


Chapter 54

The Effects of Social Commerce Utilization on Business Performance: A Study of Hotels in Lebanon

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ABSTRACT

Social commerce is one of the most relevant technological innovations in recent years. It has strongly benefited many industries, including tourism. While many studies on social commerce have been conducted from the user perspective, less attention has been paid to the organisational perspective, particularly that of hotel organisations. To help understand the key drivers of hotel social commerce usage and their effects on hotel business performance, this study augments the integrated model of e-business usage and impact with hotel social media characteristics. Using stratified random sampling, data from 146 hotels in Lebanon were collected and analysed with the PLS-SEM approach. The model represents a theoretical advancement by offering an organisational perspective to the social commerce literature. It shows there is a significant impact of environmental, organisational, and innovation drivers and social media characteristics. The findings help hotels assess their existing social commerce utilization and identify aspects in need of more attention and improvement.

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INTRODUCTION

Modern digital technologies such as e-commerce and social media platforms have become critical for organisations' competitiveness and survival (Benitez et al. 2018). Consumers utilise these platforms to interact with organisations and to search for a product or service information, provide reviews about products and services and encourage other existing or prospective customers to engage with the organisation. Contemporary organisations simultaneously utilise e-commerce and social media platforms to build so-called social commerce initiatives. Social commerce defined as a form of commerce mediated by social media that allow consumers to involve actively in the promoting and selling of products online (Huang and Benyoucef, 2015). Furthermore, social commerce defined as "the use of Web 2.0 applications and social media to facilitate the interactions of individuals on the Internet to support consumers' acquisition of products and services" (Doha, Elnahla and McShane, 2019, p. 307). In this study, we adopted one of many definitions of social commerce presented by Huang and Benyoucef (2015). The reason for adopting the definition provided by Huang and Benyoucef (2015) is that several social commerce models fall under this definition, including social shopping (Doha et al., 2019), group buying (Han et al., 2018). Also, this definition has been adopted in several studies of social commerce utilisation (Li, 2017; Cui et al., 2018).

Studies on the hotels' use of social commerce and its effect on business performance from an internal or organisational perspective globally and in the Lebanese hotel sector remained scarce (Hajli and Featherman, 2017). As social commerce is still in an early adoption stage, it is not well understood why hotels might benefit from utilising social commerce to enhance their business performance (Lam, Yeung and Cheng, 2019). Lebanon has been selected to be the site for the empirical side of this study for the following reasons: First, the hotel sector is one of the major businesses in the Lebanese tourism industry (WTTC, 2017) and the tourism sector contribution to economy recorded at 18.4% by 2017. The need for social commerce utilisation by hotels manifested by the unique implications of social commerce for hotels including customers, staff, and management. Social commerce enables hotels to enhance business relationships with customers, increase website traffic, and support product/services and brand development (Benitez et al. 2018; Schaupp and Bélanger 2016). customer engagement with hotels through social commerce is considered an important factor in enhancing hotel business performance (Garrido-Moreno and Lockett 2016; Harrigan et al. 2017).

Monitoring and analysing customer feedback, responding to their comments and building a digital brand reputation appear to drive online hotel performance (De Pelsmacker, Tilburg and Holthof, 2018). However, the key strategic and operational challenge in the hotel sector is to become closer to customers by realizing what attributes are most important to them, for example, reducing the uncertainty about the hotel services and products will affect customers decision making (Tran, Pham and Le, 2019). Benitez et al. (2018) stated that simply investing in social commerce does not guarantee the organisation's success in achieving its intended commercial purposes. The sustainability of social commerce is debated since the rate of buying relative to visiting is relatively small for social commerce, despite the high number of visits (Lee and Choi 2014). Hence, hotels are not convinced about the actual effect of social commerce utilisation on performance, as they cannot identify a direct return on investment from social commerce (Garrido-Moreno and Lockett 2016). Similarly, Jung et al. (2013) stated that measuring the productivity of social commerce seems to be difficult. Thus, most hotels concentrate on customer engagement rather than business performance.

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