to play an important role in their choice of customers.

As they lack the capacity for large groups and the rural region does not bring many business tourists, the hotels seem to have specialized themselves in individual leisure tourists, especially in families and couples. Hotel 1 and hotel 2 confirmed that this is the ideal type of guest for their hotels.

Hotel 1 explained the reasons why they cannot work with tour groups: "*in a city hotel industry, where you also have a Hilton or a Radisson, or whatever, which has 600 beds, it does not matter if they give 20 beds to a group or not, because*

they simply have enough capacity. On the other hand in our leisure hotel industry, which consists of wellness, hiking, couples and German guests, if suddenly a group comes you have a problem. You have to find them their own parlor, because if you have a table with 23 people who talk Bulgarian, the couple next to them who has a spa holiday, who wants a romantic atmosphere, will not be happy" (Hotel 1, App. 1, pp. 3-4)[1].

The interviews suggest that the hoteliers chose to fulfil their guests' needs of tranquillity and recreation. It appears that the hotels are disinterested in tour groups as they would interfere with the relaxing atmosphere and take too much space. Those kind of customers they see better placed in the city hotel industry.

The hotels view also the use of distribution channels as more suited for city destinations and properties with a larger capacity. The interviewed hotels were convinced of the opinion that big hotels would not even be able to fill all their rooms without an intermediary.

Hotel 1 pointed out: "*they (big hotels) would not even be able to fill all their rooms only through direct bookings!*" (Hotel 1, App. 1, p. 11)[2].

Hotel 3 saw it similar: "*as we are in the leisure hotel industry, we have a lot of regular guest and get bookings in another way, but in the city hotel industry it is obvious that people use Booking.com, if they go for business trips or not, it is easy to book it from home laying cosy on the couch. (…) I believe bigger hotels are almost dependent on that and a lot work exclusively with intermediaries. But we are a small family business…*" (Hotel 3, App. 3, p. 2)[3].

The fact that the interviewed hotels see their big counterparts more dependent on intermediaries than themselves, is surprising, as most of the academic literature says the exact opposite.

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[1] Die Leute sind einfach eine Stadthotellerie irgendwo in dem Moment gewöhnt wo dann auch ein Hilton oder ein Radisson ist das, keine Ahnung, 600 Betten hat und ob da jetzt 20 Zimmer zusammengehören oder nicht spielt da keine Rolle weil die einfach den Platz haben. Aber in der kleinen Ferienhotellerie die aufgebaut ist vor allem auf Wellness und wandern, und Pärchen und deutsche Gäste, wenn da jetzt auf einmal eine Gruppe zusammengehört dann hast du ein Problem, weil dann musst du eine Stube finden wo sie vielleicht nur alleine sitzen, denn wenn hier ein Tisch mit 23 Bulgaren redet und daneben das Paar das den einzigen Wellness Urlaub hat, das ein wenig romantisch reden will, daneben sitzt, die sind dann natürlich nicht mehr glücklich

[2] Die würden die Zimmer nicht einmal voll bekommen wenn sie das über direkt Buchungen abwickeln müssten

[3] Ja, durch dem wir in der Ferienhotellerie tätig sind haben wir viele Stammgäste, kriegen anders die Buchungen, aber in der Stadthotellerie ist es klar dass wenn man irgendwo hinfährt oder geschäftlich zu tun hat, dass man meistens über Booking.com geschickt von daheim vom Sofa aus, auch mit dem Smartphone, die Sache erledigt. (…) Ich glaube in noch größere Strukturen sind fast angewiesen auf das und viele arbeiten ausschließlich mit denen zusammen. Ja wir sind ein kleiner Familienbetrieb…

This could be seen as a strong evidence for the uniqueness of the hospitality industry in the South Tyrolian region.

Another characteristic of the region would be the duration of the guests' stay. Hotel 1 saw the South Tyrolian guest always booking for a long term: "*our South Tyrolian guest always books for a long-term stay. A lot has changed, in the past he booked even earlier… but how many bookings we get already now for September!*" (Hotel 1, App. 1, p. 10)[4].

The customer booking through intermediaries she regards short-term orientated: "*Booking.com is more directed towards short term stays, two or three nights, we in the leisure hotel industry want the type of guest who stays seven nights*" (Hotel 1, App. 1, pp. 4)[5].

Hotel 1 noted that the recreational character of the region would also facilitate the direct contact to the guests and lead to loyal guests. It would not be like that in other destinations she said: "*in the city hotel industry you do not have that contact to the hotel, there you are maybe one time in that hotel and the next time, you are in another one*" (Hotel 1, App. 1, p. 7)[6].

This would be different in South Tyrol as the owner of hotel 1 described: "*in a city destination I also would book through Booking.com, everyone does that. But here in South Tyrol the thought prevails, also among the guests, those are family businesses, run by families, you build a relationship with the owner, with the owner's family, you have a friendly relationship with them*" (Hotel 1, App. 1, p. 5)[7].

Booking.com's Areal Manager of North Italy was as well of the opinion that the character of the region would lead the majority of tourists to book directly.

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[4] unser Südtirol Gast bucht immer langfristig. Es hat sich schon viel geändert, früher hat er noch viel früher gebucht, aber wenn du denkst wie viele Buchungen wir jetzt schon für September bekommen

[5] Nur ist Booking mehr auf kurzfristige, 2-3 Nächte, und wir aber sind auf die Ferienhotellerie ausgerichtet die einen Feriengast für 7 Nächte will.

[6] Wie es eben in der Stadthotellerie auch ist, weil da hast du auch nicht diesen Kontakt zu den Hotel, da bist du vielleicht einmal in dem Hotel und das nächste Mal wenn du eine Stadtreise machst, bist du wieder in einem anderen Hotel.

[7] In einer Stadthotellerie oder so würde ich auch über Booking buchen, da bucht heutzutage jeder über Booking. Aber in Südtirol ist einfach noch der Gedanke, auch bei den Gästen, das sind Familienbetriebe, geführte Familienbetriebe, du baust einen Kontakt mit den Chef auf, mit den Familienmitglieder, du hast ein bisschen oft eine freundschaftliche Basis

5.2 Trust goes both ways

5.2.1 Trust in guests

The representatives from all four of the interviewed hotels stated that they get the vast majority of their guests direct and that they do not have any problems to fill their rooms with this method. This is rather surprising as most of the studies from the literature review were of the opinion, that small hotels are even more dependent on the collaboration with intermediaries as big ones and would struggle to attract customers.

The large amount of direct guests was confirmed by the self-completion questionnaire, which revealed that, 72.9% would get many (31.4%) or a great many (41.5%) of their bookings direct.
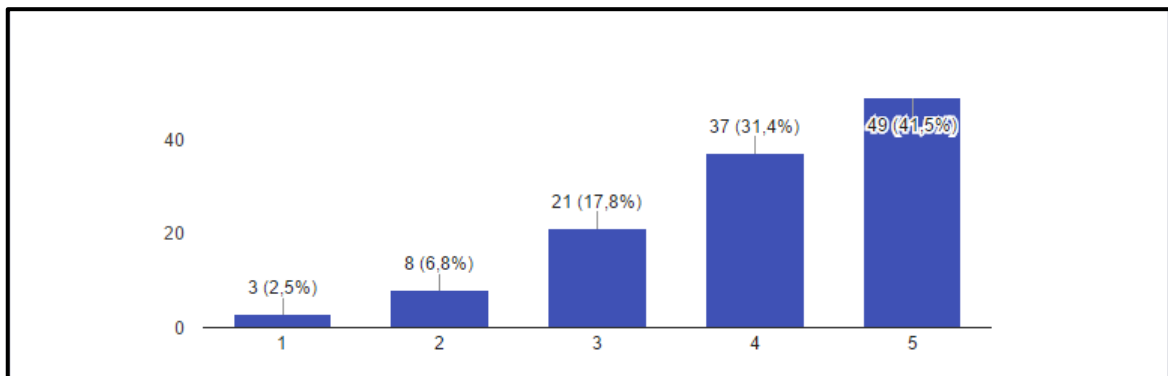

Figure 1 - How much of your bookings you get direct?

The four interviewed hotels pointed out that nowadays they would get most requests through email; hotel 2 estimated that 80% from their direct bookings would come via email and the remaining 20% by telephone. Before the internet era hotel 2 got all of her inquiries over the phone, hotel 3 confirmed that and added fax as an additional method. He continued explaining that before the invention of the fax machine, guests would have written letters by mail to request a room.

The in-depth interviews gave the impression that through email or phone the hotels seek direct contact with their customers and place a high value in it.

Hotel 1 was of the opinion that both, the guest and the hotel, would benefit from a direct communication: "*Guests have a lot of extra wishes, they want a room on the second floor, a table on the window, they have a lot of extra wishes. If they book direct and clarify all this with us, then you establish a relationship that*

is different to a guest who just writes you his wishes in the notice section of Booking.com. Also the guest gets a completely different form of confirmation, because on Booking.com he writes what he would like to have but I do not have to send him any confirmation and he does not know if he will get it or not" (Hotel 1, App. 1, p. 5)[8].

Hotel 2 saw it similar: "*I always prefer when they book direct, in that case I can also give them some gift or grant them sometimes a better price or upgrade*" (Hotel 2, App. 2, p. 5)[9]. She stated that a direct contact with the guests would be much better: "*because you can sell your hotel in a different way, you can make it more appealing, offer them all the extra services* (…) A *direct guest already established a contact, maybe already got a warm welcome and maybe feels confident because he knows what to expect. That's our strength, the warm and cordial*" (Hotel 2, App. 2, p. 6)[10].

The interviews display that there is a close relationship between guest and hotel and that the hoteliers do not want to include a third party, as they do not believe intermediaries would be able to convey the special characteristics of the hotel.

According to the interviews and contrary to Calveras and Orfila (2007), Clerides et al. (2007) and Nicolau (2013) it appears that the customers place a great amount of trust in the hotels and do not feel the need to rely on intermediaries in order to reduce quality uncertainty and loss aversion. The hoteliers gave the impression that their guests are willing to take coordination and search costs, as through the direct involvement they know that the product they are buying is of high quality and a fair price.

Some of the customers do not even need to deal with search/coordination costs and quality uncertainty as they are regular guests who know the hotel well and come to visit each year.

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[8] Wochengast hat viele extrawünsche, der will ein Zimmer im 2. Stock, ein Tisch am Fenster, der hat viele Extrawünsche. Und wenn du das alles direkt buchst und direkt klärst mit dem Gast dann ist das ein ganz anderes Verhältnis als wie wenn er dir das bei Booking bei den Notizen hinzuschreibst. Auch für den Gast, hat er eine ganz andere Bestätigung, weil bei Booking muss ich dem ja keine Bestätigung mehr schicken, da schreibt er dazu dass er das gerne hätte aber da weiß er nie krieg ich es oder nicht

[9] Mir ist immer lieber sie buchen direkt, da kann ich ihnen sicherlich was dazu schenken oder einmal einen besseren Preis oder ein Upgrade

[10] Ja ist viel besser weil du kannst dein Haus anders verkaufen, du kannst es ihnen geschmakhafter machen, du kannst die ganzen Zusatzleistungen (…) Ja sicher. Der hat den Kontakt schon aufgebaut, der hat vielleicht schon eine herzliche oder warme Begrüßung bekommen oder, ja sowiso, der fühlt sich vielleicht sicherer weil er weiss ihm Erwartet, ja sicher. Würde ich schon sagen, das ist unsere stärke dann, das herzliche das warme.

The owner of hotel 3 noted an interesting booking practice: "*In the past when checking out guests already booked for the next year, also today some guests do that, especially regular guests. In the past this was common practice*" (Hotel 3, App. 3, p. 5)[11].

Hotel 1 confirmed this as she recognized a similar behaviour among some of her guests, who would already book for the next year before leaving.

In the online survey, when asked how many of their guests would be regular guests, 22% responded with a great many, 28.8% with many and 40.7% with some of them. Out of 118 hotels, only 8 reported a low amount and only 2 a very low amount of regular guests.
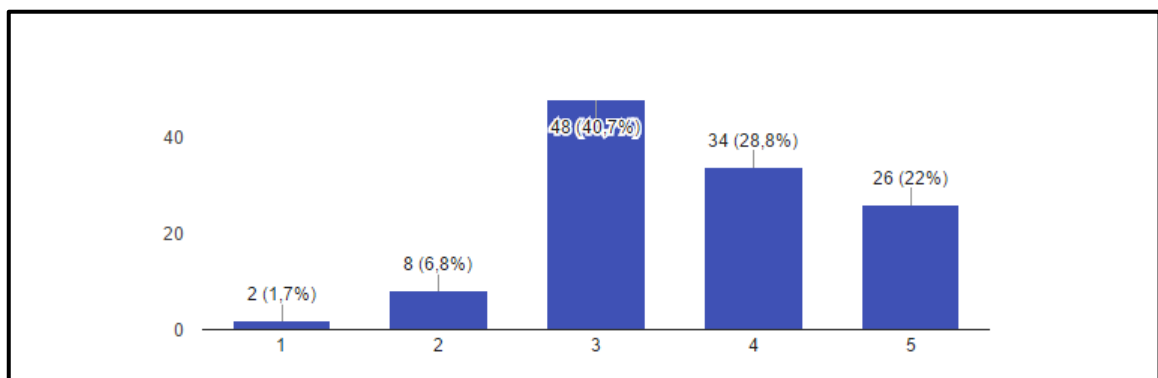

Figure 2 - How many of your guests are recurrent guests/regulars?

In addition, the interviewed hotels as well declared that they would have a lot of loyal guests who come back each year.

Hotel 2 said: "*we do not do many advertising; we have the big regular guest stock from word to mouth* (…)" (Hotel 2, App. 2, p. 2)[12]. Further, she explained that those regulars would consist also of families with kids who established friendships with other guests and locals during their vacations and that she would be confident, when grown up, those children will continue the tradition to come to her hotel for holidays.

"*We have regular guests they come for 30-35-40 years in a row now*" (Hotel 4, App. 4, p. 3)[13], hotel 4 claimed. For his loyal customers he also introduced a

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[11] Früher, aber das gibt es heute auch noch speziell bei den Stammkunden, wenn sie abreisen buchen sie schon für das nächste Jahr. Früher war das viel mehr wie heute.

[12] wir machen sehr wenig Werbung, wir haben den großen Stammkunden Stock mehr aus Mund Werbung

[13] Wir haben Stammgäste die kommen 30-35-40 Jahre

'regular guest week' where for two weeks in autumn they could get a 10% discount.

The personal involvement, which appears to go beyond the formal business relationship, was also tested on a wider sample of hoteliers in form of the questionnaire: they were asked how well they think to know their regular guests and how intimate they are with them. Only 0.9% stated to not know them at all and 4.3% to not know them well; 45.3% said to know their regular guests well and 23.9% to know them very well.
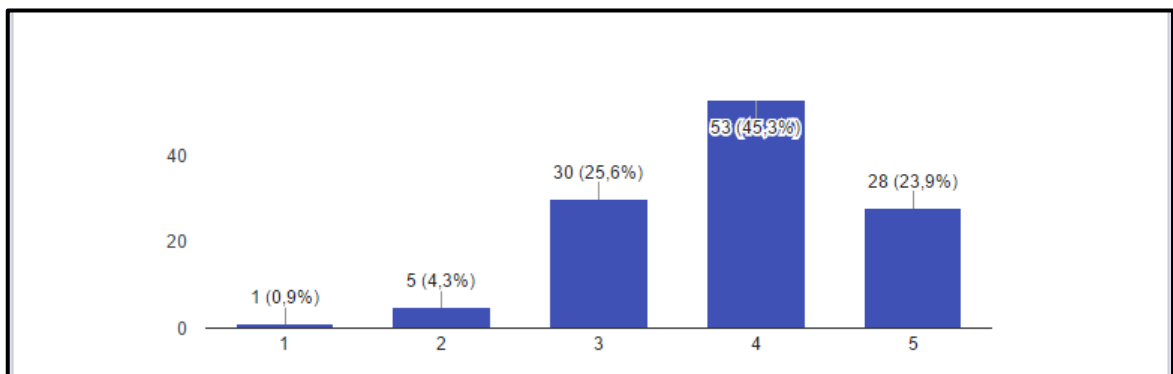
Figure 3 - How confident are you with them, how well do you know these recurrent guests/regulars

Resulting from the in-depth interviews and from the questionnaire it appears that the hoteliers in the South Tyrolian region have successfully established an excellent relationship with their customers.

Their strategy seems to confirm Brown and Kaewkitipong (2009) and Avcikurt et al. (2010) statements, that developing a direct communication with their guests, allows small and medium sized companies to establish quality service and a close relationship with them, which leads to repeat customers.

The close relationships they have with the hotels, suggest a high amount of trust and confidence the guests place into the hotels and their willingness, to come back every year to spend their holidays at the same hotel, can be taken as proof for it.

Also the hotels gave the impression to confide into the special connection they have with their customers, as they count on them to come back and therefore do neither need nor want intermediaries to sell their rooms.

5.2.2 Trust in traditional intermediaries

Although hotel 1, hotel 2 and hotel 3 stated that it was different in the past, today it seems that the hotels in the region do almost not work with tour operators or travel agencies at all; especially not on a regular basis in form of contracts, contradicting Buhalis (2000) and Medina-Muñoz et al. (2003).

This lack of collaboration is implied by the online survey: 83% declared to get very few and 10.7% to get few bookings from tour operators. A similar percentage can be seen in regards of travel agencies, where 68,7% replied to get very few and 17.4% to get few guests through this distribution channel.
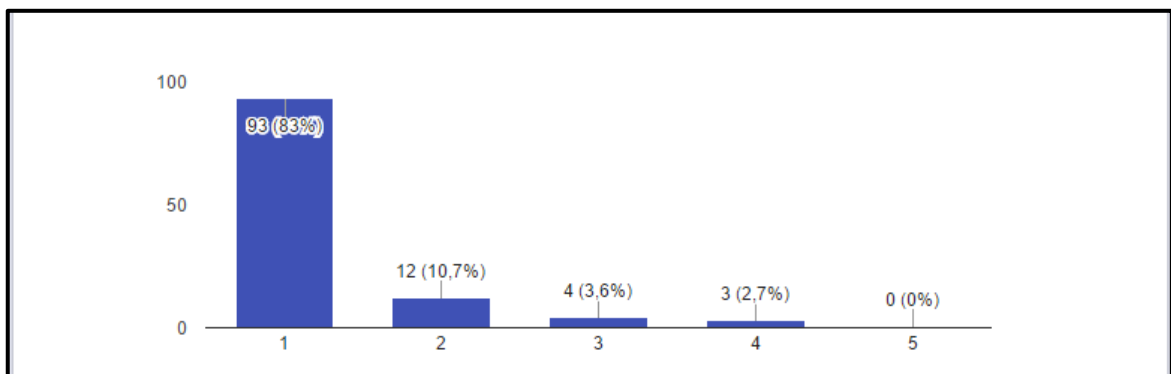
Figure 4 - How much from your bookings you get from tour operators (e.g. TUI)
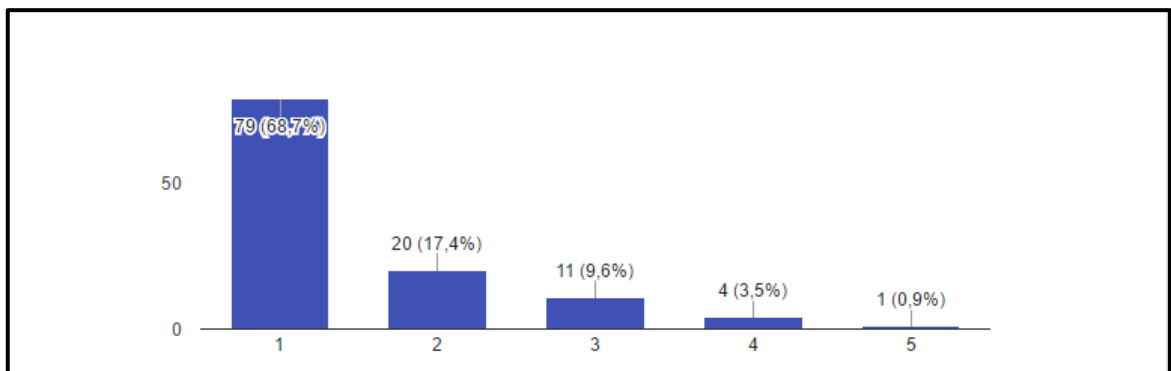
Figure 5 - How much of your bookings you get from travel agencies (e.g. bus tours)

Regarding the interviewed hotels, in the past hotel 1 used to work a lot with TAs, in form of bus tours, she remembered: "*Yes, in the past, when we were still a three star hotel, we worked a lot with bus tours. (…) My father had then also his own travel agency that mediated those busses. Back then, we really had the whole hotel occupied with busses, there were no individual guests. We proceeded then with adding a floor with bigger rooms and rent those eight rooms to individual guests and after everything was changed to individual customers. We completely dismissed the bus tours and today everything is just*

individual guests. (…) Especially because we switched to wellness, constructed wellness facilities and bigger rooms and in that time it became too expensive for the bus tours. The bus tours needed small rooms and were not interested in wellness, they were away the whole day and did not need that" (Hotel 1, App. 1, p. 2)[14].

As another reason not to collaborate with TOs or TAs, hotel 1 named their need for quotas of rooms: "*we do not want to give them rooms, because at the end they (TOs and TAs) say no we do not need them after all, and we remain with empty rooms. Plus we do not want to work with commissions, we have our fixed price that we keep, and of course we do not want to make then other prices for agencies or tour operators. That's the reason why we opted for a direct contact with the guests, that the guests have to book with us, so we have also a personal contact with the guests*" (Hotel 1, App. 1, p. 1)[15].

Even if groups would just come on request, without any pre-sold room arrangements, hotel 1 would refuse them, as they do not have the capacity. In contrast, hotel 1 underlined the certainty of direct bookings: "*If he books direct, then he also pays a deposit, every guest who books direct has to pay a deposit, and then it is already something certain that he comes and of course you try then more to fulfil all his wishes*" (Hotel 1, App. 1, p. 5)[16].

Hotel 4 was of the same opinion: "*if they send direct requests it's almost certain that they will come*" (Hotel 4, App. 4, p. 1)[17].

The interviews indicate that small independent family hotels do not trust intermediaries to bring them customers on a regular basis and are reluctant to

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[14] Ganz früher, ja, als wir noch ein 3 Sterne Hotel hatten, haben wir nur mit Bussen gearbeitet. Also das ist ja Effektiv wie die Reiseveranstalter halt mit dem Bus Tourismus. Da hatte mein Vater noch ein eigenes Reisebüro in Bruneck das diese Busse vermittelt hat. Und da war dann wirklich das ganze Haus immer mit Bussen besetzt, da war gar nichts privat. Dann haben wir einen Zimmertrakt mit etwas größeren Zimmern dazugebaut und angefangen diese 8 Zimmer als private zu vergeben und danach ist alles nur privat geworden. Wir haben das mit den Bussen komplett auffliegen gelassen und jetzt ist alles nur mehr privat. Aber vor allem auch weil wir dann auf Wellness umgestiegen sind, Wellnessanlagen gebaut haben, größere Zimmer gemacht haben und das für den Bus Tourismus in der damaligen Zeit dann auch zu teuer in dem Moment war. Die haben einfach die kleinen Zimmer gebraucht und waren auch nicht auf Wellness aus, die waren den ganzen Tag unterwegs, dann hat man das nicht so gebraucht. Wir sind dann eine andere Schiene gefahren.

[15] Kontingente, die wollen wir nicht vergeben, denn bis zum Schluss heisst es dann nein jetzt brauchen wir sie trotzdem nicht mehr, dann hast du die Zimmer leer stehen. Plus mit den Kommissionen wollen wir einfach nicht arbeiten, wir haben unseren fixen Preis, den halten wir, dann wollen wir natürlich nicht andere Preise für Agenturen oder für Reisebüros/veranstalter, machen. Aus diesem Grund haben wir das einfach ein wenig gekoppelt dass wir einfach auch noch mit dem Gast selber in Kontakt sind, dass der Gast bei uns buchen muss, dass wir den persönlichen Kontakt auch mit den Gästen haben

[16] Hingegen wenn er direkt bucht, dann macht er eine Anzahlung, also bei uns muss jeder Gast eine Anzahlung machen der direkt bucht, und dann ist das schon etwas fixeres und dann natürlich versucht man eher die ganzen Wünsche in Erfüllung zu bringen

[17] Aber wenn sie direkt anfragen ist es schon sehr sicher dass sie kommen

sell them any rooms as it is not certain if in the end they would use them. Also the fact that small hotels have to deal with a restricted amount of rooms and that every room is valuable to them, seems to prevent them to collaborate with intermediaries. In some cases the hotels in the region would not even have the capacity and facilities to accommodate large groups as they have specialized themselves in individual clients.

Hotel 2 had just one arrangement with a TA, however only for the low season: "*We work together with the travel agency 'Anonymous' and I have to say that the commission of 22% is extreme high, but we do not take them in the high season. Because in the high season you earn money and I cannot give so much commission in that period*" (Hotel 2, App. 2, p. 5)[18].

Although they used to collaborate with TUI in the past, hotel 2 has currently no agreements with tour operators. The owner of hotel 2 said that nowadays booking online would prevail over tour operators and travel agencies. Contrary to hotel 1, she would accept groups coming on requests from TOs or TAs and grant them 10% commission in that scenario.

Hotel 4 never had arrangements with TOs and only had a contract with one TA in the past but today with none. The owner was also open to accept TO or TA groups coming on request but getting those requests would happen rarely, he said. In his opinion, the reason would be his too expensive room rate.

The circumstance that with individual direct guests, the hotels can earn more money is certainly another important reason for the rejection of intermediaries.

Hotel 3 on the other hand was open to the cooperation with TOs and TAs and had a few contracts with them: "*Yes sometimes with a number of different tour operators we have allotment contracts. It's important to be represented everywhere a little bit. You get more visibility and therefore it is important, to collaborate, not with TUI, they demand a high percentage on the commission, but with others whom you give between 10% and 15%, maximum 20% (we do not have any whom we give 20%) commission. In the season we give two or three rooms to be represented in their catalogue or distribution channel and we noticed that in the high season it's not a problem that they (TOs and TAs) book*

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[18] Wir arbeiten mit dem Reisebüro von Anonymous, da die 22% ist schon extrem viel muss ich sagen. Aber die nehmen wir in der Hochsaison auch gar nicht. Weil in der Hochsaison verdient man, ich kann nicht so viel Provision geben

them and in the pre- and after season it gets difficult, like everywhere else. But I have to say that the tour operators got really flexible, even when you give them two or three rooms and you realize that you get more requests and would need them for yourself, it's not a problem to talk with them and they give you back those rooms, if they have not already sold them of course. That is quite fair and correct.

Most of their (TOs and TAs) inquiries we get on a request base: a lot do that, they request rooms and if something is available, they get them and the commission. It's everywhere the same, if you get a booking you can give them something and if not you do not, and that is ok." (Hotel 3, App. 3, pp. 2-3)[19].

Hotel 3 emphasized further on the importance of intermediaries to bring new guests: "*If you cooperate with tour operators you have the chance to get new regular guests. If they have been here and they want to come back, it is not sure that they book again through the tour operator. The tour operators know that and that is why they demand a certain commission: they say that they do not only bring an onetime guest but that this guest can become a regular one who books direct in the future*" (Hotel 3, App. 3, p. 3)[20].

Even though hotel 3 cooperates with different intermediaries it seems that he keeps this cooperation on a minimum, and that he appreciates their marketing skills more than their ability to bring him guests.

The owner of hotel 3 is also indirectly supporting hotel 1's claim, admitting that in some cases the tour operators would not even need the rooms he sold them. His illustration of how guests, coming from a tour operator, can easily turn into

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[19] Ja oft einmal mit Touroperator haben wir gewisse Kontingente und das machen wir schon mit verschiedenen einfach. Also das ist schon wichtig dass man überall ein bisschen vertreten ist. Man bekommt mehr Sichtbarkeit, das ist schon wichtig dass man mit, jetzt sage ich nicht TUI das ist ein bisschen hochpreis mit den Prozenten, aber andere wo man eben auch zwischen 10-15 maximal 20, nein 20 haben wir keine, aber maximal 20% Kommission geben. So sind einige aber einige sind in der Saison ganz wenig, in der Saison 2-3 Zimmer gibt damit man halt im Katalog drinnen ist oder in ihrem Vertriebskanal. Und man macht halt dann meistens die Erfahrung in der Hochsaison ist es natürlich kein Problem dass sie die Buchen und in der Vor und Nach Saison ist es halt wie überall und es wird schwierig. Aber man muss auch sagen da sind mittlerweile die Tour Operator ganz flexibel geworden, auch wenn man ihnen 2-3 Zimmer gibt und man merkt dass man jetzt andere Anfragen hat und man bräuchte diese, und sie haben sie noch nicht verkauft, wenn man dann mit ihnen redet kriegt man sie auch durchwegs zurück. Und das ist auch ganz fair und ok. Wir haben das meiste auf Anfrage, dass machen auch viele dass man sagt wenn sie anfragen und es ist etwas verfügbar dann kriegen sie etwas und dann kriegen sie auch die Provision und sonst ist halt nichts. Und es ist halt überall das gleiche, wenn man eine Buchung bekommt kann man etwas abgeben und sonst braucht man nichts abgeben und das ist ganz ok.

[20] Aber nicht desto trotz, wenn man mit Tour Operator zusammenarbeitet hat man die Chance neue Gäste, neue Stammgäste zu bekommen. Wenn sie einmal da gewesen sind und wenn sie wieder kommen wollen dann ist es nicht gesagt dass sie wieder über die Tour Operator kommen. Dass wissen aber die Tour Operator deswegen verlangen sie gewisse Provision, weil sie sagen wir bringen euch nicht nur momentan einen Gast, er kann auch zukünftig für euch ein Stammgast sein, weil er bucht dann direkt danach.

regular guests could not only be a good example of the hoteliers' ability to establish close relationships. It could as well be a reason why also intermediaries on their part are maybe reluctant to seek an intense cooperation with the hotels in the regions, as there is the risk that guests would not book through them again, once they become familiar with the hotel.

It appears that the strong base of direct bookings leaves the hotels in a privileged position when negotiating with intermediaries and therefore the accommodation providers in the region would be able to keep the commissions on a low level.

Toh et al. (2011) see the amount of commission usually between 15% and 30% but as the interviews showed, compared to other destinations, the hotels in South Tyrol pay a relative small percentage ranking from 10%-15%, with just one exception where the hotel paid 22% but rated it as extremely high.

This contradicts other studies like Buhalis (2000), Medina-Muñoz et al. (2003) and Toh et al. (2011) which are of the opinion that small hotels are forced on a higher commission and disadvantageous contracts.

The online survey indicates that the small hotels in the region are still not content with the contracts and amount of commission they have to pay to intermediaries. Of the participants, 38.1% said to be unsatisfied and 44.2% neither satisfied nor unsatisfied of the collaboration with their distribution partner.
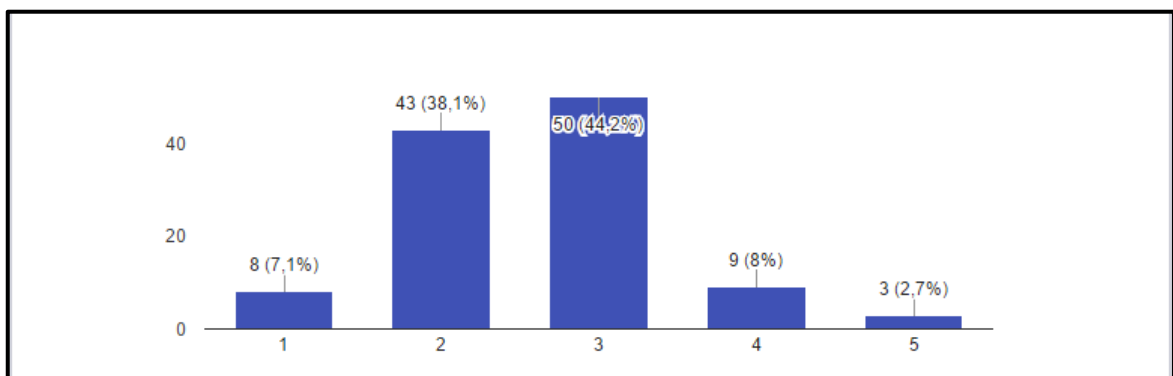

Figure 6 - Are you satisfied with the deals and contracts you have with third parties (e.g. commission)

5.2.3 Trust in OTAs

The in-depth interviews with the hotels revealed that they see OTAs as the most valuable intermediary and regarded TOs and TAs as less efficient. The reason for it could be that the hoteliers do not see much future in traditional intermediaries as hotel 3 was of the opinion that today customers would rather use online booking sites than travel agencies and hotel 2 explained: "*online booking prevails. You notice that it in your own behaviour, nowadays you book only online. (…) You do not go to travel agencies anymore*" (Hotel 2, App. 2, p. 3)[21].

Their ability to target a worldwide market and grant the hotels visibility without demanding pre-sold rooms, could be another reason why OTAs are the most used intermediary in the region, as the online survey confirmed.

However, neither through this channel the hotels would get many bookings: hotel 1 said from OTAs they would get a maximum of one guest per week and hotel 3 said he would for sure not get more than 10% of his total bookings from OTAs.

Nonetheless the survey demonstrates that the percentage of bookings coming from online channel was still higher than for the traditional intermediaries. 44.9% responded to get a few bookings from OTAs and 20.3% responded they would get some bookings, whereas 7.6% would even get many.

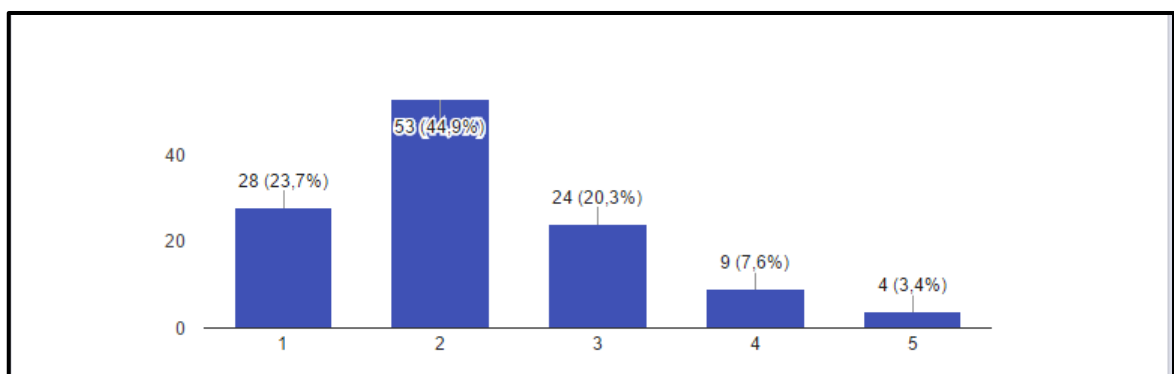*Figure 7 - How much of your bookings you get from OTAs (e.g. Booking.com, Expedia, HRS)*

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[21] Es überwiegt mehr das online Booking. Aber man sieht es ja bei einem selbst auch, man bucht alles nur mehr online. (…) Man geht nicht mehr ins Reisebüro.

Basically it appears that the hotels are satisfied with the services of the OTAs.

Hotel 1, hotel 2 and hotel 3 all said to be pleased with the cooperation they have with the OTA Booking.com. Hotel 2 expressed her content this way: "*Yes they do a good job, they give advice and help us by saying 'this time period is rather weak, you can push it in this way or offer this and that'*" (Hotel 2, App. 2, p. 2)[22].

Whereas hotel 3 declared: "*we are overall satisfied with Booking.com and with what they do, also with their terms and conditions because normally Booking.com demands a high percentage and we are at 12%*" (Hotel 3, App. 3, p. 1)[23].

The answers on the online survey supported this claims, as generally the hotels saw in Booking.com the easiest and best intermediary to collaborate. When asked in the questionnaire, which distribution partner they would prefer, 37 out of 71 respondents indicated Booking.com.

Their satisfaction with Booking.com could also be contributed to the low percentage the OTA is currently asking. It seems therefore understandable that, contrary to Toh et al. (2011) and Hills and Cairncross (2011), who state that small hotels would have issues with OTAs' commissions, the interviewed hotels had no problem with the amount of percentage they have to pay, as in other destination it is significantly higher.

Hotel 1 said that they would pay between 12% and 15% and that this percentage would be justified: "*Yes it is ok. Of course if he (the guest) books direct I keep that percentage. But they (Booking.com) also have to earn some money, therefore it is ok. Especially if you work a lot or only with them (Booking.com) then it is a fair price because you do not have to do anything, Booking.com is doing everything for you. Then it is ok. On the other hand if you just do it to get some additional bookings it would be better if he books direct.*

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[22] Ja doch denn sie machen es gut, sie geben Ratschläge und sie helfen uns dann dass sie sagen da kannst du diesen schwachen Zeitraum so puschen oder so anbieten.

[23] Booking.com sind wir recht zufrieden damit was wir machen, auch über die Konditionen, weil Booking.com normal viel % verlangt und wir sind bei 12%

(…) If they demand now 15% or 16% it is not a big difference for us, as we usually just get one guest per week from Booking.com" (Hotel 1, App. 1, p.9)[24].

Also hotel 2 did not debate the amount of commission: "*15% is standard, that is alright, of course it could be lower, maybe I could negotiate it again. Because with Booking.com you could always negotiate in the past, therefore we were at 12% or 13% commission at one point, but not because we had so much bookings coming through Booking.com*" (Hotel 2, App. 2, p.5)[25].

Hotel 3 and hotel 4 as well, saw the percentage they pay Booking.com as adequate.

It appears that the low amount on commission does not give any room for conflicts in this matter between the hotels and Booking.com and that opposite to Toh et al. (2011), who see OTAs having a certain degree of influence in setting the rates, the hotels hold the upper hand.

However this could change, Booking.com's Areal Manager of North Italy was confident that in the future the OTA will establish itself in the region and noted that every year they get more bookings.

Also in the hotels' opinion OTAs will play an important role in the future and gain significantly on market power as hotel 1 said: "*that is certainly something that will come more and more. But at the moment it is not like that, and we are happy that direct bookings still prevail*" (Hotel 1, App. 1, p. 10)[26].

The online questionnaire confirmed this statement as 46.1% saw the OTAs as either very important (12.8%) or important (33.3%) in the years to come.

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[24] Ja ist ok, also ist in Ordnung. Natürlich wenn er direkt bucht dann bleibt dir das. Ich meine sie müssen ja auch etwas dabei verdienen also ist das schon ok. Ja. Und wenn du viel nur mit denen zusammenarbeitest und du vor allem von denen lebst, dann ist auch ein angemessener Preis, weil du musst ja nichts machen, es macht ja alles Booking für dich. Dann ist das schon ok. Hingegen wenn du das nur zusätzlich dazu hast wäre schon besser wenn er direkt bucht.
Ob jetzt 15% ist oder 16% macht bei uns keinen großen Unterschied. Wenn nur einer die Woche kommt dann passiert da nicht recht viel.

[25] 15% ist Standart, das passt, es könnte natürlich tiefer, vielleicht, müsste ich nochmals handeln. Weil mit Booking konnte man immer handeln, früher, deswegen waren wir ja auf die 12% oder 13%. Nicht wegen, weil wir so viele Buchungen hatten, deswegen hast du 12% oder 13% gehabt

[26] Aber das ist sicher etwas das immer mehr kommen wird und so. Aber Momentan wie es noch ist, sind wir froh dass es so ist und noch direkte Buchungen vor allem gemacht werden.
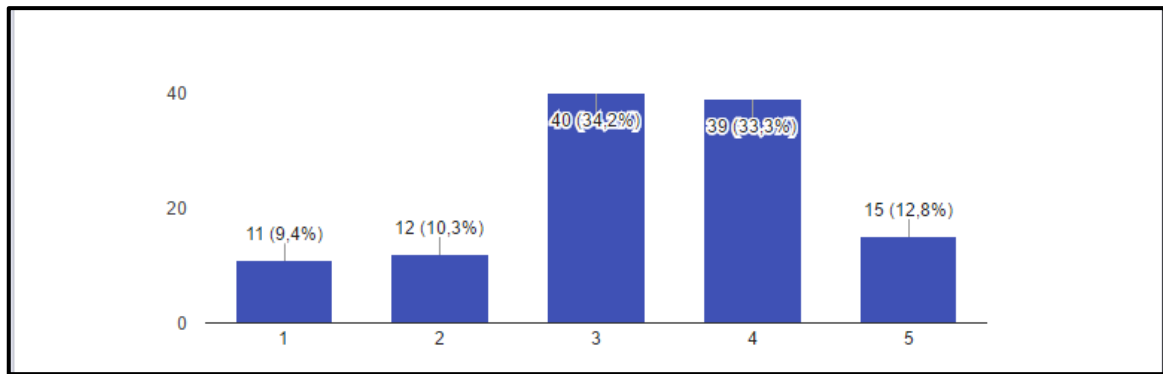
Figure 8 - How important do you see the collaboration with OTAs like Booking.com in the future?

Hotel 1 and hotel 2 were concerned that Booking.com will demand a higher percentage, once they have a solid customer base in the region.

This suspicion could be an indicator that, although currently they have no issues with the commission, the hotels mistrust the OTAs and are convinced that with a stronger market presence they would not hesitate to increase their prices.

Although the in-depth interviews and survey suggest that the hotels value OTAs higher than other forms of intermediation, the fear of a growing importance of online channels, seems to make the hotels cautious and reluctant in giving them too much power.

This can be seen on the example of hotel 1 who explained: "*We are represented everywhere, Booking.com, HRS, Venere, Hotel.de. But of course always with a booking block, minimum stay etc. We control all this a little bit, in the high season we have it completely blocked, in the low season we have now 4-5 nights minimum stay and in the season 7 nights minimum stay. We have all those things restrained so that we still have the control*" (Hotel 1, App. 1, p. 2)[27].

Hotel 4 expressed himself even clearer: "*I want to be the boss of my rooms!*" (Hotel 4, App. 4, p. 2)[28] he said.

It seems that the hotels try to keep the OTAs' influence over their rooms on a minimum trough these means of control. The OTAs having too much access to the hotel's rooms would quickly lead to complications, as it is more difficult to coordinate and organize their bookings.

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[27] Bei allen eigentlich. Booking.com, HRS, Venere, Hotel.de, sind wir überall drinnen. Aber natürlich immer mit Buchungssperren, Mindestaufenthalte usw. Also das tun wir schon schön alles koppeln und zügeln irgendwo. Hochsaisonszeiten haben wir es komplett gesperrt, jetzt z.b. ist Nebensaison jetzt haben wir die 4-5 Nächte Mindestaufenthalt, in der Saison haben wir die 7 Nächte Mindestaufenthalt. 06:02 Also wir haben es schon relativ fest gekoppelt bei diesen Sachen. Dass wir immer noch die Kontrolle über das haben

[28] Ich will Herr über meine Zimmer sein.

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Hotel 1 revealed: "*the problem is that you do not have control over bookings coming through Booking.com or other distribution channels. Because if someone requests directly 30 or 20 rooms, you can tell them that it is not possible. But if they all book through Booking.com you cannot say to them sorry it is not possible because booked is booked. That is always a difficult situation you find yourself in. Once it is booked, it is also confirmed and you cannot change anything, it's simply confirmed; it does not matter if you have that room now or not, if you want this now or not*" (Hotel 1, App. 1, p. 4)[29].

Hotel 1 went on telling a story in which she experienced this first hand. One time 20 of her rooms were booked for the same time period by a group of individuals and when they arrived she discovered that they are all part of the same group. She remembered that the hotel faced many challenges in arranging everything and creating the necessary space for the guests, as they did not know before that a group was coming.

All these blocks and minimum stays, could also be seen as a method to lead guests directly to the hotels and away from OTAs.

That a Booking.com guest would take the initiative to establish a direct contact with the hotel and cancel the reservation on the OTAs website would happen often.

Hotel 1 explained: "*Not that we force him to do that by a price difference or whatsoever, but because he calls us, talks with us, maybe wants to change something like e.g. Booking.com says seven nights but he wants just six. That happens relatively often that they (guests) say we book direct with the hotel now. Sometimes when searching for a hotel they also say 'we block and secure us the room now and book through Booking.com', then they call the hotel, book direct, and cancel the reservation on Booking.com*" (Hotel 1, App. 1, pp. 5-6)[30].

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[29] das ist natürlich das Problem das über Booking oder die Reiseportale ist, dass du das nicht so zügeln kannst. Denn wenn jemand direkt anfragt und anfragt ich brauche 30 Zimmer oder 20 Zimmer dann kannst du sagen tut mir leid das geht nicht. Aber über Booking wenn die alle buchen dann kannst du nicht sagen nein tut mir leid das geht nicht mehr, weil gebucht ist gebucht. Und das ist immer eine schwierige Situation, wie du das am besten Hand hast. Sobald es einmal gebucht ist über Booking, dann ist das eine Bestätigung, dann kannst du das nicht mehr ändern, dann kannst du das nicht mehr umbuchen, dann ist das einfach bestätigt. Egal ob du dieses Zimmer jetzt hast oder nicht oder ob dir das jetzt passt oder nicht passt

[30] Ganz oft. Nicht das wir ihn jetzt dazu zwingen, wegen einen Preis oder was auch immer, sondern weil er einfach nochmal anruft, nochmal redet, vielleicht noch etwas verändern will bei der Buchung oder Booking sagt 7 Nächte und er will nur 6 bleiben. Also das passiert schon relativ oft dass sie bis zum Schluss sagen, ach so nein ok, weil dann haben sie irgendwo die Sicherheit, ok ich habe das jetzt direkt mit dem Hotel gebucht. Da suchen sie und oft sagen sie jetzt blockieren wir es übe Booking einmal damit das Zimmer sicher ist, dann telefonieren sie mit dem Hotel, reden noch einmal... Ja dann hast du einen ganz anderen Kontakt zu

Not by price differences, but by imposing restrictions of rooms and nights on Booking.com, hotel 1 seems to encourage the guests to establish a personal contact and convince them that it would be better to book directly. Similar to the previous example, which saw the traditional intermediaries involved, the hotels gave the impression to try to convert the OTAs' customers into direct bookings and subsequently into regular guests.

The OTAs on the other hand try to protect themselves by not giving away the guests' information, much to the disturbance of the hotels, as hotel 1 criticized: "*With Booking.com you get a confirmation and that's it. The guest even has his own Booking.com email address, I do not even have the guest's private email address! The guest gets his own email address, that goes something like @guestbooking.com with some digits in it and that is the email address I see. Of course if he writes his address I have that, but often he does not even have to write it and then I have nothing, not even that. Then I have the name of the guest and otherwise nothing. That is a pity because you want to establish a contact with the guest in the beginning, already before the vacation*" (Hotel 1, App. 1, p. 6)[31].

Further, the OTAs try to attract customers by proposing them beneficial terms and conditions.

One of the advantages for the guests consists in having generous cancellation terms when booking through Booking.com, but to counter them, hotel 1 and hotel 4 installed special regulations.

Hotel 1 explained: "*That's an advantage for the guests booking on Booking.com, that they can cancel their reservation on a short term but you as hotelier can say: no three months prior you can cancel your reservation for free, then you have to pay. I believe we have now, only prior one or one and a half month free cancellations, and then it's not so interesting for the guest anymore*

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diesem Gast, die Sekretärinnen machen das dann so, und dann sagt der Gast: nein gut dann buche ich direkt und storniere über Booking wieder.

[31] Booking kriegt er die Bestätigung und das wars. Der Gast hat sogar eine eigene Booking Email Adresse, ich habe nicht einmal eine private Email Adresse vom Gast. Der Gast bekommt eine eigen Email Adresse, die ist irgendetwas @guestbooking.com mit ein paar Zahlen drinnen und das ist die Email Adresse die man dann sieht. Ich hab da nicht einmal... sicher wenn er dann noch die Adresse angibt, hab ich die Adresse aber oft braucht der das auch nicht angeben, dann hab ich nicht mal das. Dann hab ich einen Namen und sonst nichts vom Gast. Das ist Schade, weil du willst ja schon im Anfang, vor dem Urlaub mit dem Gast einen Kontakt aufbauen.

to book through Booking.com, because the price is the same as booking direct" (Hotel 1, App. 1, p. 3)[32].

Hotel 4 revealed that: "*Since we installed a deposit which is not refundable in case of cancellation, we get zero requests. The thing with Booking.com guests is, they book and 8 out of 10 cancel their reservation. I cannot work like this*" (Hotel 4, App. 4, p. 1)[33].

The hotels see those regulations as necessary because they lack rooms and not customers and therefore, the OTAs encouraging no shows would be a mayor issue for them.

Hotel 1 emphasized on the importance that the guests show up: "*if you are a big hotel, and you always have some vacant rooms anyway, nothing bad happens if two guests do not arrive. But when we have all rooms occupied and one guest who booked for a whole week does not show up, then we have a problem. Because that room we could have sold ten times to a direct guest but since it was booked already through Booking.com we were not able to do so*" (Hotel 1, App. 1, p. 4)[34].

It appears that, as the hotels get enough of their bookings on a direct way, they do not see their distribution partners as possibility to get more bookings and prefer to keep the guests coming through these channels on a minimum.

Even though the hotels tolerate OTAs, as they do not ask too much commission and increase their market exposure, they are not enthusiastic about bookings coming from them.

Generally it seems they value intermediaries more as marketing tools to get the guests' attentions and see their true and maybe only value in that purpose.

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[32] Wir haben auch, was ja der Vorteil ist für Gäste die über Booking buchen, dass sie kurzfristig stornieren können, du als Hotelier kannst aber das auch sagen, nein 3 Monate vorher kostenlose Stornierung dann musst du zahlen. Wir haben es jetzt glaube ich, 1 oder 1,5 Monat kostenlose Stornierung vorher und dann ist das natürlich nicht mehr so interessant für den Gast, das direkt über Booking zu buchen, weil der Preis nur der selbe ist wie wenn er direkt bucht.

[33] Seit wir drinnen haben Anzahlung und nicht mehr Zurücküberweisen bei Stornierung, haben wir 0 Anfragen. Booking.com ist einfach, sie buchen, und sagen wir so, von 10 sind 8 die wieder absagen. So kann ich nicht arbeiten. Ich muss eine Sicherheit auch haben.

[34] Natürlich wenn du ein riesen Hause bist, und du sowieso ein paar freie Zimmer hast und 2 Zimmer kommen nicht, dann ist nichts kaputt, aber bei uns wenn wir voll waren und ein Zimmer ist nicht angekommen das eine ganze Woche gebucht hat, dann haben wir ein Problem. Denn dieses eine Zimmer hätten wir vielleicht 10mal einem privaten weggegeben, konnten es aber nicht weggeben weil es übe Booking gebucht war und dann kommt er nicht

5.3 Promoting Hospitality

5.3.1 Marketing through intermediaries

As already hinted in the previous chapter, the hotels seem to acknowledge the intermediaries' marketing abilities.

The online survey confirms this and shows that even though the hotels appear to be sceptical towards the use of third parties as distribution channel, they value their marketing power nonetheless.

Contrasting to the low amount of bookings the hotels get from intermediaries, 23.1% of the participants regarded third parties as very efficient and 30,8% as efficient in promoting their family run businesses.
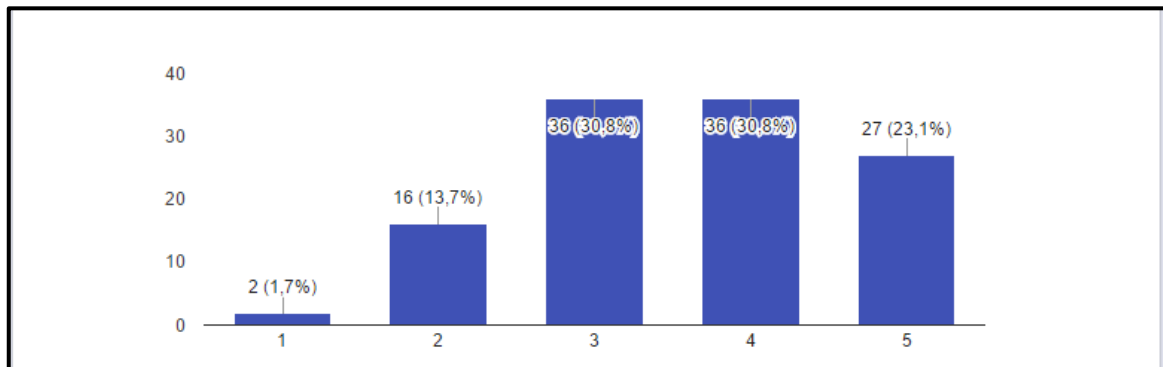
Figure 9 - How do you value the distribution channels as promotion tool to get a higher visibility on the market?

The questionnaire implies that the hotels are well aware of their limits in marketing and make use of intermediaries to compensate them.

The interviewed hotels were of the opinion that especially Booking.com would be an excellent marketing channel, which supports Toh et al.'s (2011) claim that small hotels confide in OTAs in order to gain a higher market exposure.

Hotel 1 saw Booking.com as a good marketing tool to get more visibility and said that for a hotel nowadays there is no way around the cooperation with the OTA. She stated: "*Booking.com did a good job, because they are in a position that you cannot imagine the hospitality sector without them. They do not have to invite hotels to join them instead it is the hotels that are coming to them,*

because in order to be present in the Internet you almost have to be on Booking.com" (Hotel 1, App.1, p. 12)[35].

Hotel 2 confirmed Booking.com as an excellent medium to be represented in a bigger market.

Also hotel 4 shared their beliefs and even regarded the OTA as solely a marketing channel: "*I see it only as a platform for promotion purposes, not more not less.*" (Hotel 4, App. 4, p. 5)[36].

It appears that the hotels are well aware, that the number of guests using the internet, is rapidly increasing and that therefore a limited online presence would be a huge disadvantage for them.

The interviews gave the impression that the hotels have identified in OTAs, especially Booking.com, the medium which gives them the highest online exposure.

As already mentioned before, they see traditional intermediaries as outdated whereas OTAs would allow them to be represented worldwide and address a global clientele.

Nonetheless it seems that the global scale on which the OTAs are operating, leads to difficulties in the communication with them and their customers.

Online channels like Booking.com would not be able to convey the hotels' message of hospitality adequately.

The interviews suggest that dealing with a third party, does not allow the hotels to offer their guests the high service quality and personal customer care, which distinguishes them in the hospitality market.

Hotel 1 explained: "*The outcome when dealing with a third person or a third party is always different as when dealing direct. If you had a problem with the guest or if the guest had a problem with you, was for us never the case, but if he had a problem then he would rather go to Booking.com than to us. And Booking.com would come back to us and we have to justify ourselves, tell that Booking.com, Booking.com explains it to the guest and so forth. It goes then*

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[35] Booking hat es ja gut gemacht, weil Booking ist so weit das ohne ihn in der Hotellerie das nicht mehr geht und das du als Hotel, also sie müssen fast nicht mehr die Hotels fragen kommst du zu mir, sondern die Hotels kommen zu ihnen weil du musst fast auf Booking dabei sein um überhaupt im Internet präsent zu sein

[36] Ich betrachte das als Plattform für Werbung, nicht mehr nicht weniger.

back and forth, around five corners, instead of clarifying the issue directly and settle it" (Hotel 1, App. 1, p. 11)[37].

The missing customer contact would manifest itself in the guests' attitude, as hotel 1 observed: "*I have to say it is difficult with Booking.com, because the guest never has contact with you. The guest does not book through you, it already begins with the guest coming to the hotel, presenting the booking confirmation from Booking.com and almost saying: We have booked! One who books direct comes to the hotels and says: 'hello everyone, we have booked under this name…' and so on. The Booking.com guest has never the contact to the hotel*" (Hotel 1, App. 1, p. 3)[38].

Also hotel 2 and hotel 4 were of the same opinion and noted the difference in their guests behaviour.

Since OTAs are working with a vast number of international and anonymous guest, it appears that the hotels do not belief that the intermediaries are capable of conveying their concept of hospitality, which goes beyond the simple payment for a service and instead tries to develop a close and friendly relationship with the guests.

In addition, the promotion of their properties on a worldwide operating OTA can be challenging and complicated for individual small hotels.

Hotel 4 revealed the problems he has with changing the category of his hotel on Booking.com: "*what annoys me a lot with Booking.com is, we are listed there as three star hotel but in reality we are a three star superior hotel and to change that is an immense struggle and effort. To send them proof and everything without having a direct contact… I do not even have their telephone number!*" (Hotel 4, App. 4, p. 1)[39].

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[37] Aber es ist halt immer über eine 3. Person oder eine 3. Instanz und das ist nie direkt, es läuft immer über etwas anderes. Und auch wenn du ein Problem hast, mit dem Gast oder wenn der Gast bei der Abreise ein Problem hatte, war bei uns jetzt noch nie der Fall, aber sollte er ein Problem haben dann wird er sich eher an Booking wenden als an uns. Und Booking wendet sich dann an uns, und wir müssen uns dann rechtfertigen, müssen das Booking sagen, Booking erklärt es dem Gast, das geht immer über 5 Ecken anstatt dass du diese Sachen direkt klärst und das Thema ist erledigt

[38] Es ist eine schwierige Sache mit Booking.com muss ich sagen, Booking.com HRS ist ja gleich, weil der Gast nie den Kontakt zu dir hat. Der Gast bucht nicht über dich, das fängt schon damit an dass der Gast in das Hotel kommt und die Buchungsbestätigung von Booking dir vorlegt und quasi sagt: wir haben gebucht. Ein anderer der direkt bucht, kommt und sagt: ja herzlich willkommen, wir haben auf dem Namen soundso gebucht und so. Der Booking Gast hat nie den Kontakt zu dem Hotel

[39] Und was mich jetzt bei diesem Booking.com extrem ärgert ist, wir sind gelisten mit 3 Sterne haben aber effektiv 3s und was mich ärgert ist einfach dass das zu ändern ist ein unmöglicher Aufwand. Zwischen Beweisen und keine Ahnung, nebenbei direkte Kontake, Telefonnummer habe ich keine

His statement suggest that the poor communication could be attributed to the international structure of the organization.

Although Booking.com has an office in the capital of the region, hotel 1 and hotel 4 brought up their difficulties and frustrations when interacting with the OTA.

The owner of hotel 4 regarded their communication as: "*bad, totally bad. If only we had a direct number, because with this internet… you write them, then you hear nothing from them for some time, then they send you again something like now, they send you a message but you need an access code. If you are on it, just send it direct and not encoded! For me that is all too complicated, I am not a fan of technology*" (Hotel 4, App. 4, p. 2)[40].

Similar, hotel 1 explained her issues when dealing with the OTA: "w*hen you call Booking.com today you get one operator and when you call tomorrow you get another one. One time they transfer you to Ireland, where only one employee speaks German, another time they transfer you somewhere else and every time you speak with someone else. One time they tell you there is no German speaking contact person available then you have to speak Italian or English… Because their system is so big, operating worldwide, the communication becomes impossible.*" (Hotel 1, App. 1, p. 11)[41].

It appears that the constant change of not only the operators but in some cases also the language would hinder a fluent exchange of information.

Maybe it would be much easier for the hoteliers if they had a fix contact person to turn to with their issues in their native language. This seems to be important especially for hotel owners, who are not so talented in the use of technologies or the English language and who do not have an employee to deal with these matters.

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[40] Die ist schlecht. Total schlecht. Wenn du eine direkte Nummer hättest, denn immer mit diesem Internet... dann schreibst du, dann hörst wieder einmal nichts mehr, dann kriegst du wieder einmal etwas, wie jetzt kriegst du Mitteilungen dann brauchst du wieder deinen Zugangscode, ja wenn du dabei bist dann schick das doch gleich direkt und nicht verschlüsselt! Mir ist das alles zu kompliziert, ich bin überhaupt nicht ein Technikfreak

[41] Bei Booking dann rufst du heute an dann kriegst du den Ansprechpartner dann rufst du morgen an dann kriegst du den. Einmal wirst du Irland verbunden wo einer Deutsch reden kann, einmal wirst du dahin verbunden und jedes mal redest du mit irgend einem anderen. Einmal heisst es es ist kein deutscher Ansprechpartner dann musst du Italienisch oder Englisch reden. Weil das System einfach so groß ist, weil es einfach Weltweit dieses System gibt, da hast du nie... die Kommunikation ist unmöglich schwierig.

The interviews and the survey suggest that, although the hotels find it necessary to promote their businesses online and value the OTAs' work in doing so, they are not satisfied, with neither their communication with guests coming from online channels nor with their communication with the online channels themselves.

This could support Hills and Cairncross (2011) study, which sees small hotels having difficulties in dealing with OTAs.

A more welcomed and much easier partner to collaborate would be the local and regional DMOs, as hotel 1 and hotel 2 explained.

5.3.2 Marketing through DMOs

The in-depth interviews gave the impression that the different DMOs have a strong presence in the region and that the hotels closely collaborate with them. All of the interviewed hotels were present in the DMOs various catalogues and promotions and hotel 1 and hotel 2 explained that they would get a high visibility through the work of the DMO and would be very satisfied with it.

Hotel 3 pointed out their excellent performance: "*the task of the DMOs is to promote the destination, that means to awaken the awareness and get the guests to come here. That is one of the most important things. And I have to say in South Tyrol, the interest has been awaken (…). Of course all the booking portals contribute to it, but why do I look at a booking portal and think I would like to take a vacation in South Tyrol? Somewhere you have it in the back of your head, others have worked for that: the different DMOs have promoted the destination South Tyrol*" (Hotel 3, App. 3, p. 4)[42].

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[42] Die Aufgabe vom Verband ist einfach das Destinationsmarketing zu machen, das heißt die Begehrlichkeit zu wecken und schauen dass die Gäste hierher kommen. Das ist etwas vom wichtigsten. Und in Südtirol muss man sagen, in Vergangenheit, ist die Begehrlichkeit geweckt worden (…). Natürlich helfen jetzt diese Buchungsportale alle mit aber wieso schaue ich in ein Buchungsportal und denke ich täte jetzt gerne in Südtirol Urlaub machen? Irgendwo muss man das im Hinterkopf haben und da haben andere dafür gearbeitet, die DM die einzelnen Verbände haben in der Destination Südtirol beworben

Hotel 3 said that the hoteliers would only realize that when they get the requests, but since South Tyrol is such a remote and rural region the proper promotion of the destination is of vital importance.

According to the online survey, the hotels appreciate the effort of the DMOs to bring guests to the region and their hotels. Of the participants, 37.6% saw the DMOs work in promoting their business as efficient and 13.7% as very efficient. Only for 17.1 % it was not efficient and 29.1% regarded it as ordinary.
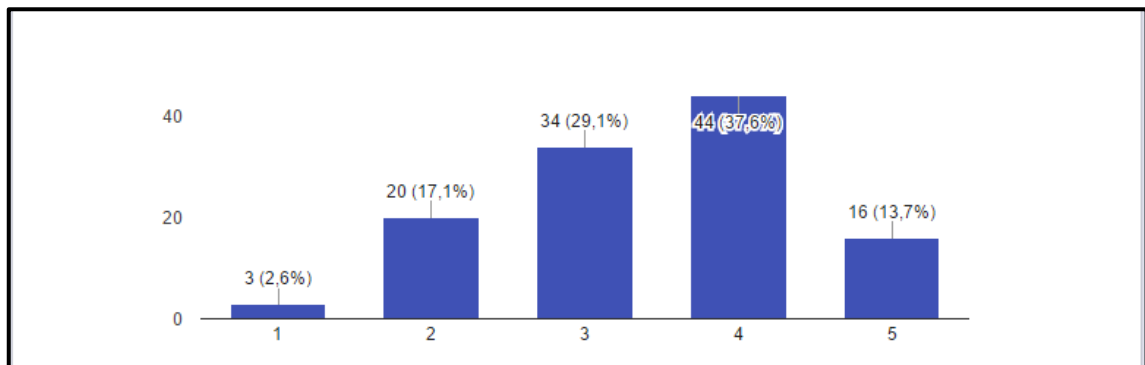
Figure 10 - How important do you see the regional and local DMOs to get a higher visibility on the market?

The interviews and survey suggest that the hotels see the DMOs as effective in marketing the region and regard them as more important than intermediaries as the DMOs would awaken the initial desire in the customers and only after that the guests would start looking at the various possibilities to book an accommodation in the region.

In addition, the DMOs would understand the needs of the hotels and would convey their idea of hospitality as they target the kind of clientele the hotels want to have as guests, namely families and couples.

On the different websites of the South Tyrolian DMOs it is possible to see how they lay the focus of their promotions on the family spirit and relaxing atmosphere of the region. On top of the following page, it is possible to see two of the many examples which can be find online in the DMOs promotional material.

Figure 15 - Website DMO South-Tirol

Figure 14 - Website DMO Kronplaz

It seems that the customer segment to target has been identified through a close collaboration between the hotels and DMOs of the region and that they coordinate together the promotion of holidays for families and couples.
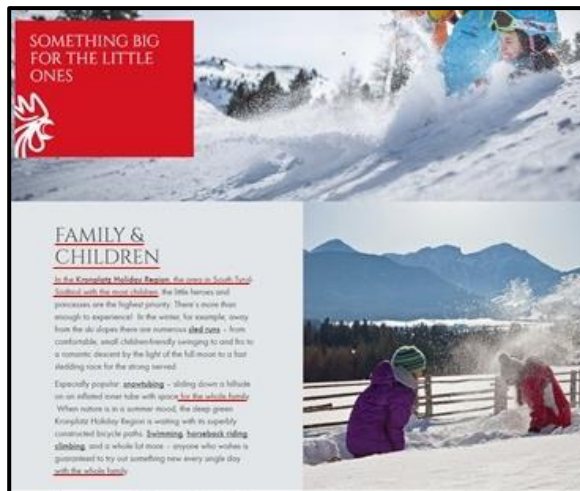
The owner of hotel 3 explained that, contrary to intermediaries, the DMOs local character would facilitate the interaction with them and that for example in his area, before each season, the local DMO would invite the hoteliers to info sessions.

Further, the fact that the DMOs are not demanding a percentage on the bookings and encourage the contact with the guests rather than interfering with it, could be another benefit over marketing through intermediaries.

It appears that the DMOs would promote the hotels and destination in a successful way and that therefore maybe for many businesses it is not necessary to collaborate with intermediaries in order to get more visibility and market exposure.

5.3.3 Marketing through ICTs

Anckar and Walden (2001), Brown and Kaewkitipong (2009) and Hills and Cairncross (2011) see in the scarce and ineffective use of ICTs a possible disadvantage for small sized hotels.

To a certain degree, the in-depth interviews seem to confirm the hoteliers' reluctance and difficulties in fully engaging into new technologies.

Hotel 1 recognized a limited use of ICTs in the region: "*I think that is especially the problem here, that it is not common in the leisure hotels. A lot of hotels are not even up to date with it. If you have, for example, a small three star hotel, that is not even on Booking.com, because they do not have someone for the Marketing. The owner is at the same time a waiter and a cook; the tasks in the office is something he or she does besides. I think here in South Tyrol it is not yet common that hotels work a lot with this. In the city hotel industry it has become indispensable, there you have to work with it otherwise you do not stand a chance. But here of course there are still a lot of people who think: 'Internet, I do not know'. Of course a hotel starting from four stars is used to work with portals but almost nobody has employees for the Marketing. It is still common that the owner or his secretary do that themselves*" (Hotel 1, App. 1, p. 9)[43].

The statement of hotel 1 suggests that the hoteliers in South Tyrol do not see themselves taking the initiative in introducing new technologies in their property. They also seem to believe that they are not able to implement ICTs on their own, without the help of an expert.

However hiring a professional would also cost money and as Anckar and Walden (2001) and Brown and Kaewkitipong (2009) point out small hotels lack the resources to invest in new technologies. The informants were of the same opinion.

Hotel 4 saw the lack of resources as one of the reasons he is only represented on the internet with Booking.com: "*then you have to take care of 3-4 portals, you have to maintain them etc. and I do not have the time for it and my secretary neither. That would cost me… I would almost need another secretary*

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[43] Genau, ich glaube das ist vor allem das Problem weil bei uns wirklich das in der Ferienhotelerie noch nicht so ist. Und auch viele Hotels noch gar nicht auf diesem Stand sind. Wie soll ich sagen... wenn du sagst z.B. ein kleines 3 Sterne Haus ist vielleicht nicht einmal auf Booking weil die nicht einmal... die haben niemanden fürs Marketing zuständig, oder der Chef und die Chefin, der Chef bedient, er ist in der Küche, und das mit Büro ist eher so nebenbei. Ich glaube einfach bei uns in Südtirol ist das noch nicht so dass du... dass die Hotels so viel arbeiten tun damit. In der Stadthotelerie wäre dass gar nicht mehr wegzudenken, weil da musst du fast mit dem arbeiten, sonst hast du gar keine Chance. Aber bei uns natürlich ist für viele Leute noch: Internet, ich weiss nicht und so. Dass das ein wenig für ein größeres Haus also ab 4 Sterne natürlich ist das sicher alles ok weil da mit den Portalen mittlerweile bist du drinnen. Aber fast keiner hat eigene Angestellte fürs Marketing. Also das sind immer noch die Sekretärinnen oder Chefitäten die das selber machen.

to do all this in a proper way! That would cost me 20,000€ per year, for sure I am not doing that" (Hotel 4, App. 4, p. 2)[44].

Also hotel 1 explained that you need an expert to take care of the marketing through new technologies and that it would cost money: "*It will come more and more, but you need someone who does this for you, because alone you cannot manage it. Also with Google AdWords you need a company who makes the AdWords for you and who coordinates everything in the right way. You can make a lot of money with this but you can also lose a lot of money. And of course also on Booking.com they work more and more with payed ads or that you are on the first place on their website. You have to know then, in what you invest your money, what is of use to you and what not*" (Hotel 1, App. 1, p. 11)[45].

Given the limited resources, it appears that the hotels have to be careful in what to invest and that they regard marketing through ICTs as not worth it.

Maybe the hotels do not find it a beneficial investment, as the excessive use of ICTs could damage the close relationship they want to have with their guests and take away that feeling of a special and individual treatment.

Hills and Cairncross (2011) emphasize on the importance of redirecting bookings through their own website, but all four of the interviewed hotels did not have their own online booking portal and as we have seen in the previous chapter, got their bookings through email or the phone.

Hotel 1 explained: "*most of all we get bookings through our website. It works like this: the guest can send a request through the website, we send him back an offer and then he can book. He cannot book directly on the homepage, although there are a lot of hotels where you can book directly on their*

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[44] Dann musst du 3-4 Portale am Schuh halten, musst du pflegen usw. Dafür habe ich nicht die Zeit und die Sekretärin auch nicht. Das kostet mir wenn ich heute... da bräuchte ich fast noch eine halbe Sekretärin um das alles Ordnungsgemäß zu machen. Das kostet mir 20.000€ das Jahr, das mach ich gewiss nicht

[45] Es gibt so ich meine das kommt sowieso immer mehr, wo du aber irgendjemanden brauchst der dir das macht weil du das selbst nicht schaffst. Also Google AdWords ist etwas, wo du eine Internetfirma brauchst die für dich die AdWords macht und das auch richtig koordiniert. Denn da kannst du viel Geld gewinnen aber auch alles verlieren. Und das ist effektiv mit diesen Sachen, das ist dann auch natürlich auf Booking, ich meine Booking arbeitet immer mehr mit so gezahlten Inseraten, oder das du an erster Stelle bist, kommt immer mehr. Und logisch musst du dann wissen in was gibst du dein Geld, was bringt dir etwas und was vielleicht etwas weniger

homepage, but we do not have that. Instead he can only send us a request, and after he always gets the offer from our part" (Hotel 1, App. 1, p. 7)[46].

Although at first sight this statement seems to confirm the hoteliers' inexperience in new technologies, it could also well be that not using their own online booking portal, is a deliberate choice by them.

Maybe the hotels do not want their guest to just fill out an online form and receive a confirmation when they have booked, as it would be very anonymous and impersonal. Similar to bookings coming from intermediaries, the hotels would never have a real contact with the guest and the opportunity to establish a relationship with him or her. Perhaps therefore, the hotels prefer to keep the communication through email and phone which allows them to get to know their guests.

Even though the hotels do not make excessive use of ICTs and have difficulties in adapting them, it seems that precisely the fact to renounce modern technologies allows the hotels to keep a direct, close, traditional relationship with their guests.

This original relationships could give the guests a feeling of authenticity and genuineness which would not be possible to convey in an electronic way.

5.3.4 Marketing trough social media

Like implementing new ICTs, advertising on social media sites and engage with the guests on those platforms in order to strengthen customer relations, is something the hotels seem reluctant to do. It looks more that the hotels are on social media sites because it is common practice in the industry but that they do not consider those channels for guest relation purposes.

Hotel 4 said that his hotel would have a Facebook page but that he certainly would not get involved with it.

Hotel 3 had a similar view and did not see social media as platform to promote his hotel: "*To put advertisements on Facebook is not always well seen. You do*

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[46] vor allem die Buchungen werden über die Webseite generiert. Also es ist so, bei uns funktioniert es so, der Gast kann über die Webseite eine Anfrage schicken, kriegt dann bei uns das Angebot und kann dann buchen. Er kann nicht direkt über die Homepage buchen, es gibt zwar ganz viele Betriebe wo du direkt über die Homepage buchen kannst, das haben wir nicht, sondern er kann bei uns nur Anfragen, dann bekommt er von uns immer das Angebot.

not have potential customers that are on Facebook. Facebook is a community where people exchange different content and where other things are posted, but with the hotel on Facebook…" (Hotel 3, App. 3, p. 2)[47].

Also hotel 2 said to be present on Facebook and Instagram but not to post much. She also tried to launch an advertisement once but had not any success with it: "*we are on Facebook and we are on Instagram but we do not post much. Of course when the hotel is open, we post something every week, but not more. On Facebook we posted also a job offer. One time we posted a promotion on Facebook, but that did not bring us anything. In the area of Munich we advertised a two or three nights' stay with a big discount, but I do not know, maybe it was the wrong time, maybe there was no… we did not get any customers*" (Hotel 2, App. 2, p. 3)[48].

The interviews gave the impression that the hotels do not want to establish a contact with their guests on social media sites as they see it as not successful and believe that their guests would perceive it as a disturbance.

Resulting from the online survey, only 5.9% stated to be highly active on social media. However, the highest percentage, 30.5%, said to be very active and 22% saw their degree of involvement in social media as neither high or low; 17.8% said to be totally uninvolved and 23.7% saw themselves as involved on a low degree.
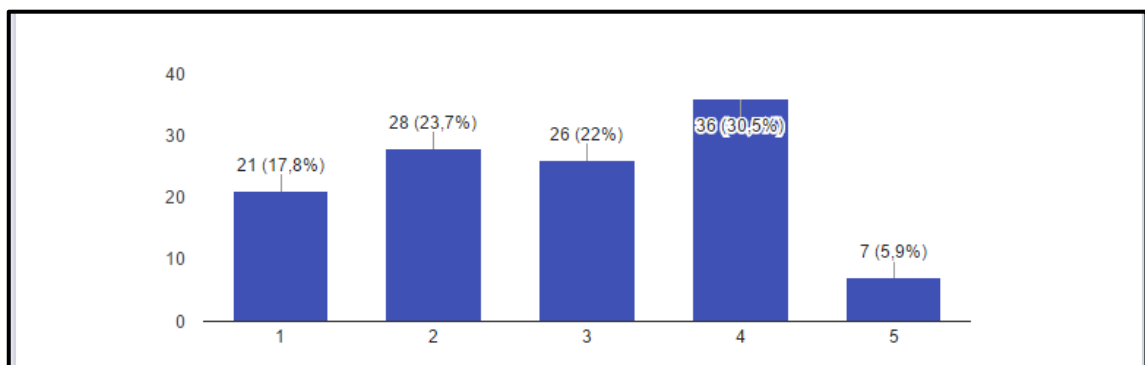
Figure 11 - How much is your hotel represented on Social Media? (Facebook, TripAdvisor, Instagram, Twitter, etc.)

[47] Auf Facebook mit Werbung unterwegs sein kommt nicht immer gut an. Das sind nicht immer potenzielle Kunden die auf Facebook unterwegs sind. Facebook ist eine Community wo sich die Leute austauschen und wo andere Sachen meistens geposten werden. Hotel auf Facebook…

[48] Wir sind schon auf Facebook, ja Facebook sind wir. Wir sind auch auf Instagram aber wir posten eigentlich wenig, ja sicher wenn das Hotel offen ist wird immer wieder,vielleicht einmal wöchentlich was geposten. Aber wir mit Facebook haben erstmals ein Inserat gemacht, nicht Inserat, Mitarbeiter suche über Facebook. Aber wir haben jetzt einmal eine Werbung geschalten, wie sagt man da, ja so Angebote, ein Angebot haben wir über Facebook geschalten, das hat uns aber nichts gebracht. Wir haben im Raum München heuer eine Werbung geschalten mit 2-3 Übernachtungen mit einem größeren Skonto, aber ich weiss nicht, wars die falsche Zeit, war vielleicht kein… wir haben niemanden bekommen

In this point, the survey does not reflect the statements of the interviewed hotels. This could be an indicator that there is a change coming and more hotels are engaging in social media, whereas at the same time there are still a lot who do not see themselves employ this new channel on a higher degree.

Surprisingly all four of the interviewed hotels got excellent reviews and top ratings on the various social media sites like Facebook, TripAdvisor or Google without excessively taking care of those platforms.

On the examples below we can see how some of their guests rated the properties' of the interviewed hotels.
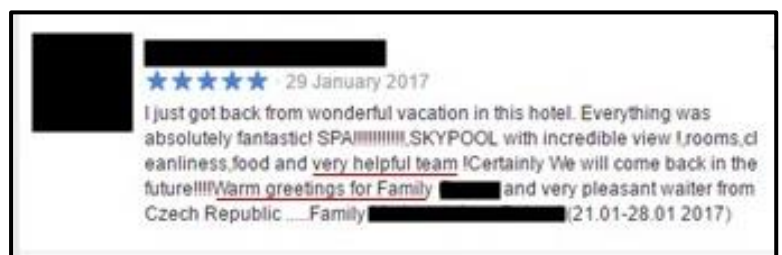

Figure 16 - Hotel 2 Facebook review

Figure 17 - Hotel 1 Facebook review

Figure 18 - Hotel 2 TripAdvisor review

Figure 19 - Hotel 1 TripAdvisor review

62

Figure 20 - Hotel 2 TripAdvisor review

⊙⊙⊙⊙⊙ Reviewed July 24, 2016

Cosy Hotel with friendly staff

Great hotel! Our stay was short but made enjoyable by super friendly staff as well as guests. Facilities are amazing - 6 pools, saunas, panoramic views, gym, very nice spa. We loved the wood as a part of the interior which gives you that cosy feel. We took half board, there was always great variety of food for breakfast as well for dinner. In between, there were also plenty of snacks and small bites to make sure you never go hungry. Rooms very very clean and spacious. The have really great laundry facilities - a separate room with washing machine which you can use at any time.

You can really feel the hotel is run by a family who know their business. During our last day one of the owners was walking around and greeting the guests politely. Everything was top-notch. At the check out we were given a small present which is always a great gesture. Also price/quality ratio is very good. Will definitely recommend this hotel.

Show less

Figure 21 - Hotel 2 TripAdvisor review

2 months ago

★★★★★ *(Translated by Google)* I go to this hotel since I was a child and now I'm back after years with my family. Always very kind, the owners and staff make the stay very pleasant. I have a small child and it was not a problem, they were very helpful for its needs.
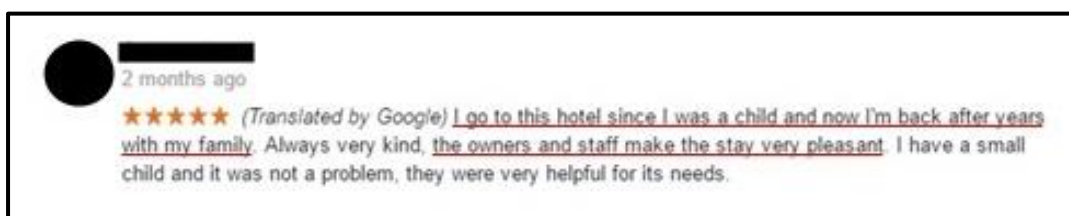
Figure 22 - Hotel 4 Google review

Even though the hotels do not engage excessively in social media activities, it appears that the positive relations they have with the guests result in a word to mouth publicity, which reflects also in an electronic word to mouth way.

As according to O'Connor (2010) and McCarthy et al. (2010), consumer prefer unbiased recommendations from their peers instead of advertisements, maybe for the hotels it is not even necessary to promote on social media sites as their guests are doing it for them.

Of course given the high amount of more than positive reviews the hotels get online, they could certainly do more with it, but it seems that they do not feel the need to engage with their customers online as they already maintain excellent personal relationships with them.

In the online questionnaire, the hotels were also asked how they see the possibility to use social media sites, not only for possible marketing purposes, but in the future as booking channels.

Surprisingly the majority of them was more than open to this opportunity: 35 % said to be interested in such a development and 14.5% said to be very interested. Only 8.5% opted for totally uninterested and 13.7% for uninterested, the resting 28.2% were neutral to the suggestion.
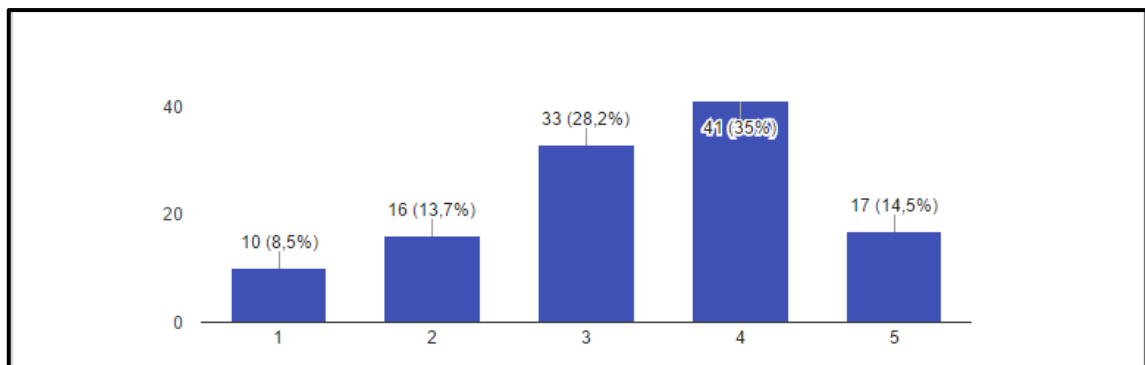

Figure 12 - How do you see the possibility to use Social Media as additional booking channel in the future?

However, even though a seemingly strong interest, it is not clear if the hotels would be willing to put resources, time and effort in it.

In the interviews with the hotels, they were also asked how they see the possibility to get bookings through social media sites in the future and as an example TripAdvisor's 'Instant Booking' was explained to them.

Hotel 1 said to have heard about it: "*I heard about it, they also send me something. A lot of hotels have it already, I try to delay it as long as possible, until it is like with Booking.com, that it is not possible anymore to not be present there. Everybody is on Booking.com, already for Google, if you search for something, Booking.com is always on the first place. I always try to delay those things as long as possible, until when you have no other choice than to sign up, like with Booking.com. Therefore we are not participating with this on TripAdvisor*" (Hotel 1, App.1, p. 8)[49].

It seems that the hotels do not want to be first movers but rather wait and see in which direction the new phenomenon goes and how it develops, before taking a decision. Only if it reaches a worldwide popularity like Booking.com and it becomes an absolute necessary for their business, they want to implement it.

The other three hotels have never heard of 'Instant Booking'. Hotel 2 said that she would need to have a look at it before she could form an opinion. Hotel 3 saw it as good development but rather for marketing purposes: "*It is certainly interesting. Everything that contributes to bring guests to the region is positive. Of course also marketing is not for free and if I have to spend money on it, it does not matter in which way I do it. If today I get bookings on TripAdvisor and I pay 12% or 15% commission, then it is basically nothing else than an investment in marketing. Otherwise I advertise and I do not know get I something back or not. (…) But if I do it on TripAdvisor or something similar, and I get a booking, I pay for it and otherwise I pay nothing. The concept is very positive and the effectiveness is there*" (Hotel 3. App. 3, p. 6)[50].

The fact that they have never heard of social media sites functioning as booking channel, seems to suggest that the hotels are not heavily investigated in innovations of the industry and seem to concentrate rather fully on their current

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[49] Genau, habe ich gehört, haben sie mir auch geschickt. Haben mittlerweile auch schon viele Betriebe aber das ist dann genau wieder der Punkt wie Booking und da probiere ich immer so lange wie möglich das hinauszuziehen. Bis wie auf Booking, wenn du heute nicht mehr auf Booking bist das geht fast nicht, jeder ist auf Booking, ein Gast, auch schon nur für Google und alles, wenn du das eingibst, Booking ist immer auf erster Stelle. Ich versuche diese Sachen immer so lange wie möglich hinauszuziehen, dass man dann erst wenn, wie bei Booking: da muss man jetzt dabei sein dann ist man dabei. Deswegen versuche ich diese Sachen. Also wir sind noch nicht dabei bei dem, auf TripAdvisor

[50] Sicher interessant. Alles das dazu beiträgt dass wir Gäste in unsere Region bringen ist positiv. Das ist schon klar wenn ich heute muss für marketing Geld ausgeben als Betrieb dann kostet das ja auch etwas und das ist dann egal in welcher Form ich es ausgebe. Wenn ich heute auf TripAdvisor Buchungen bekomme und ich zahle dafür 12 oder 15% dann ist das im Grunde genommen nichts anderes wie eine Marketing Investition. Auf der anderen Seite mache ich Werbung und ich weiss nicht bekomme ich etwas, ist Rückfluss oder nicht. (…). Aber wenn ich heute über TripAdvisor oder so etwas mache und ich kriege eine Buchung dann zahle ich etwas, wenn ich keine bekomme zahle ich nichts, im prinizip, dann ist das sehr sehr positiv. Die Effizienz ist dann schon da.

business methods which are more solidified and less risky. Again, it appears as they would wait until new methods like 'Instant Booking' reach a certain popularity and common use before even considering to applying them.

However also when implementing this new booking channels, the hotels would still see them as mainly a marketing tool and not as a substitute to direct bookings or a new way to interact with the guests.

Hotel 4 was not interested at all in it as he argued that then he also would have to maintain those social media booking sites and that he would not have the resources for it.

Similar to new ICTs the hotels see the effective use of social media sites as something they cannot accomplish by themselves and would need an expert, for whom they do not have the resources.

When asked in the online survey if they would already now use social media sites as distribution channels, the opinions of the hotels were divided almost equally. From the respondents 18.6% were very positive, 27.1% positive and 21.2% neutral about it. 18.6% gave a totally negative response and 14.4% a negative one.
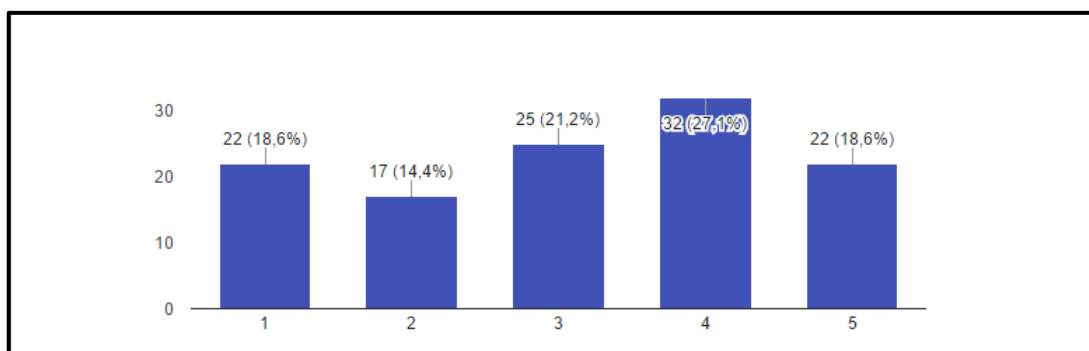

Figure 13 - If you had the possibility would you use Social Media as additional booking channel already now?

It appears that the questionnaire reflects the findings of the in-depth interviews and that the hotels in the region are generally unsure whether they would be ready to use social media channels as booking device or not and prefer to wait and see where the development is going.

6. Conclusion

The purpose of this thesis was to explore, to which extent small, independent, family hotels in South Tyrol are affected by the significant changes in the distribution of the tourism product and how they deal with this new reality.

The findings in the analysis revealed that the digital revolution and the resulting consequences for the distribution channels in hospitality, had no major affect on the investigate organizations.

This can be attributed to the uniqueness of the region and to the particular way in which the hotels in South Tyrol distribute their product.

Of course the hotels had to adapt to a few of the new technologies which are absolutely necessary for the survival of their business such as having an email address or being represented on social media, but they remained untouched by the main alterations in the distribution of the tourism product. The hotels did not need to significantly change their operations and like before the internet era, they still rely on their traditional and solidified method of doing business.

This discovery contradicts the common believe in the literature that small hotels would find themselves in a disadvantaged position, as they are not able to adapt as rapidly and effectively to the ongoing changes in the distribution channels as big organizations.

One of the aims of the study was to find out how small hotels function in a peripheral region and how they currently make use of the different distribution channels.

As mentioned before the hotels in South Tyrol operate still in an old fashion way, laying the focus on their customer relations and concentrating primarily on the wellbeing of their guests.

In the region direct booking prevails and through personal communication with their customers, the hoteliers rely on establishing a close and friendly relationship, based on a mutual trust, with them.

The contact with the customers happens through email and phone and continues throughout the guests' stay. The hoteliers respond to the individual

wishes of the guests and grant them extra services in order to make them feel special and unique.

This personal treatment creates the belief of being appreciated and therefore the guests place enormous trust into the hotels, which leads to a high number of recurring and regular guests. Those regulars are extremely loyal to the hotels and come back every year for their vacation.

One might say, the hotels in South Tyrol are managed by families for families, as their business model concentrates on leisure tourists in form of families and couples.

Those are also the type of guests who primarily seek the recreational and relaxing character of the region and who are also more prone to book direct.

The guests also constitute an effective marketing tool for the hotels as they efficiently promote the properties through an excellent word to mouth publicity.

Another goal of this thesis was to examine the collaboration the hotels in South Tyrol have with their intermediaries and how they interact with them.

The analysis revealed that since the hotels get so many direct guests, they do not depend on intermediaries and therefore their cooperation is very low. Of course there are some minor exceptions but the vast majority of the hotels does only work in rare circumstance with third parties.

The hotels keep the cooperation with traditional intermediaries like TOs or TAs on a minimum and most of the hotels do not have any contracts or agreements with third parties; they only work occasionally with them on a request basis.

In the opinion of the hotels in South Tyrol, TOs and TAs are outdated and do not bring any value to their businesses.

The study showed that the scarce utilization of intermediaries is not related to the amount of commission the hotels have to pay them, as in South Tyrol the percentage is very low, but to a couple of other issues. Instead of adding quality to bookings, intermediaries are seen as not always reliable in using the rooms they reserved and somehow impersonal, taking away the feeling of hospitality the hotels' want to create.

In many cases the hotels do not even have enough capacity for the amount of guests intermediaries want to bring and consider them almost as a disturbance for other guests, who want a relaxed and quite vacation.

Intermediaries are not perceived as a distribution partner, but rather as a marketing tool and an opportunity to get new customers who can be turned into loyal and recurring guests.

Even though there is a low degree of cooperation between the hotels and the OTAs, also this form of intermediation is seen more as a marketing channel and not as an effective booking channel.

The hoteliers only collaborate with OTAs and tolerate bookings coming from them because in exchange of a relative low amount of commission they get the benefits of a worldwide marketing channel. OTAs like Booking.com give the hotels the opportunity to address an international clientele, something the hoteliers in South Tyrol are not able to do on their own or through other intermediaries.

In order to utilize the OTAs' marketing services the hotels even endure the many problems that arise within the communication with a global operating organization.

Further, the OTAs bring the same issues of unreliability and impersonality with them as traditional intermediaries. In addition, the hoteliers do not appreciate the OTAs' terms, as they make it hard to establish a direct contact with the guests and facilitate alterations and cancellations.

The customers booking through Booking.com are not the hotels' ideal guests as they are not very loyal and have an indifferent attitude towards their family run businesses.

Therefore, the hotels prefer the collaboration with the regional and local DMOs in order to promote their properties.

Due to their local character and their superior knowledge of the region, DMOs are able to understand the hotels better than intermediaries and can offer them qualitative marketing solutions.

Even though the DMOs in South Tyrol are not able to advertise globally, they attract those kind of customers the hotels want to have as guests, namely families and couples.

This finding is highly interesting as it demonstrates the huge value and effectiveness of the DMOs in contributing to the marketing of the hotels.

Lastly the study intended to find out how small hotels in South Tyrol see the use of new technologies and alternative ways of booking.

The analysis revealed that the hotels are contrary towards the use of ICTs as marketing tool, as they neither have the required knowledge nor the required resources for that investment. Further they also do not want to automatize the booking process as it would result in anonymous bookings and less contact with the guests, the same issue intermediaries are bringing with them.

The hotels are also sceptical towards the use of social media as booking and marketing channel. The hoteliers know that in today's hospitality industry it is necessary to be on social media but not all of them are active on those platforms and build customer relations there.

Despite the growing number of hotels seeing potential in social media, the hoteliers still concentrate first of all on the 'real' world and favour personal interactions with the guests.

Often exactly this distinctive treatment leads to the guest leaving positive reviews on social media platforms, which results in an excellent electronic word to mouth publicity for the hotels. The hoteliers could certainly exploit this kind of publicity more but do not seem to have any intentions of doing so.

Regarding the possibility to use social media platforms as booking channel the hotels face the same problems as with the introduction of new ICTs. The hoteliers do not have confidence in doing it themselves and are not willing to use resources in order to hire an expert, as currently they do not see an adequate return of investment in it.

Nonetheless the hotels view the possibility to use social media as booking tool similar to Booking.com, that is, not an alternative to get bookings but a good marketing opportunity, once the practice gained a common popularity.

6.1 Implications and future research

There is certainly more need of research in the field of small sized hotels and as this thesis set out to explore small hotels' perception of distribution channels, future studies can draw on the methods and findings from it.

The mixed method design allowed to approach both the qualitative and the quantitative aspects of the topic in an adequate way and the two methods complemented each other very well.

However, given the unique character of South Tyrol it is difficult to transfer the findings to other destinations and this study cannot be seen as generally applicable as it was not the goal of the thesis to generate theory but rather to challenge it.

This thesis indicates that general theories and trends cannot always be taken as undisputable accurate. Our understanding of certain realities should not just draw solely from given truths but should also include the knowledge gained from unique cases.

Exceptions can show us a completely different aspect of a phenomenon and help us to extent our understanding of complex topics. Therefore rather than treating them like singular cases of no importance, exceptions should be seen as an opportunity of further learning.

For example, other organizations, maybe especially large hotels, can learn from the way, how small accommodation providers treat their customers and lay their focus more on the guest relations than the different ways of distributing their product.

The indication of this thesis, that the recreational character of the region facilitates direct bookings and results in a very limited amount of intermediation, could be as well the basis of further investigation and research.

Also on the hotels' preference of OTAs over traditional intermediaries or on the OTAs importance as marketing channels, other studies can draw inspiration as a detailed insight in the complicated relationship between hotels and OTAs would certainly be very interesting.

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