



**RECONCILING THE DIVERSE APPROACHES TO ENTREPRENEURIAL  
MARKETING RESEARCH USING STRUCTURATION THEORY: EVIDENCE  
FROM THE INDEPENDENT HOSPITALITY INDUSTRY IN VIETNAM**

by

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DOCTOR OF PHILOSOPHY

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## **ABSTRACT**

Entrepreneurial marketing (EM) has been studied from diverse approaches over the past three decades. One common approach to studying EM focuses on exploring EM adoption from a firm capability perspective. Another view emphasises the role of the business context to understand EM. These diverse approaches have led to rich, yet fragmented views of EM. This thesis is built upon these debates and proposes to reconcile the dichotomy of EM research. In doing so, both the business context and firm are taken into account to provide a holistic approach to study EM.

The research employed an interpretive philosophical position and qualitative research design in examining EM in the Vietnamese independent hospitality industry. A combination of purposive and snowball sampling methods was used to recruit 30 participants for in-depth interviews. Data triangulation was achieved by using observations and fieldnotes.

This thesis contributes to the EM literature by applying a comprehensive approach to understand EM from a structuration perspective. The findings reveal the enabling and constraining role of business structures which results in different tactics firms use to facilitate EM; a typology of four EM scripts is developed to conceptualise various EM adoption which represent the reciprocal relationship between firms and business structures.

## **DEDICATION**

To my parents - Kim and Hiều, my sister - Hằng, and Chirag  
For your endless love, support, and motivation

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## CHAPTER ONE: INTRODUCTION

### 1.1 Introduction

It has been three decades since the initial research at the marketing and entrepreneurship interface emerged from the work of Professor Gerald Hills. The term ‘entrepreneurial marketing’ (EM) was first used by William Brannen during the first meeting on marketing and entrepreneurship in 1982 to refer to studies that are concerned with the marketing and entrepreneurship interface (Kraus et al., 2012). EM has been recognised as a distinctive marketing field and has received wide acknowledgement from marketing scholars. Some milestones in the development of the EM field can be observed; an annual symposium in the USA established in 1986, the first Academy of Marketing Symposium in EM in the UK in 1995, the *Journal of Research in Marketing and Entrepreneurship* created in 1999, books on EM provided guidance on EM courses (Bjerke and Hultman, 2002; Carson et al., 1995; Lodish et al., 2001; Sethna et al., 2013), and several special issues of academic journals have been published in the *European Journal of Marketing*, *Journal of Marketing: Theory and Practice*, and *International Journal of Entrepreneurship and Innovation Management*.

The evolution of EM suggests the significance of understanding the entrepreneurship and marketing interface in business studies. As two well-established disciplines, the combination of entrepreneurship and marketing forms key concepts for the EM field (Hills and Hultman, 2013). As Jones (2010, p.144) suggests, “marketing and entrepreneurship are fundamentally intertwined and necessary to the other. Any theory of entrepreneurship should be informed and underpinned with marketing, and vice versa”. However, EM has been perceived as a confused concept by many scholars, due to the various ways of interpreting and defining entrepreneurship and marketing (Ionita, 2012; Jones, 2010; Whalen et al., 2016). The entrepreneurship concept

focuses on the recognition of opportunity which suggests that opportunities exist within many specific settings and entrepreneurs only need to recognise and explore them (Shane and Venkataraman, 2000), or entrepreneurship is the formation of opportunity which suggests that entrepreneurs form and create their business opportunities (Sarasvathy, 2001). The marketing concept focuses on creating and delivering value to, and by, customers, marketers, entrepreneurs and society at large (Sheth and Uslay, 2007).

As EM is an interface concept, the extent to which scholars combine or synthesise aspects of marketing and entrepreneurship has created diverse perspectives in researching EM. This issue was further reflected in the Charleston Summit held at the University of Charleston, USA in 2009. The report on this summit (Hansen and Eggers, 2010) points out that research on the entrepreneurship/marketing interface consists of four distinctive perspectives which underpin EM studies: (1) the marketing and entrepreneurship perspective which looks at the commonalities between both disciplines; (2) the entrepreneurship in marketing perspective in which entrepreneurship issues are viewed through a theoretical marketing lens; (3) the marketing in entrepreneurship perspective in which marketing issues are viewed through an entrepreneurship theoretical lens; and (4) the unique concepts that evolve out of the combination of entrepreneurship and marketing (Hansen and Eggers, 2010). These four distinctive perspectives and their underpinning assumptions account for the lack of agreement on how EM should be studied in the literature.

Despite there being four diverse perspectives of EM research, one common aspect is that most studies focus on exploring and examining EM adoption by considering the firm's capability. Specifically, the first perspective puts equal focus on both entrepreneurship and marketing to

examine how firms adopt EM elements (Collinson and Shaw, 2001). The second perspective argues that EM is a suitable marketing practice under turbulent business environments which can be adopted by both small and large firms (Carter, 2008; Gross et al., 2014). The third perspective highlights the need to examine the entrepreneurial role of firms in exploiting opportunities, pursuing opportunities, launching and growing ventures (Kraus et al., 2012). The fourth perspective suggests that EM should be viewed by examining the capabilities of firms to combine available resources and create something new, unique, or creative via an effectual approach (Fillis et al., 2017; Ionita, 2012; Morrish, 2009; Sarasvathy, 2001). In general, the four perspectives of EM in the literature focus on exploring EM from an inside-out approach in which the role of firms and their capabilities to adopt EM remains the centre aspect of these studies.

An alternative to the inside-out approach is to foreground the role of business context to understand EM. In this sense, an outside-in view is argued as critical to understanding EM practice. Specifically, firms' adoption of EM is largely influenced by the business context in which the firms operate. Following this view, scholars argue that EM is marketing practice in SMEs (Carson, 1985; Carson et al., 1995; Carson and Gilmore, 2000; Jones and Rowley, 2009; Stokes, 2000). However, other scholars suggest that EM is also appropriate marketing approach in large firms to gain competitive advantage (e.g. Miles and Darroch, 2006; Morris and Paul, 1987; Whalen et al., 2016; Webb et al., 2011). The context refers to the business environment that is typically defined as everything outside the firm, including "the knowledge base it must draw upon, the nature of its products, customers and competitors, its geographic setting, the economic, political and even meteorological climate in which it must operate and so on" (Mintzberg, 1979, p. 267). However, it is challenging to study the context in which firms are

embedded due to the complexity of the external environment (Carson and Gilmore, 2000). As such, while the significant impact of context on EM adoption is acknowledged, little empirical research has been conducted to thoroughly examine the role of such context in the adoption of EM among firms.

As discussed above, there is value in both outside-in and inside-out approaches to understand EM adoption. However, EM scholars have largely ignored to incorporate these approaches to provide a comprehensive understanding of EM. Therefore, my thesis proposes to integrate these two approaches to provide a more holistic investigation of EM. In doing so, it can unify the diverse views exhibited in EM research. This argument is in line with the suggestion indicated by leading scholars in the EM field who propose that future EM researchers should create a solid theoretical base to build a comprehensive theoretical EM through combining the previous studies (Gross et al., 2014; Hansen and Eggers, 2010; Hills and Hultman, 2013; Jones, 2010; Miles and Darroch, 2006; Whalen et al., 2016).

My thesis contributes to the current academic debates around the diversity of approaches to researching EM through revealing the need to integrate these approaches. Specifically, this thesis aims to study EM from a holistic approach in which both firm and its business context are taken into account in exploring and understanding EM. This approach can develop our understanding of the dynamic and complex interrelationship between firm and the business context in which EM occurs. In doing so, we can account for the diversity of insights coming from various EM studies in the current literature. As such, my research addresses the call for a theoretical synthesis of previous studies in EM to build a comprehensive theoretical approach to develop the EM literature (Hills and Hultman, 2013).

## **1.2 Research Theoretical Lens**

My thesis aim suggests a requirement for a holistic theoretical lens that can acknowledge the role of both firm and context to unify the dichotomy of EM research and to arrive at a comprehensive understanding of EM. This requires a review of the literature which goes beyond the scope of the EM field to identify a suitable enabling theory. As such, there is a need to explore broader social science theory to illuminate the research context facilitating a contribution to EM. My observation shows that other fields also face a similar challenge of theoretical diversity. For example, strategic management (Sarason, 1995), organisational studies (Barley, 1986; Duberley et al., 2006), management accounting (MacIntosh and Scapens, 1990), entrepreneurship (Chiasson and Saunders, 2005), and information systems (DeSanctis and Poole, 1994) have had similar debates. A common approach to addressing theoretical diversity in these fields is the application of structuration theory to unify various approaches. In line with these studies, my thesis argues that structuration theory (Giddens, 1984) provides a useful lens for linking the dichotomy of EM research by acknowledging the reciprocal relationship between structure (context) and agent (firm). By applying structuration theory (Giddens, 1984), the complex and dynamic interactions between context and firm in which EM occurs can be examined comprehensively.

Structuration is a social theory developed by Giddens (1984) which acknowledges the reciprocal interaction between social structure and human agency to understand a social phenomenon under specific circumstance. This reciprocal relationship between structure and agency is reflected in the central concept of the ‘duality of structure’ (Giddens, 1984). Structures are defined as “recursively organised rules and resources that individuals draw on and reconstitute in their day-to-day activities” (Giddens, 1979, p.64). Agency is the second



central element of structuration theory. Agency refers to the actions of individuals who are purposeful, reflexive and knowledgeable. Not only do agents have capabilities to act in a particular manner depending on the structures in place, but they can also transform the structures surrounding them, resulting in the establishment of new conditions (Giddens, 1984). Therefore, structures and agents are dependent upon each other, and social phenomena are the production of reciprocal interactions between structure and agency.

The duality of structure can be empirically examined via the concept of ‘scripts’ (Barley, 1986; Barley and Tolbert, 1997). Scripts are defined as “observable, recurrent activities and patterns of interaction characteristic of a particular setting” (Barley and Tolbert, 1997, p.98). This concept is useful to apply in an empirical setting since it can be used to examine the duality of structure through repeated actions of actors or behavioural regularities. Therefore, the concept of scripts can be applied to empirically study the dynamic relationship between the business context (structure) and EM adoption (agency).

### **1.3 Research Aim and Objectives**

The aim of my thesis is to reconcile the diverse approaches to researching EM. In doing so, my research proposes to apply a comprehensive approach to integrating the aspects of both the business context and the firm in relation to EM adoption. Thus, the following objectives are formed:

Objective One: To examine how the business context influences the adoption of EM among firms.

Objective Two: To investigate how firms adopt EM within the specific business context surrounding them.

Objective Three: To examine how the interplay between the context and firms results in specific tactics to facilitate EM.

The first objective of my thesis develops our understanding of how the business context (structure) impacts the adoption of EM (agency). This addresses the paucity of empirical evidence of business contextual factors that can have a significant role in the implementation of EM among firms. The second objective is proposed to closely examine the adoption of EM. The findings can provide insights into how firms adopt EM under the business context in which they are embedded. The third objective examines tactics that firms use to facilitate their EM activities. The findings on EM tactics reflect the interplay between firms and their business context. In sum, the three objectives are proposed to address the overarching aim of my thesis in which EM is examined thoroughly via a comprehensive approach which takes into account the reciprocal relationship between firms and the business context in which EM occur.

My thesis contributes to the development of EM theory by providing comprehensive insights into the adoption of EM. By applying Giddens' structuration theory (1984) to study EM, the concepts of the duality of structure and scripts provide useful theoretical lenses to illuminate the role of business context in the formation of EM practice and how EM actions can reshape their broader business context. Therefore, Giddens' structuration theory plays the role of a 'sensitising device' (see more detail in Section 2.4.3) to understand the dynamic and complex relationship between the business context (as structure) and firms' EM adoption (as agency).

Researchers have debated whether or not to integrate EM research with aspects of other fields to advance our knowledge in the EM domain (Hansen and Eggers, 2010; Hills and Hultman,

2011; Whalen et al., 2016). As Hills and Hultman (2011, p.16) put it: “Should we concentrate our research at a single ontological level (as in some aspect of business strategy) whereas we should be encouraging (and developing work) that straddles aspects of: psychology, sociology, anthropology, evolutionary economics and strategy?” My thesis, through the adoption of a social theory, illustrates the significance of applying a cross-discipline perspective to advance the EM literature.

#### **1.4 Research Context**

Entrepreneurship and marketing take place in the context of the economy and society in which they are embedded. Therefore, the adoption of EM is defined by time and place in which firms operate (Jones, 2010). Research on EM from different countries and industries has illustrated the significance of studying EM in various settings. However, EM research has been US- and UK- centric in terms of context (Gilmore et al., 2013). As such, scholars argue for the need for EM research to address the lack of EM knowledge in the context of developing economies. The emergence of entrepreneurship and market systems in developing countries provides an ideal setting for EM research to advance this field.

As observed by Hills and Hultman (2011), there is a great contribution in examining EM in the context of countries which have recently embraced market systems for the first time. Since my thesis highlights the context as a key aspect to research EM, identifying the most appropriate research context is critical to addressing my research objectives. The paucity of EM research in emerging markets encouraged me to address this gap by studying EM in a developing country. In this case, Vietnam provides an ideal context to investigate EM. More specially, the

independent hospitality industry was selected as the industry context to conduct the empirical research for this thesis.

Vietnam is an emerging economy which has only embraced the market system since 1986 under ‘Doi Moi’ – a set of economic reform policies that shifted the country from state-ownership to an open market economy (Shultz, 2012). Doi Moi policies were implemented due to the urgent need for economic reform to save the country crisis (Paswan and Tran, 2012). Doi Moi is one of the most important economic transformation which has had significant impacts on every aspect of the Vietnamese economy and the development of entrepreneurship.

Vietnam faced a crisis in the mid-1980s and became one of the poorest countries in the world. This was most evident in the forms of hyperinflation, food shortages, ‘boat people’ seeking refuge and the collapse of the Soviet Union, formally the country’s main trading partner and donor during the war (Shultz, 2012). After the Vietnam War ended in 1975, the country remained a closed socialist economy, virtually isolated from the western world, faced with the US embargo. The extent of the devastation is reflected in a speech by Pham Van Dong, Prime Minister of Vietnam in 1981 (cited in Shultz et al., 1994, p.225):

“Yes, we defeated the United States. But now we are plagued by problems. We do not have enough to eat. We are a poor underdeveloped nation. *Vous savez*, waging a war is simple, but running a country is difficult.”

At the Sixth National Party Congress in 1986, the government concluded that a better economic policy was a matter of life and death. Shultz (2012) indicates that it is not an exaggeration to

state that the shift from a centrally planned economy to the open market system has saved Vietnam. After its market economy reform in 1986, other events followed which not only helped the country to recover from the crisis but also encouraged the economy to grow rapidly. Some important milestones for the Vietnam economy have been: the restoration of US – Vietnam diplomatic relations and the country becoming an integral member of the Association of Southeast Asian Nations (ASEAN) in 1995; the bilateral trade agreement (BTA) with the US in November 2002; and joining the World Trade Organisation (WTO) in 2007. After more than a decade of Doi Moi, the country's achievement is acknowledged as one of the most spectacular success stories in economic development (Shultz, 2012). Vietnam has successfully changed its image from a devastated country after the war to a successful emerging economy. As an evolving political economy and market system, many observers conclude that Vietnam may be a model for developing countries over the world in terms of economic development (Paswan and Tran, 2012). For example, World Bank (2016) indicates that:

“... Vietnam has stood as an example of a development model that has lifted millions of people out of poverty while ensuring the benefits of its vibrant market economy are fairly evenly distributed across society.”

Perhaps the most impressive aspect of the economic reform of Doi Moi has been the fast response of the various sectors to the opportunities created by an open market system (Paswan and Tran, 2012). Doi Moi has led to the emergence of entrepreneurship and has transformed Vietnam from a centrally planned economic country to an “entrepreneurial nation” (Shultz, 2012), in which the entrepreneurial spirit of Vietnamese people has been strongly developed. The first generation of entrepreneurs has contributed significantly to the economic growth of

the country (Nguyen and Ramachandran, 2006). This rapid development of entrepreneurship in Vietnam indicates that the country has a dynamic and fast-changing marketplace with a shift towards private independent enterprises. The interplay between market systems and entrepreneurship makes Vietnam an ideal context for my thesis to study the phenomenon of EM in independent firms. Further discussion on Vietnam and entrepreneurship can be found in Sections 3.2 and 3.3.

These political and economic shifts impact on various sectors (Paswan and Tran, 2012). The open-door policy has allowed Vietnam to become a much more accessible and attractive destination in the international tourism market and it has been rediscovered by tourists from around the world (Suntikul et al., 2010). Consequently, Vietnam's hospitality and tourism industry has experienced a period of fast growth in recent years. This industry has become an economic pillar for Vietnam (Nguyen et al., 2013). Tourist arrivals in Vietnam have continued to increase rapidly. In 2008, Vietnam received 4.2 million international tourists. In 2012, Vietnam received 6.8 million tourists. In 2016, the number reached 10 million international visitors, which represented a 26% increase from the previous year (Vietnam National Administration of Tourism, 2017).

The rise in Vietnam's hospitality industry can be traced back to the economic reform of Doi Moi. Until Doi Moi, the Vietnamese government was the only provider of tourist accommodation in the country, but recently state enterprises have no longer held a monopoly position in the hospitality marketplace. Instead, independent, private, investors have also become involved and have played an increasingly important part in the development of the hospitality industry (Suntikul et al., 2010). This change has transformed the position of the

independent hospitality industry from being merely a side-effect of economic and political changes in Vietnam, to becoming one of the leading industries that contribute greatly to the development of the Vietnamese economy (Paswan and Tran, 2012). Given the significant role and rapid development of the independent hospitality industry in Vietnam, it is an ideal industrial context for investigating EM. In my thesis, one specific industry is selected rather than a wide range of industries to allow a pattern of business environmental factors (context) to be identified and examined. In doing so, the objectives of my study can be addressed thoroughly. Further insights into the industry background are discussed in Chapter Three, Section 3.4.

## **1.5 Structure of the Thesis**

### **1.5.1 Chapter One - Introduction**

The first chapter introduces the background of this thesis, the research problem, the gap identified within the literature, and the importance of researching EM from a comprehensive perspective. The theoretical lens that will be applied to study EM comprehensively is introduced, followed by the research objectives and rationales behind these objectives. The research context and justifications for the selection of the independent hospitality industry in Vietnam are also discussed.

### **1.5.2 Chapter Two – Literature Review**

The starting point in Chapter Two is to identify approaches which have been used to study EM in the existing literature. This chapter examines a variety of EM perspectives and EM elements, and provides justifications of how EM should be studied in this thesis. A critical review of EM literature reveals the diversity of approaches to researching EM. Specifically, two main

approaches to understand EM in the existing literature are identified: the interface approach and the contextual approach. This illustrates that EM is a fragmented discipline due to the lack of consensus on the viewpoints adopted to study this phenomenon. As such, studies on the key elements that constitute EM have shown a variety of findings depending on the viewpoints or frameworks that the scholars adopt for their specific research settings. For the purpose of this thesis, a comprehensive approach to investigating EM is proposed.

Since structuration theory provides a useful lens to study EM from a comprehensive approach, the second main focus of the literature review chapter is to discuss the appropriateness of this theory to address the research objectives. Structuration theory (Giddens, 1984) is argued to provide a useful lens to understand EM from a holistic view. Specifically, structuration theory acknowledges the dynamic and interactive relationship between the business context and firms in relation to marketing activities. In doing so, the objectives of this thesis can be fully addressed under the concepts of structuration theory.

### **1.5.3 Chapter Three – Industry Background**

My thesis selected the independent hospitality industry in Vietnam to obtain an insightful understanding of EM adoption and the role of business context in EM. Following the issues identified in the introduction and literature review chapters which indicate a limited knowledge of EM in emerging markets, this chapter attempts to provide a background of Vietnam as an ideal emerging economy to expand our understanding of EM. Due to the distinctive market characteristics which are reflected in the complex economic system, the nature of entrepreneurship, and social factors, it is critical to acknowledge the macro environment. Furthermore, the adoption of structuration theory as a theoretical lens to study EM indicates the



significance of having a thorough understanding of the industry background at a macro level, since it has a strong impact on the business structures of small independent hospitality firms. As such, this chapter provides a contextual overview of Vietnam, issues of the Vietnamese entrepreneurship and the hospitality industry.

#### **1.5.4 Chapter Four – Research Methodology**

This chapter describes the key stages of the research process providing the methodological approaches for this research. Specifically, it identifies the theoretical position and research methods employed to address the objectives of the study. This chapter outlines the research design in which a qualitative approach was used to address my research objectives. A number of pilot interviews were conducted to provide a justification for relevant and appropriate participants to be interviewed in the main stage of data collection. In the next stages, the methods used to select the samples, the data collection techniques for the main study, the process of data analysis, and the data structure are discussed.

#### **1.5.5 Chapter Five – The Enabling and Constraining Role of Business Structures**

This is the first findings chapter of my thesis. This chapter explores the issues associated with the business context and identifies that this context forms the business structures that can both enable and constrained the EM tactics adopted among small independent hospitality firms. The data analysed using the conditional/consequential matrix technique reveal two distinctive levels of business structures from the industry and firm aspects. Industry-level factors consist of the uncertain business environment (e.g. uncertain tourist arrivals, informal regulation, and authority corruption) and extreme seasonality. Firm-level factors include severe competition, network heterogeneity, and diverse market characteristics. The findings are in line with the

duality of structure as suggested by Giddens (1984) in which firms' marketing activities are impacted by the business structures surrounding them and, in turn, the actions of firms pursuing certain marketing tactics reshape the business structures in which they embedded. These dynamic actions-interactions between small independent hospitality firms and their business structures provide insights to understand the reasons why firms adopt EM and how they use various tactics to facilitate EM.

The findings in this chapter addresses research objective one and three of this thesis by examining how the business context influences the adoption of EM, and how the interplay between context and firms results in specific tactics to facilitate EM. The findings reveal that firms are embedded in dynamic business structures. The tactics used by firms reflected the interplay between these structures and firms in relation to EM. The autonomous power of firms (as agents) is also reflected in the findings in this chapter, in which the tactics chosen by firms are in accordance with the extent to which firms utilise resources available in the business structures to form their EM practices.

#### **1.5.6 Chapter Six – Introducing EM Scripts**

This chapter is built upon the findings in Chapter Five which highlights the enabling and constraining role of the business structures. This chapter examines more closely how firms adopt EM under the impact of these business structures. In doing so, it addresses research objective two of the thesis. In this chapter, the concept of 'EM scripts' is introduced to refer to the EM approaches that hotel adopt to account for their marketing activities. These EM scripts reflect the reciprocal relationship between hospitality firms (as agents) and their business context (as structures). Specifically, EM scripts are constructed through dynamic and complex

interactions where EM activities are formed and altered accordingly to the resources available in the business structures. A typology of four EM scripts is developed including: mass market, cost consciousness, mass customisation, and market leadership. This typology reflects the various ways that firms utilise the resources embedded in the business structures to practice EM. By discussing the key characteristics of each EM script to obtain insightful understanding of how firms adopt EM activities, this chapter addresses the research objective two of this thesis.

### **1.5.7 Chapter Seven – Conclusion**

This chapter reviews the thesis in order to illustrate how each objective was met. In doing so, the chapter articulates the theoretical contributions made by this thesis. Specifically, a reconciliation of diverse EM research from a structuration perspective is established, the value of the concept of EM scripts is discussed, an alternative view to study EM from a holistic perspective is suggested, the value of using structuration theory to research EM from a cross-disciplinary approach is outlined. The theoretical contributions are also reflected in the role of structuration concepts in developing a holistic module to understand EM in the independent hospitality industry in emerging markets. Following the discussions of theoretical contributions, the methodological contributions, practical contributions, limitations, and potential areas for future research are discussed.

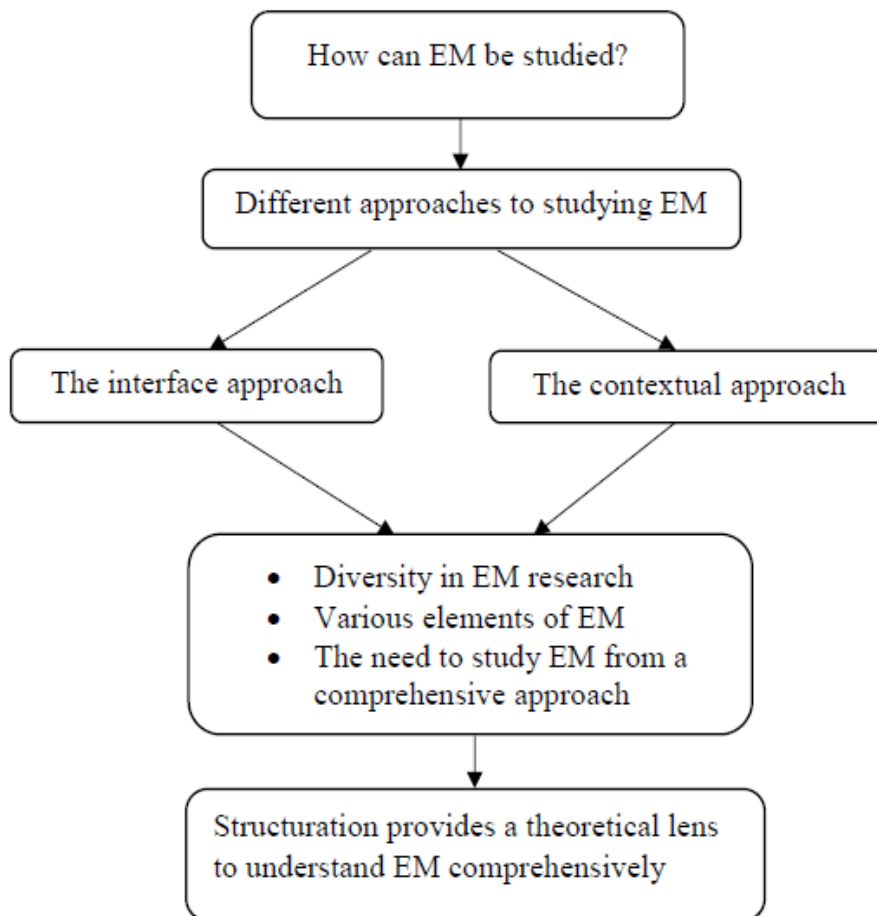
## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

The aim of this thesis is to reconcile the diversity of EM approaches found in the existing EM literature by applying a comprehensive approach which takes into account both the business context and the firm when researching EM. Since the EM concept has been developed from the interface of the two distinct domains of entrepreneurship and marketing (Bjerke and Hultman, 2002), the heterogeneous interpretations of both domains make it challenging to justify how EM should be defined and studied (Kraus et al., 2010). This has led to the issue of a lack of agreement among EM scholars on a comprehensive view to approach EM (Kraus et al., 2010; Miles and Darroch, 2006). As such, fragmented research findings are exhibited in the existing EM literature, and this has resulted in a slow progression for EM as a distinct marketing field (Gruber, 2004; Hills and Hultman, 2011). In order to develop the EM domain, researchers need to recognise which perspectives of EM they adopt, and the building blocks of theory and taxonomies to understand EM research (Hansen and Eggers, 2010; Hills and Hultman, 2011).

This chapter critically examines EM from the literature and identifies the paucity in existing EM research to support the objectives of this thesis. Accordingly, this chapter focuses on two key areas of the literature. The chapter starts by reviewing the concept of EM from multiple approaches, followed by outlining the key EM elements in the existing literature. Based on this review, gaps in EM research are identified which provides the rationale for this thesis. Finally, the appropriate theoretical lens to address the research gaps is identified. Figure 2.1 provides an overview of this chapter including the key areas to be explored and discussed.

**Figure 2.1 Reader Guide to Chapter Two**



## **2.2 Approaches to Studying EM**

A wide range of research has been conducted to explore and understand EM in different contexts and industries. The following sections are concerned with examining different approaches to studying EM offered in the existing literature. Through critically reviewing these approaches, it can be argued that this diversity in studying EM depends largely on the focus of each researcher. Having a thorough understanding of EM approaches can help to identify the gap in existing EM research and justify the approach to studying EM in this thesis.

### 2.2.1 The Interface Approach

EM is regarded as a distinct discipline in which researchers consider the interface between entrepreneurship and marketing as a unique, stand-alone domain (Hills and Hultman, 2011, 2013; Hills et al., 2008; Miles et al., 2015; Morrish, 2011). In this vein, EM has evolved to gain credibility, legitimacy and acknowledgement as a distinct school of marketing thought (Whalen et al., 2016). Different ways to interpret entrepreneurship and marketing concepts create different views on how to approach this interface. Depending on the purpose of each study, researchers can take different stances when investigating EM. In this vein, the report on the Charleston Summit highlights that research on the interface between entrepreneurship and marketing covers more than commonalities between the two disciplines. It can be viewed as ‘entrepreneurship in marketing’, ‘marketing in entrepreneurship’, or unique concepts that evolve out of the two distinct streams (Hansen and Eggers, 2010, details in Table 2.1). Although scholars view EM from different perspectives, they have not explicitly identified the perspectives adopted in their studies (Hansen and Eggers, 2010; Gross et al., 2014). Thus, it is important to consider the theoretical perspectives of the interface so that EM researchers can “improve collective theory building and better positioning” (Hansen and Eggers, 2010, p.42).

**Table 2.1 Four Marketing/Entrepreneurship Interface Research Perspectives**

<i><b>Perspective</b></i>	<i><b>Explanation</b></i>
1. Marketing and entrepreneurship	Commonalities between both disciplines
2. Entrepreneurship in marketing	Entrepreneurship issues framed in the field of marketing or viewed through a marketing theoretical lens
3. Marketing in entrepreneurship	Marketing issues framed in the field of entrepreneurship or viewed through an entrepreneurship theoretical lens
4. Unique interface concepts	Concepts that are distinct to the interface and evolve out of the combination of entrepreneurship and marketing

Source: Hansen and Eggers (2010, p.44)

The first perspective of EM emphasises the role of both entrepreneurship and marketing rather than encompassing one domain into another as with the next two approaches. Within the first perspective, namely ‘marketing and entrepreneurship’, researchers look at the commonalities between both disciplines (Hansen and Eggers, 2010). This view emphasises the significance of both the entrepreneurship and marketing domains when studying EM, while other definitions of EM focus more on the entrepreneurship aspects of opportunity identification and exploitation (e.g. Hills and Hultman, 2011; Morris et al., 2002) or the marketing aspects of creating and delivering value to customers (e.g. Kraus et al., 2010; Sole, 2013). Jones (2010) strongly emphasise the integration of both entrepreneurship and marketing disciplines and argues that this view has much more to contribute to EM knowledge.

From the perspective of entrepreneurship in marketing, entrepreneurship issues are framed through a marketing lens (Hansen and Eggers, 2010). This perspective examines EM from the school of marketing management (Carter, 2008). The ‘entrepreneurial mode of marketing’ is believed to be impacted by the marketing environment in which firms operate (Gross et al., 2014). This perspective implies that EM is not only applied to SMEs but also corporations and large firms (Collinson and Shaw, 2001). Sole (2013) proposes a definition which represents this view. According to the author, EM is “an entrepreneurial approach to marketing functions, that is to say, it denotes the innovative, proactive and risk taking approaches to the processes of creating, communicating and delivering value to customers” (Sole, 2013, p.29). This definition focuses on entrepreneurship issues such as innovation, proactivity and risk taking and their role in marketing functions. Another example of an EM definition proposed by Kraus et al. (2010) in which the authors consider EM “an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer

relationships in ways that benefit the organization and its stakeholders and that is characterised by innovativeness, risk-taking, proactiveness, and may be performed without resources currently controlled”. This view on EM also illustrates the entrepreneurship in marketing perspective.

Within the third perspective, namely marketing in entrepreneurship, marketing issues are framed in the entrepreneurship field or viewed through the theoretical lens of entrepreneurship (Hansen and Eggers, 2010). This perspective has been mostly adopted by EM researchers, although this is not indicated explicitly in their EM studies. This may be because marketing has been a central concern of entrepreneurship research for many years (Carson et al., 1995; Chaston, 2000). Entrepreneurship scholars have long been interested in the nature, role, and value of marketing in the entrepreneurship process (Crane, 2009; Lodish et al., 2001; Schindehutte et al., 2009). This perspective of ‘marketing issues within entrepreneurship’ has been adopted more than ‘entrepreneurship issues within marketing’ in the EM literature (Hansen and Eggers, 2010). Evidence from empirical research suggests the dominant role of marketing issues framed in an entrepreneurship perspective in EM studies (e.g. Bjerke and Hultman, 2002; Carson et al., 1995; Lam and Harker, 2015; Morrish et al., 2010). This leads to the issue of marketing becoming a secondary aspect in EM research due to its implicit usage in the studies adopting this perspective. Therefore, Hansen and Eggers (2010) identify a need to explicitly consider marketing issues in EM studies to strengthen the position of marketing concepts in EM.

Morris et al. (2002) propose a comprehensive definition which represents the perspective of marketing in entrepreneurship. According to Morris et al. (2002, p.5), EM is the “proactive



identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation”. This definition captures elements of entrepreneurship (proactiveness, opportunity, risk-taking) and marketing components (customer intensity, value creation), and has been widely adopted by many EM researchers (e.g. Kurgun et al., 2011; Mort et al., 2012; Talebi et al., 2014). Morris et al.’s (2002) definition has been further expanded by Hills and Hultman (2011, p.6) where EM is defined as “a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking, and flexibility”.

The fourth perspective focuses on studying the “concepts that are distinct to the interface and evolve out of the combination of entrepreneurship and marketing” (Hansen and Eggers, 2010, p.44). Contrasts with the first perspective, which emphasises the commonalities between the two domains, the fourth view focuses on what is unique from the integration of marketing and entrepreneurship. Ionita (2012) argues that EM should be defined based on the fourth perspective and proposes a definition which suggests that EM is “a set of process of creating, communicating and delivering value, guided by effectual logic and used in highly uncertain business environments” (Ionita, 2012, p.147). This definition emphasises the viewpoint that opportunities can emerge from uncertain business environments, and marketing practices are determined by available means that entrepreneurs can leverage from using effectual logic. The concept of effectual logic is developed by Sarasvathy (2001) in her study on the entrepreneurial decision-making process, in which the findings show that entrepreneurs take a set of means as given and focus on selecting between possible effects that can be created with that set of means.

This effectual approach is the opposite of the causation approach when managers take a specific goal as given and identify the means needed to achieve the goal.

Although many scholars argue that EM is a new school of marketing thought (e.g. Hills and Hultman, 2011; Miles et al., 2015; Whalen et al., 2016), another view proposed by Kotler (2003) suggests that EM is a stage of the firm cycle rather than a distinct domain of marketing. Kotler (2003) states that firms need to implement effective marketing strategies which are required at different stages. As a result, EM is associated with early stages of firm development when the company is small, and the marketers can act flexibly and proactively. When the company grows and achieves success, marketing practices are more rigorous and formulated. Later, when the formalised approach is no longer appropriate, firms need to change to a different stage of marketing called Intrapreneurial Marketing. However, a review of the EM literature challenges Kotler's (2003) view. For example, small technology firms in their mature stage still maintain EM approaches rather than formulated marketing strategies (Jones et al., 2013); or EM is the strategy for firms to achieve competitive advantages under dynamic, turbulent market environments regardless of their size or stage (Boonchoo et al., 2013; Miles and Darroch, 2006).

For the purpose of my thesis, the EM definition proposed by Whalen et al. (2016) is adopted. Since this thesis aims to study EM from a comprehensive perspective, a definition of EM that recognises the integrated aspect of entrepreneurship and marketing concepts is argued to be appropriate. According to Whalen et al. (2016, p.3), EM is "a combination of innovative, proactive, and risk-taking activities that create, communicate, and deliver value to and by customers, entrepreneurs, marketers, their partners, and society at large". When EM is considered as the combination of entrepreneurship and marketing, the topic areas under this

research can contribute to a wide range of aspects of EM in the literature. In a similar vein, Jones (2010, p.143) argues that “the relationship between marketing and entrepreneurship is mutually beneficial and that both discipline subject areas when combined have much to contribute to both knowledge and practice. The sum of marketing plus entrepreneurship is greater than their individual component parts”. As such, this definition provides a useful basis to explore and understand EM comprehensively.

### **2.2.2 The Contextual Approach**

The above sections highlight the various ways to researching EM in the existing literature via the four marketing/entrepreneurship interface perspectives. The nature of EM diversity is also reflected in the contextual view to EM research. As such, the following sections review the literature that studies EM by taking into account the context in which EM occurs.

#### **2.2.2.1 EM in Small and Medium Enterprises versus Large Firms**

The EM concept has been largely linked to the practices of marketing in small and medium enterprises (SMEs). In this sense, EM research returns to its roots in small business marketing when researchers recognise that small ventures have unique characteristics that traditional marketing theories cannot be used to explain (Bjerke and Hultman, 2002; Carson, 1985; Carson and Gilmore, 2000; Carson et al., 1995). Scholars who advocate studying EM in small firms argue that this approach is appropriate since the majority of businesses in the world are small enterprises (Carson et al., 1995; Hansen and Eggers, 2010). Therefore, by returning to small business marketing, the EM literature can represent these dominant types of business. Indeed, some EM definitions refer explicitly to marketing in small ventures (Hill and Wright, 2000; Stokes, 2000). For example, Bjerke and Hultman (2002, p.15) define EM as the “marketing of

small firms growing through entrepreneurship”. By viewing EM as marketing practised by small firms, scholars identify characteristics of small business marketing that differ from conventional marketing often adopted by large firms. Table 2.2 summarises some differences between conventional marketing and EM.

**Table 2.2 Comparison of Conventional Marketing and EM**

	<b>Conventional marketing</b>	<b>EM</b>
<i>Marketing concept</i>	Customer-oriented: Market-driven, product development follows	Innovation oriented: Idea-driven, intuitive assessment of market needs
<i>Strategy</i>	Top-down segmentation, targeting, and positioning, Facilitation of transactions and market control	Bottom-up targeting of customers and other influence groups Sustainable competitive advantage through value-creating innovation
<i>Methods</i>	The marketing mix, four/seven P’s; reactive and adaptive approach to current market situation with incremental innovation	Interactive marketing methods, word-of-mouth marketing, Proactive approach, leading the customer with dynamic innovation
<i>Market intelligence</i>	Formalised research and intelligence systems	Informal networking and information gathering
<i>Marketer’s role</i>	Coordinator of marketing mix, builder of the brand	Internal and external change agent, creator of the category
<i>Customer’s role</i>	External source of intelligence and feedback	Active participant in firm’s marketing decision process, defining product, price, distribution and communication approaches
<i>Customer needs</i>	Articulated, assumed, expressed by customers through survey research	Unarticulated, discovered, identified through lead users
<i>Orientation</i>	Marketing as objective, dispassionate science	Central role of passion, zeal, persistence and creativity in marketing

Source: Adapted from Morris et al. (2002) and Stokes (2000)

EM is considered an effective and efficient application to the specific need of SMEs due to their severe limitation of resources, lack of marketing and management competencies (Carson et al., 1995; Gilmore et al., 2006; Kraus et al., 2012). EM as marketing practised in SMEs is explained by the characteristics of small firms that distinguish them from large organisations. Specifically,

Schollhammer and Kurilof (1979, p.179) identify five sets of small business attributes: scope of operation (predominantly local or regional market); scale of operations (very limited share of a given market); ownership (generally owned by one person or very few people); independence (not part of complex enterprise systems); management style (generally managed in a personalised fashion). In order to explore marketing activity in small firms, Carson (1990) proposes a conceptual marketing model that can be applied to assess different levels of small business marketing, as shown in Table 2.3.

**Table 2.3 Levels of Marketing Activity**

<i>Levels of marketing activities</i>			
<b>Marketing planning considerations</b>	<b>Not/Little</b>	<b>Implicit/ Simple</b>	<b>Explicit/ Sophisticated</b>
Market knowledge			
Competitors			
Customers			
Market information			
Competitive advantage			
Promotion			
Price			
Service			

Source: Carson (1990, p.28)

The literature on marketing practice in SMEs focuses on networking as one of the most effective marketing strategies for firms to overcome their resource constraints. Therefore, many studies in SME marketing have focused on the networking aspect of these firms such as: the role of networking in SMEs (Rocks et al., 2005; Shaw, 1999), the process of transferring networks in SMEs (Gilmore et al., 2006); and the strategic networking approach (Carson et al., 2004; Jones et al., 2013). While these studies recognised networking as one of the most distinctive aspects

of marketing in SMEs, the literature also shows that SMEs implement other marketing activities such as value creation (Morrish et al., 2010), and effectuation (Morrish, 2009; Mort et al., 2012).

Although this approach to studying EM focuses mainly on exploring marketing practice among SMEs, it is important to acknowledge that EM is applicable to all types of businesses regardless of their size or stage (Boonchoo et al., 2013; Collinson and Shaw, 2001; Hills and Hultman, 2011; Kraus et al., 2010; Sethna et al., 2013; Whalen et al., 2016). Specifically, Miles and Darroch (2006) suggest that EM is an innovative approach for large firms under a turbulent market environment to maintain their business performance. Sole (2013) argues that although most evidence of EM practice is found in the research conducted in the context of SMEs, EM may be used by all types of firms in all kinds of contexts. One reason why the majority of studies in EM is conducted within the context of SMEs is because entrepreneurial activities are often more visible in these firms (Stokes, 2000). Meanwhile, it can be challenging to identify entrepreneurial activities in large firms due to the complexity of their management systems and firm structures (Collinson and Shaw, 2001).

#### **2.2.2.2 Business Environments**

EM activities and behaviours vary depending on the type of firm and industry (Boonchoo et al., 2013; Schwartz and Teach, 2009; Sole, 2013). Specifically, Jones et al. (2013) suggest that in the context of technology firms, the role of partnership is crucial (e.g. firms with stakeholders, investors, customers, and other technology firms). Technology firms which operate in dynamic, fast-moving, highly competitive markets adopt EM for basic survival (Whalen et al., 2016). In contrast, firms in non-technology industry sectors are often considered as existing in a more stable and more predictable market environment. As such, they might not be required to adopt

a high EM approach for basic survival (Whalen et al., 2016). The literature indicates that there is strong demand for firms in technology industries to adopt an EM approach (Jones and Rowley, 2008; Jones et al., 2013). However, firms in other industries also show clear evidence of adopting EM such as the art industry (Fillis, 2000), craft sector (Fillis, 2012), hospitality and tourism industry (Boonchoo et al., 2013; Fillis et al., 2017; Kurgun et al., 2011), and social enterprises (Shaw, 2004). These findings suggest that EM practice has broad application. When considering contextual factors in EM, researchers need to recognise environmental uncertainty such as rapidly changing markets, severe competition, and technology (Dilts and Hanlon, 2002). These dynamic business factors impact on the ways in which firms select marketing strategies in order to achieve and maintain sustainable competitive advantages (Boonchoo et al., 2013). Therefore, the notion of ‘subversive marketing’, as suggested by Bonoma (1986), plays a critical role in helping firms to adopt innovative marketing strategies to be successful under changes in environmental conditions. Bonoma’s (1986) suggestion of subversive marketing is in line with the key concepts of EM which focus on innovative marketing practices to deal with changes in the external environment rather than relying on well-tested marketing guidelines, rules of thumb, or routines in marketing practices.

The impact of the business environments on marketing practice has been the focus of many marketing scholars (e.g. Davis et al., 1991; Hamel and Prahalad, 1992; Zeithaml and Zeithaml, 1984). These authors advocate for marketing strategies that work closely with a set of environmental factors such as market conditions, competitions, technology or society. By emphasising the need to understand the business context, firms can adjust their marketing practices to overcome the challenges posed by these factors. Zeithaml and Zeithaml (1984) highlight the relevance of ‘environmental marketing management’ where firms need to adopt a

proactive and entrepreneurial approach to manage the business environment. Similarly, scholars such as Davis et al. (1991), and Hamel and Prahalad (1992) stress the need for ongoing anticipation and response to turbulent market environments, to identify aspects that firms could control and identify novel methods for competitive advantage by utilising external resources. Webb et al. (2011) emphasise the significant impact of the institutional context on EM process. Drawing upon the concepts of institutional theory (North, 1990), the authors argue that the complexity of institutional contexts (e.g. laws, regulations, society's norms, values, and beliefs) influence the various activities through which firms explore and exploit marketing opportunities. As such, Webb et al. (2011) call for additional research to examine how specific institutional factors affect EM activities.

Since technology is largely recognised as a critical factor impacting on the practice of EM (Durkin et al., 2013; Gilmore et al., 2007; Harrigan et al., 2012), this factor is also considered in the context of this thesis. The advance of information communication technology (ICT) has changed the landscape of EM. Technology provides firms with opportunities to develop e-business while exhibiting barriers to firms at the same time (Jones, 2010). According to Yetis-Larsson et al. (2015, p. 496), “as the line between the physical and virtual worlds continues to blur through virtual world platforms, we observe a tendency among entrepreneurs to embed themselves in both physical and virtual environments leveraging affordances from both spaces”. As such, firms can enhance their competitive advantages by cooperating with other stakeholders in both horizontal and vertical online environments (Grangesjo and Gummesson, 2006).



EM practices in hospitality firms have been largely influenced by technology, especially online platforms such as social media, online travel agents, online travel community (Jones et al., 2015; Law et al., 2010). Online platforms have significantly transformed the ways hospitality and tourism industry practice business. In particular, evidence shows that the hospitality sector has been using social media to engage with customers and this strategy is one of most effective approaches to sustaining competitive advantage (Chan and Guillet, 2011; Daugherty and Hoffman 2014; Law et al., 2009; Lee et al., 2011; Litvin and Hoffman, 2012; Park and Allen, 2012). However, there are certain challenges for firms when utilising social media for marketing activities. For example, privacy concerns (Houghton and Joinson, 2010) might reduce the willingness to share or review online, while fluid online digital identity might lead to the issue of credibility of online users (Thomas et al., 2017). These issues are particularly crucial for the hospitality sector which relies heavily on customer reviews and electronic word-of-mouth (eWOM) to enhance competitive advantage (Leung et al., 2015). Regardless of the significant impact of online platforms on EM, scholars are criticised for lagging behind the rapid change of Internet technology which influences EM practice as it happens in a real-life context (Durkin et al., 2013). Consequently, one critical aspect that requires further investigation is EM activities within the online business environments (Durkin et al., 2013; Fischer and Reuber, 2011).

In general, business environments have a significant role in defining EM activities and, in turn, entrepreneurs can also affect changes in the business context surrounding them. As Morris et al. (2001, p.15) put it, “the entrepreneurial marketer does not take the external environment as a given or as a set of circumstances to which the firm can only react or adjust. The environment is defined as an opportunity horizon. [...] marketing efforts are proactively directed toward

affecting change in the environment”. Although the role of the business context in relation to EM is well acknowledged in the EM literature, empirical insights into the dynamic interactions between firms and business context are limited. This suggests a need to examine these complex interactions to gain a comprehensive understanding of EM. Therefore, one of the main objectives of this thesis is to investigate the dynamic interplay between the business context and firms in relation to EM adoption.

## **2.3 Elements of EM**

The diverse approaches to researching EM in the existing literature (as reviewed in Sections 2.2.1 and 2.2.2) have led to various findings on the elements constituting EM. These elements represent the characteristics of EM being implemented among firms in various industries and countries. As such, this section examines the EM characteristics revealed in the existing literature. The review provides a fundamental knowledge of the elements constituting EM and how firms adopt them. In doing so, it examines the most established EM frameworks as well as the distinctive characteristics of EM. This is followed by a synthesis of prominent EM elements emerging from the existing literature. A review of the key elements of EM provides the state of the art in the field of EM, allowing this thesis to be firmly embedded within this area of the literature.

### **2.3.1 Established EM Frameworks**

The existing EM literature shows two influential frameworks which identify the key elements of EM. The first framework, proposed by Morris et al. (2002), suggest that EM consists of seven elements: proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity, and value creation. The second framework, developed by Jones

and Rowley (2009), consists of fifteen EM elements informed by four orientations: entrepreneurial orientation (EO), market orientation (MO), innovation orientation (IO), and customer orientation (CO). Based on these fundamental four orientations, Jones and Rowley (2009) name their framework EMICO. The sub-sections 2.3.1.1 and 2.3.1.2 discuss more detail of these two EM frameworks.

#### **2.3.1.1 Morris et al.'s (2002) Seven EM Elements**

EM as a field of marketing has been developed since the 1980s (Hills and Hultman, 2011). Therefore, it is important to conceptualise the underlying elements that constitute EM (Morris et al., 2002). As such, a conceptual framework of seven EM elements is proposed to provide a useful basis for further studies in the EM field (Morris et al., 2002). Since EM focuses on studying the interface between entrepreneurship and marketing, Morris et al. (2002) identify the seven elements of EM based on established scales from these two domains. The details of scales which Morris et al. (2002) adopt to develop their seven EM elements are presented in Table 2.4. Specifically, the four elements, proactiveness, risk-taking, innovativeness and opportunity focus stem from the EO literature (Covin and Slevin, 1994; Miller and Friesen, 1983; Morris and Sexton, 1996; Zahra and Garvis, 2000). The two elements of customer intensity and value creation have arisen from the MO literature (Han et al., 1998; Jaworski and Kohli, 1993; Slater and Narver, 1995). Morris and his colleges add 'resource leveraging' which emerges from the concept of 'guerrilla marketing' (Levinson, 1993) to their framework. The underlying characteristics of guerrilla marketing include: "low cost, effective communications, cooperative efforts and networking, leveraging resources" (Morris et al., 2002, p.3). Noticeably, there is no reference to established scales for resource leveraging while the other six elements are explicitly developed from EO and MO scales (Schmid, 2012).

**Table 2.4 Studies Informing Morris et al.'s (2002) Seven EM Elements**

<b>Authors</b>	<b>Constructs/ Characteristics</b>	<b>Morris et al.'s (2002) adaptation</b>
Miller and Friesen (1983)	Entrepreneurial model consists of hostile environment, innovation, high risk	Inform four EM elements: (1) proactiveness (2) calculated risk-taking (3) innovativeness (4) opportunity focus
Covin and Slevin (1994)	Firms whose strategic posture (proactive, innovative, risk-taking activities) scores higher are classified as entrepreneurial firms	
Morris and Sexton (1996)	EO constructs are based on Miller and Friesen (1983)	
Zahra and Garvis (2000)	Modified version of Miller's (1983) EO. EO consist of: using 'tried and true' procedure, systems and methods; challenging major competitors; taking bold, wide-ranging strategic actions; emphasising the pursuit of long-term goals and strategies; usually introducing new products to the market first; rewarding taking risks	
Levinson (1993)	Low-cost, effective communication, cooperative efforts and networking, leveraging resources, using energy and imagination	Inform EM element: (5) resource leveraging
Jaworski and Kohli (1993)	MO consists of intelligence generation, intelligence dissemination, and responsiveness	Inform EM elements: (6) customer intensity (7) value creation
Slater and Narver (1995)	MO should "encompass all sources of relevant knowledge and ideas pertaining to customers and customer value creating capabilities" (Slater and Narver, 1995, p.68)	
Han et al. (1998)	MO scales based on Naver and Slater (1990)	

The development of Morris et al.'s (2002) seven elements of EM has been among the most influential framework within EM research (see, for example, Al-Manasra et al., 2013; Becherer et al., 2012; Fiore et al., 2013; Hacıoglu et al., 2012; Hamali et al., 2016; Kurgun et al., 2011; Miles and Darroch, 2006; Morrish and Deacon, 2011; Rezvani and Khazaei, 2013; Schmid, 2012). However, within the research stream that focuses on confirming the seven elements of EM, the findings are varied across studies depending on the contextual and methodological

approaches. While research from a qualitative approach acknowledges the validity of Morris et al.'s framework (e.g. Miles and Darroch, 2006; Kurgun et al., 2011), most quantitative studies have not fully confirmed Morris et al.'s (2002) seven elements. For example, Kocak (2004) confirms five elements of EM in a study of small Turkish firms; Fiore et al. (2013) confirm four elements in a study of US firms; Becherer et al. (2008) indicate that the adoption of EM elements is varied depending on the experience or motivation of the entrepreneurs in which four of the EM elements (customer intensity, opportunity focus, proactiveness, and resource leveraging) vary depending on the owners' motivation.

#### **2.3.1.2 EMICO Framework**

While the EM elements proposed by Morris et al. (2002) are mostly used to study EM in a wide range of contexts, Jones and Rowley (2009) develop a more specific framework to study EM in SMEs. According to the authors, EMICO is developed to provide an appropriate framework for the further insightful understanding of marketing in small firms because prior scales in EM studies have failed to acknowledge specific marketing activities that occur within entrepreneurial SMEs. EMICO reveals fifteen prominent EM elements exhibited in the context of SMEs. The framework includes aspects suggested by Morris et al. (2002), some of the EM characteristics identified by Hills and Hultman (2005), and scales from the innovation orientation (IO) and customer/sales orientation (CO/SO) literature (details about the development of EMICO are shown in Table 2.5). The descriptors of the fifteen elements in the EMICO framework is presented in Appendix 2.1. The EMICO framework and the Morris et al.'s (2002) seven dimensions share some common elements of EM. Specifically, both frameworks are derived from the EO and MO scales literature (Covin and Slevin, 1989, 1994; Jaworksi and Kohli, 1993; Kohli et al., 1993; Narver and Slater, 1990; Slater and Narver, 1995).

The development of EMICO with fifteen EM elements and their descriptors has been adopted to explore EM in different contexts, such as small technology firms (Jones et al., 2013), networks and the internationalisation of small firms (Morrish and Jones, 2013). By applying the EMICO framework to study small technology firms in Wales, UK and Silicon Valley, US, Jones et al., (2013) identify different orientations towards certain aspects of EM practice among firms across the two countries, US firms view five elements of speed to market, risk taking, proactiveness, exploiting markets, sales and promotions as more important compared to UK firms. Only one aspect, 'responsiveness towards customers' is viewed as less important by US firms compared to UK organisations. The findings from this comparative study illustrate that firms in different countries adopt varied approaches in implementing EM. However, a gap remains as to why these differences in EM practices are exhibited across countries (Jones et al., 2013). As discussed in Section 2.2.2.2, the business environment significantly impacts EM activities, perhaps by understanding the business context surrounding firms, we can gain more insightful understanding of the reasons behind these various EM approaches. This suggests a need for a more comprehensive approach to studying EM in which the business context should be taken into account.

**Table 2.5 Studies Informing the EMICO Framework**

<b>Authors</b>	<b>Constructs</b>	<b>Jones and Rowley's (2009) adaptation</b>
Knight (1997)	Based on EO in Khandwalla's (1977) 'ENTRESCALE'	Inform EO aspect of EMICO: (1) Research and development (2) Speed to market
Matsuno et al. (2002)	EO scales are adapted from Covin and Slevin (1989), Morris and Paul (1987), Naman and Slevin (1993)	Inform EO in EMICO framework: (3) Risk-taking (4) Proactiveness
Siguaw et al. (2006)	IO is conceptualised from firm behaviour perspective	Inform IO aspect of EMICO: (5) Overarching knowledge infrastructure (6) Encouraging, stimulating and sustaining innovation
Saxe and Weitz (1982)	Based on the concept of CO and sales people	Inform CO aspect of EMICO: (7) Understanding and delivering customer value
Deshpande et al. (1993)	View CO and MO as being interchangeable	
Saura et al. (2005)	CO is based on Deshpande and Farley's (1990) MORTN scale	
Narver and Slater (1990)	MO is comprised of CO, competitor orientation, and inter-functional coordination	Inform CO aspect of EMICO framework: (8) Communication with customers Inform MO aspect of EMICO: (9) Integration of business process
Kohli et al. (1993)	MO consists of intelligence generation, intelligence dissemination, responsiveness and integration	Inform CO aspect of EMICO: (10) Responsiveness toward customers Inform MO aspect of EMICO: (11) Market intelligence generation (12) Responsiveness towards competitors
Carson et al. (1995); Morris et al. (2002)	Research networks in SMEs, firm learning orientation, resource leveraging	Inform MO aspect of EMICO: (13) Networks and relationships
Hills and Hultman (2005)	Identify 23 characteristics of EM	Inform MO aspect of EMICO: (14) Proactively exploiting markets Inform CO aspect of EMICO: (15) Sales and promotion

### 2.3.2 Synergy of EM Elements

Morris et al.'s (2002) seven elements and EMICO (Jones and Rowley, 2009) have underpinned many studies to identify EM activities and behaviours among firms in various contexts. The extent to which these two established frameworks are adopted varies depending on the approach

that the researchers adopt. For example, studies using quantitative methods apply the seven EM elements of Morris et al. (2002) with certain modifications to match the characteristics of the industry or country under investigation (e.g. Fiore et al., 2013; Kocak, 2004; Schmid, 2012). When using a qualitative approach, EM studies have adopted either Morriss et al.'s (2002) or EMICO frameworks to gain greater insights into EM practices (e.g. Jones et al., 2013; Kurgun et al., 2011; Miles and Darroch, 2006; Morris and Jones, 2013). Moreover, both frameworks can be integrated with other EM elements identified from the existing EM literature. For example, Boonchoo et al. (2013) selected EM elements from major EM researchers including Hoy (2008), Jones and Rowley (2009), and Morris et al. (2002) to study the hospitality industry in Thailand.

The adoption of various EM elements in empirical studies has led to different findings on firms' EM activities and behaviours. There is little common agreement as to how many elements constitute EM despite significant research on EM across firms, industries, and countries. For example, Mort et al. (2012) identify four EM elements that born-global firms adopt to achieve superior performance: opportunity creation, customer intimacy based innovative products, adaptive resource enhancement, and legitimacy. Kilenthong et al. (2015) identify six EM elements including growth orientation, opportunity orientation, total customer focus, value creation through networks, informal market analysis, and closeness to the market. However, it is important to note that the EM elements identified by Mort et al. (2012) or Kilenthong et al. (2015) show extensive overlap with EM elements identified in Morris et al. (2002) and EMICO's fifteen elements. These EM elements encompass all of the essential elements suggested in the existing EM research. Therefore, it can be concluded that EMICO framework and Morris et al.'s (2002) EM elements are collectively exhausted.



The literature review on EM also reveals a different approach to studying EM elements that departs from the adoption of the EMICO framework, Morris et al.'s (2002) seven elements, or common EM elements suggested in prior EM studies. This distinctive approach is in line with the fourth perspective of marketing/entrepreneurship interface in which the authors focus on identifying the unique elements of EM that have been largely ignored in existing EM studies. Specifically, a series of studies on creativity as a distinctive EM element has been conducted by Fillis (2000, 2002, 2004, 2012), Fillis and McAuley (2000), Fillis and Rentschler (2005). Another distinctive EM element is effectuation which has been explored by scholars such as Fillis et al. (2017), Morrish (2009), Mort et al. (2012), and Nijssen (2014).

The synergy of EM elements from the existing EM literature is summarised in Table 2.6. The four common elements are EO, MO, networking, and value creation. The two distinctive elements of EM are creativity and effectuation. The sub-sections from 2.3.2.1 to 2.3.2.6 discuss each EM element in more detail.

**Table 2.6 Key EM Elements and Major Authors**

EM elements	Main Authors
(1) EO - Risk-taking, innovativeness, and proactiveness (Lumpkin and Dess, 1996)	Al-Manasra et al.,2013; Becherer et al.,2012; Bjerke and Hultman, 2002; Boonchoo et al., 2013; Carter, 2008; Fiore et al., 2013; Hacıoglu et al., 2012; Hamali et al., 2016; Hill and Wright, 2000; Hills et al., 2008; Jones and Rowley, 2009, 2011; Kilenthong et al. 2015; Knight, 1997; Kropp et al., 2006; Kurgun et al.,2011; Lumpkin and Dess, 1996; Miles and Darroch, 2006; Morris and Paul, 1987; Morrish and Deacon, 2011; Rezvani and Khazaei, 2013; Schmid, 2012
(2) MO - Customer orientation, competitor orientation, inter-functional coordination (Narver and Slater, 1990)	Al-Manasra et al., 2013; Becherer et al.,2012; Bjerke and Hultman, 2002; Boonchoo et al., 2013; Carter, 2008; Fiore et al., 2013; Hacıoglu et al., 2012; Hamali et al., 2016; Hill and Wright, 2000; Hills et al., 2008; Jones and Rowley, 2009, 2011; Kilenthong et al., 2015; Kropp et al., 2006; Kurgun et al.,2011; Miles and Darroch, 2006; Morris and Paul, 1987; Morrish and Deacon, 2011; Narver and Slater, 1990; Rezvani and Khazaei, 2013; Schmid, 2012; Webb et al., 2011
(3) Networking - Resource leveraging, types of network and level of networking (Gilmore et al., 2006)	Al-Manasra et al.,2013; Becherer et al.,2008; Bjerke and Hultman, 2002; Boonchoo et al., 2013; Carson et al., 2005; Carter 2008; Collinson and Shaw, 2001; Fiore et al., 2013; Gilmore and Carson, 1999; Gilmore et al., 2006; Hacıoglu et al., 2012; Hamali et al., 2016; Hill and Wright, 2000; Jones and Rowley, 2008, 2009, 2011; Kilenthong et al., 2015; Kurgun et al.,2011; Miles and Darroch, 2006; Morrish and Deacon, 2011; Rocks et al., 2005; Shaw 1999; Stokes, 2000; Rezvani and Khazaei, 2013; Schmid, 2012
(4) Value creation - Understanding and delivering customer value (Jones and Rowley, 2009)	Al-Manasra et al., 2013; Becherer et al., 2012; Bjerke and Hultman, 2002; Fiore et al., 2013; Hacıoglu et al., 2012; Hamali et al., 2016; Hills and Hulman, 2006; Kilenthong et al., 2015; Kurgun et al., 2011; Miles and Darroch, 2006; Morris et al., 2002; Morrish and Deacon, 2011; Schindehutte et al., 2009; Rezvani and Khazaei, 2013; Schmid, 2012
(5) Creativity - The production of new ideas (Amabile, 1988)	Fillis, 2000, 2002, 2004, 2012; Fillis and McAuley, 2000; Fillis and Rentschler, 2005; Fillis et al., 2017; Lehman et al., 2014
(6) Effectuation - Non-predictive strategies, means-driven (Morrish, 2009).	Fillis et al., 2017; Lam and Harker, 2015; Read et al., 2009; Morrish 2009, 2011; Mort et al., 2012; Nijssen, 2014; Stokes, 2000; Whalen et al., 2016

### **2.3.2.1 EO**

Morris et al. (2002) and Jones and Rowley (2009) acknowledge that EO is a critical element of EM. According to Morris et al. (2002), the characteristics of EO (proactive, innovative orientation and risk management) are essential for firms to not only react but also adjust to the external business environments. By adopting EO, firms can be capable of redefining external factors to reduce uncertainty and alter their competitive strategies. When applying the concept of EO in EM from a qualitative approach, researchers can explore to what extent firms are proactive, innovative and risk-taking in their EM activities (e.g. Jones et al., 2013; Kurgun et al., 2011). Studies on EO with a quantitative approach focus on identifying the relationship between EO and firm performance. The findings commonly reveal a positive relationship between EO and firm performance (e.g. Boonchoo et al., 2013; Hamali et al., 2016).

Originally, the EO concept was developed in the entrepreneurship field, and scholars have examined EO as a large stream of research in entrepreneurship (Rauch et al., 2009). EO is perceived as the process, practice and decision-making activities used to pursue new opportunities in entrepreneurship (Lumpkin and Dess, 1996). Although EO is considered a central concept in the domain of entrepreneurship, its constructs have been adopted in entrepreneurship research in various ways. Lumpkin and Dess (1996) suggest that EO consists of five elements: autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. However, researchers have adopted the three most common elements of EO, proposed in the work of Covin and Slevin (1989), including proactiveness, risk-taking, and innovation (Kropp et al. 2006; Matsuno et al., 2002; Rauch et al., 2009).

Entrepreneurial innovativeness is defined as the “willingness to support creativity and experimentation in introducing new products/services, and novelty, technological leadership and R&D in developing new processes” (Lumpkin and Dess, 2001, p. 431). Proactiveness refers to the activities to develop new products or service in order to stay ahead of the competitors and create change in the business environments. The risk-taking behaviour of entrepreneurs has been examined extensively in the literature and is generally associated with the extent to which the entrepreneurs are willing to engage with activities that exhibit risks for their businesses (Lumpkin and Dess, 2001).

EO is often studied in the entrepreneurship literature by using quantitative scales to measure the level of innovativeness, risk-taking, and proactiveness (Rauch et al., 2009). When applying the constructs of EO proposed by Lumpkin and Dess (1996) in doing research in entrepreneurial firms, the concept of innovativeness can be examined in respect of the willingness to develop new products and services. The proactiveness concept can be investigated to see if firms implement these innovative developments to overcome competition. The concept of risk-taking can be used to assess if firms adopt a bold and aggressive method in pursuit of new opportunities. Since the EO concept was originally proposed (Miller, 1983), it has been extensively adopted to test its relationship with various constructs such as firm size and environmental factors (Lumpkin and Dess, 2001). Evidence suggests that firm EO has a strong relationship with firm performance and is a critical element for firms to achieve sustainable competitiveness especially under hostile business environments (Dilts and Hanlon, 2002; Wiklund and Shepherd, 2005). Abebe (2014) conducted a study with SMEs to examine the relationship between EO and the adoption of the Internet, finding that SME firms that have a

high level of EO are more likely to exploit Internet technology than those that have a low level of EO.

#### **2.3.2.2 MO**

MO has been acknowledged by scholars as a central component of the marketing concept and some view CO and MO interchangeably (Deshpande et al., 1993; Shapiro, 1988; Webster, 1988). Among the seven EM elements proposed by Morris et al. (2002), the concept of MO is represented in the need for creative approaches to customer acquisition, retention, and development in implementing EM. High levels of customer intensity are achieved when the firm and customers are both fundamental actors, making the development of dyadic relationships with customers essential (Morris et al., 2002). Therefore, this conceptualisation of customer intensity shares many common aspects with the concept of CO and MO in the EMICO framework (Jones and Rowley, 2009). Many researchers have adopted MO as an aspect in the study of SME marketing. The most popular MO scales are adopted from Narver and Slater (1990) and Jaworski and Kohli (1993).

Compared with the constructs of EO, developed since the 1980s as a central focus on entrepreneurship studies (Miller, 1983), the constructs of MO have been widely recognised since the 1990s (Becherer and Maurer, 1997). The concept of MO is proposed to examine the market focus of a firm (Kropp et al., 2006). Although a variety of MO definitions have been suggested, two common perspectives are adopted in the literature (Tajeddini et al., 2006). Specifically, MO can be seen from a behavioural perspective (Kohli and Jaworski, 1990) or a cultural perspective (Narver and Slater, 1990). According to the behavioural perspective, MO is regarded as “the organization wide generation of market intelligence pertaining to current

and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it” (Kohli and Jaworski, 1990, p.6). With regard to the cultural perspective, MO consists of three components: customer orientation, competitor orientation, and cross-functional coordination (Narver and Slater, 1990). Customer orientation is “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously” (Narver and Slater, 1990, p.21). Competitor orientation suggests that “a seller understands the short-term strengths and weaknesses and long-term capabilities and strategies of both the key current and the key potential competitors” (Narver and Slater, 1990, p.22). The third component refers to “the coordinated utilisation of company resources that can create superior value for target customers” (Narver and Slater, 1990, p.22). Based on these three components of MO, Narver and Slater (1990) argue that MO is an organisational culture that can create superior value for customers and as such, enhance performance for the firm.

Despite the different approaches to the development of MO constructs, the MO components proposed by Narver and Slater (1990) and those provided by Kohli and Jaworski (1990) showed a clear overlap on both a conceptual and operational basis (Cadogan and Diamantopoulos, 1995). As such, Cadogan and Diamantopoulos (1995) advocate a view that integrates both MO elements proposed by Kohli and Jaworski (1990) and Narver and Slater (1990). Many scholars have adopted this view when studying MO both conceptually and empirically, for example, MO constructs in research on the relationship between MO and SMEs performance (Appiah-Adu, 1997; Horng and Chen, 1998; Pelham 1997, 1999, 2000; Pelham and Wilson, 1996; as shown in Table 2.7)

**Table 2.7 Studies on MO in SMEs**

Study	Sample	MO Scales	MO-Performance relationship
Appiah-Adu (1997)	110 manufacturing firms in the UK with between 10 and 50 employees	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive
Armario et al. (2008)	112 agricultural, consumer, and industrial goods companies	Jaworski and Kohli (1993)	Positive
Becherer and Maurer (1997)	147 entrepreneur-led firms	Morris and Paul (1987)	No significant relationship
Becherer et al. (2003)	215 small business with median of 22 employees	Morris and Paul (1987)	Positive
Horng and Chen (1998)	76 SMEs in Taiwan	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive
Kara et al. (2005)	Jaworski and Kohli (1993)	Jaworski and Kohli (1993)	Positive
Ngai et al. (1998)	73 textile and garment companies	Narver and Slater (1990)	Positive except for last year's profitability
Pelham and Wilson (1996)	68 Michigan firms with an average of 23 staffs	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive except for growth/share
Pelham (1997)	160 industrial manufacturing firms	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive
Pelham (1999)	229 industrial manufacturing firms	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive
Pelham (2000)	235 industrial manufacturing firms	Narver and Slater (1990), Jaworski and Kohli (1993)	Positive

Source: Raju et al. (2011, p.1323)

Most MO studies use quantitative approaches to test the construct's reliability and suitability and the relationship with firm performance (Kropp et al., 2006). For example, the literature shows that firms with a high MO (e.g. strong focus on customer needs and demands and good knowledge of competition issues) are more likely to perform better and are more successful in doing business compared with firms with a low MO (Jaworski and Kohli, 1993). The reason behind this relationship between MO and firm performance can be explained by the fit between

a firm's strategy and their environment. When firms develop a MO strategy and use this to manage their environment, their performance will increase (Scherer and Ross, 1990).

MO in the context of SMEs has also received attention from scholars due to the distinctive characteristics of SMEs compared with large firms. Similar to studies of MO in large firms, most studies in SMEs also focus on investigating the relationship between MO and company performance. Table 2.7 illustrates the findings from the existing literature on the impact of MO on the outcome of SME performance. This table reveals that the MO scales proposed by Naver and Slater (1990) and Jaworski and Kohli (1993) are integrated into many studies and these scales are among the most popular constructs adopted to evaluate the extent to which firm adopt MO.

MO implies that firms need to focus on the customers at the core of business. In this sense, customers play the central role in the concept of EM (Morris et al., 2002). Thus, building close relationships with customers is regarded as one of the most critical strategies for entrepreneurs to enhance their marketing capacity and meet customer needs and demands (Stokes, 2000). The literature indicates that building relationships with customers can bring a wide range of benefits for SMEs such as enhanced customer service, improved customer loyalty, increased personalisation, and cost savings (Harrigan et al., 2012). When SMEs face resource constraints in conducting formal marketing research, they rely heavily on personal communications with customers as the key sources of information, and hence, sustain competitive advantage (Carson et al., 1995).



### **2.3.2.3 Networking**

The competency to identify new resources that have not being used and utilise them in creative, unconventional ways is essential in EM (Morris et al., 2002). Resources can be leveraged when entrepreneurial firms blend or synergise a set of sources together in a number of ways to achieve more with less (Morris et al., 2001). Resource leveraging is encompassed in the aspect of networks and relationship in the EMICO framework (Jones and Rowley, 2009). Both Morris et al. (2002) and Jones and Rowley (2009) propose various ways for firms to maximise available resources in which the focus is on networking and developing relationships with stakeholders.

Networking has been identified as among the core elements of EM as a means to utilise resources, develop networks and relationships (Collinson and Shaw, 2001). This concept is viewed differently by various scholars depending on the focus of their investigation. Gilmore et al. (2001) state that SMEs use different types of networks built around owners'/managers' interactions and activities. Networks can be personal contact networks (PCNs), social networks, business networks, or marketing networks. In contrast, Dubini and Aldrich (1991) use the term 'networking' to describe entrepreneurial behaviour, emphasising different types of relations within personal networks. Strong ties refer to the direct and frequent contact whereas weak ties refer to indirect contact with people with whom they interact less frequently (Granovetter, 1973). This concept can be used to address the importance of different network ties for entrepreneurs. Entrepreneurs who are involved with loose networks can have access to a wider range of knowledge and resources than those who stay with strong and closed networks of relationships (Aldrich and Zimmer, 1986). In general, entrepreneurial networking could be viewed as the management of relationships which entrepreneurs have with other people (Dubini and Aldrich, 1991).

Network-based studies have received increasing attention in the EM and SME marketing domains (e.g. Carson et al., 1995; Carson et al., 2004; Gilmore et al., 2006; Rocks et al., 2005). Notably, since Shaw's (1999) justification for the relevance of applying network concepts to understand how entrepreneurs operate their businesses, evidence has shown the significance of the networks and networking of entrepreneurial firms (Jones and Rowley, 2008; Jones et al., 2013; O'Donnell, 2004; O'Donnell et al., 2001). In particular, networks and networking are found to play a vital role in marketing effectiveness, and small firms tend to embed similar network content to assist marketing strategy (Shaw, 1999). Gilmore et al. (2001) also illustrate the significance of networking and advocate that SMEs do "marketing by networking" (p.6). Evidence shows that different types of networks provide various opportunities and create value for strategic marketing (Jones et al., 2013). Carson et al. (2004) take a comprehensive view from social network concepts to develop a marketing network process framework which integrates three main elements; network structure, network linkage strength, and network usage. Their findings indicate that all three elements of marketing networks closely link together and in order to fully understand network marketing in SMEs, all the three network dimensions should be taken into account (Carson et al., 2004). Table 2.8 shows main studies of networks in the EM literature.

**Table 2.8 Summary of Main Studies of Networks in EM**

<b>Authors</b>	<b>Sample</b>	<b>Network construct</b>	<b>Key findings</b>
Carson et al. (2004)	UK.12 SMEs	Three network dimensions: network structure, linkage strength, usage dimension	The three dimensions of networks are strongly interrelated
Gilmore et al. (2006)	UK, 12 SMEs	Extent of networking activities: proactive, low level	Positive relationships between extent of networking and marketing activity
Jones and Rowley (2011)	Conceptual study	Networks and relationships	Networking is an important aspect of MO
Jones et al. (2013)	UK and US. 12 small firms in total	Networks of business, marketing and sales, innovation, customer, intra-firm	Firms generate value creation associated with each network type
O'Donnell (2004)	UK. 7 small firms	Level of networking, Networking proactivity, Strength of network ties	Owner-managers engage in extensive and proactive networking
O'Donnell (2014)	UK. 7 small firms	Three types of network content: exchange content, communication content, normative content	Networking contributes to all aspects of small firm marketing
Rocks et al. (2005)	UK.12 SMEs	Network size, formality, diversity, density, stability and flexibility	Insights into the use of marketing networks in terms of structural components
Shaw (1999)	UK. 4 small firms	Network contents consist of economic content, information content and normative content	Firms embed similar contents of networks; Networking plays a vital role in marketing effectiveness
Talebi et al. (2014)	Iran. 384 SMEs	Three components of virtual social networks: structural, interaction, functional	Positive relationships between virtual social networks and EM

Particularly in EM, PCNs are emphasised as central to marketing activities (Carson et al., 1995; Jones, 2008). One aspect of PCNs that requires further investigation is the customer network, as entrepreneurs in small businesses focus strongly on developing and maintaining close relationships with their customers (Bjerke and Hultman, 2002; Stokes, 2000). By engaging with

customer networks, entrepreneurs can encourage customers to take part in co-creation (Jones, 2010). Furthermore, recent developments in ICT have contributed significantly to the evolution of customer relationship management (Harrigan et al., 2012). SMEs can take advantage of online communication platforms to further enhance their marketing competencies. For example, small firms have recently implemented Internet technologies to assist electronic customer relationship management (e-CRM), social CRM (Harrigan et al., 2010), or eWOM (Stokes and Nelson, 2013). Regardless of the significance of online networks in EM, most studies of EM networks focus on offline networking environments.

#### **2.3.2.4 Value creation**

The significance of value creation for customers is acknowledged as an EM element in the framework of seven EM elements in Morris et al. (2002) framework. However, insights as to the types of value and how those values can be created for customers have been missing in the discussion of Morris et al.'s (2002) work. This makes it challenging for further studies to examine the value creation aspect in EM from an empirical perspective. The concept of customer value is incorporated in CO in EMICO (Jones and Rowley, 2009). Understanding and delivering customer value is described as a firm capability in practicing marketing that can deliver value to enhance customer satisfaction (Jones and Rowley, 2009).

Many researchers have acknowledged the notion of value creation as a central tenet of EM (Morris et al., 2002; Morrish, 2011; Hills et al., 2008). Value creation is essential for EM firms to distinguish themselves from administrative marketing firms and the process of creating value can be achieved by creating new products and market opportunities (Morrish et al., 2010). Therefore, the combination of entrepreneurship and marketing concepts complement the

process of value creation in EM. While entrepreneurship has focused on the role of opportunity identification and exploitation; marketing has focused on how value creation can be achieved by utilising those opportunities (Whalen and Akaka, 2016). In other words, “the primary focus of EM would seem to be the interface between opportunity development and value creation” (Whalen and Akaka, 2016, p.3). The significance of value creation is reflected in the research that has integrated EM into service-dominant logic and emphasises the central role of value creation in marketing (e.g. Miles et al., 2015; Morrish et al. 2010; Whalen and Akaka, 2016).

Value creation has been researched from a number of perspectives, and its conceptualisation has changed over time. The traditional perspective emphasises a top-down approach of value creation in which firms generate value for consumers, while the co-creation approach emphasises the creation of value from the interactions between firms and customers (Cova and Salle, 2008; Ekman et al., 2014). By adopting a socio-cultural approach, Preece et al. (2016) argue for a need to reconceptualise value creation in which value is co-created collaboratively with homogenous actors within industries, and the locus of control is dispersed. As such, the authors advocate for an alternative view to value creation which recognises the dynamic power of various actors. In doing so, a more unified perspective of value creation is suggested. Given the various approaches to studying value creation and its conceptual complexity, it is important to develop a comprehensive understanding of value and value creation processes. Karababa and Kjeldgaard (2014) characterised seven types of value as in Table 2.9.

**Table 2.9 Types of Value and their Characteristics**

Type of value	Characteristics
(1) Exchange value	The dominant approach in studying value in marketing in which value is conceptualised as a system of value exchanges among different parties.
(2) Perceived value	This is defined as “the consumer’s overall assessment of the utility of a product, based on perceptions of what is received and what is given” (Zeithaml, 1988, p.14)
(3) Social value	This is viewed as “core conceptions of the desirable within every individual and society” (Rokeach, 1979, p.2).
(4) Experiential value	According to Holbrook (1996, p.138), customer value is an “interactive relativistic preference experience”. Specifically, customer value entails an interactive link between consumer and product; this value is relativistic since it is comparative among products, it is different across people and it is dependent on the specific context; and it depends not on the purchase but largely on the consumers’ experiential aspect such as emotions, fantasies or fun (Holbrook and Hirschman, 1982; Holbrook, 1996).
(5) Identity value	This is “the aspect of a brand’s value that derives from the brand’s contribution to the self-expression” (Holt, 2004, p.11).
(6) Value as cocreated	Value is cocreated by the consumer and the marketer through the interactions of these actors. The value perceived and experienced by customers is defined as value- in-use (Vargo and Lusch, 2004).
(7) Value as the cocreation of meaning	This notion emphasizes the role of the consumer in co-creating meaning. It is important to balance customer-supplier aspects in order to understand meaning creation (Gummesson, 2008).

Source: Karababa and Kjeldgaard (2014)

The discussion of value as viewed by Kurababa and Kjeldgaard (2014) illustrates that the construct of value creation depends largely on the specific business context, and value can be embedded within services, resources or experiences (Agnihotri et al., 2012; Holbrook, 1996; Vargo and Lush, 2004). Traditionally, value creation can be assessed by understanding how organisations can increase benefits for customers while decreasing the cost of acquisition, use and distribution (Kotler, 2003). However, another perspective, which shifts from a firm-centric view of value creation to consumer-oriented approach, suggests that firms need to focus on the

process of value creation for customers and enable the value to emerge during consumption (Singh and Koshy, 2011). Thus, value creation focuses on personalised customer experiences leading to value co-creation process between consumers and organisations (Prahalad and Ramaswamy, 2004).

When engaging with customers to create value, it is important to consider the capabilities of firms in order to achieve a successful value creation process (Kline et al., 2014). In the case of entrepreneurial firms, these capabilities might involve the motivation of customers to take part in the exchange and integration of resources, contributing to the value creation process. In particular, in the context of the hospitality industry, one example can be the capability of firms to build online networks, which requires entrepreneurial skills to attract people to engage (Kline et al., 2014). One method of engaging customers is by using social media (Park and Allen, 2012) since this can empower customers and creates a new way for them to communicate with firms (Agnihotri et al., 2012; Jones, 2010). In turn, successful engagement with consumers online can be an important factor impacting positively on the decision-making of potential customers (Cox et al., 2009; Jeacle and Carter, 2011; Vasquez, 2011). Building online networks can encourage referrals through eWOM (Jones, 2010) and increasing economic benefits for firms (Manchanda et al., 2015). In this sense, having the capability to utilise online platforms provides firms with not only a low-cost, but also a personalised and efficient marketing tool (Harrigan et al., 2010), advancing the process of value creation to value co-creation (Woodcock et al., 2011).

Given the significant role of value creation in EM, Morris et al. (2002) stress that the innovative aspect of this concept is to distinguish value creation from traditional marketing viewpoint

(Kotler, 2003). According to Morris et al. (2002, p.8), “the task of the marketer is to discover untapped sources of customer value and to create unique combination of resources to produce value”. This innovative value creation is also reflected in the concept of the ‘value constellation’ (Bjerke and Hultman, 2002) where entrepreneurial firms can create value by utilising different networks and resources. The view of value creation in EM is in line with the sociocultural approach suggested by Kurababa and Kjeldgarrrd (2014) in which the authors argue for a need to change the ‘reductionist perspective’ on value which perceive value as mere meanings or economic concepts. Instead, the authors argue that these notions of value should be integrated to improve our understanding of value creation from a comprehensive perspective.

#### **2.3.2.5 Creativity**

While the previous four EM elements represent the common characteristics of EM adopted from two established EM frameworks (Jones and Rowley, 2009; Morris et al., 2002), creativity is a distinctive EM element that has been largely ignored in the established frameworks of EM (Fillis, 2002). In organisations, creativity refers to the output of individual intellectual activities that lead to the identification of novel ideas or the production of promising products, services or processes (Oldham and Cummings, 1996; Shalley and Gilson., 2004; Zhou et al., 2009). The process of creativity has been widely recognised as a social and communicative activity rather than an individual cognitive procedure (Perry-Smith and Shalley, 2003). For example, Chen et al. (2015) indicate that social networks can strengthen the creative performance of firms’ managers. Perhaps this is made possible because when entrepreneurs utilise social networks, they can generate social capital, which is an important aspect for generating creative ideas (Grängsjö and Gummersson, 2006). This finding implies that firm managers should take social



networks and social interactions into more consideration if they want to achieve a higher level of creativity at work.

It is also important to distinguish creativity from innovation since these two concepts might create confusion due to their similarity (Shalley and Gilson, 2004). Creativity is often viewed as the production of ideas while innovation is viewed as the implementation of these ideas. As such, creativity is the essential factor that can enable innovation to take place (Amabile, 1988). Under the rapid changing and highly competitive business environment, creativity is among the most critical factors that can support firms to adapt and survive (Fillis, 2002). Since a creative firm engages with activities that can lead to the recognition of original or better ideas for products, process, services or business model to solve workplace problems, being creative can enhance small firms' marketing capabilities to achieve a higher level of sustainable competitive advantage (Fillis, 2000; Fillis et al., 2017; Shin et al., 2012; Zhou et al., 2009).

Depending on the perspective that researchers adopt when studying creativity, this concept can be assessed in both the firm and the individual level. Eysenck (1994) suggests four dimensions of creativity in a firm: (1) content; (2) product; (3) individual exhibition; and (4) situation. When examining creativity from an individual viewpoint, Fillis (2000) identifies certain characteristics of entrepreneurs that can enhance creativity capability such as self-belief, innovative thoughts, initiation of ideas, and working with change. The measurement and constructs of creativity seem to be problematic due to its intangibility (Eysenck, 1994). Fillis (2002) suggests that the four dimensions of creativity proposed by Eysenck (1994) can be viewed as a useful guideline to examine creativity as an important element of EM.

As one of the key elements of EM, creativity helps firms to enhance their capability to respond to new opportunities, solve business problems and achieve sustainable competitive advantage (Fillis, 2000, 2004). Since acquiring information, knowledge and skills is central to the production of creative ideas, networking can provide important sources for firms to become more creative (Shalley, 1995). Networks are sources of marketing information and knowledge (Carson et al., 1995; Rocks et al., 2005; Shaw, 1999) and different types of networks provide distinct marketing resources (O'Donnell, 2004, 2014). To take the online network environment as an example, social media can be viewed as an important resource for creative processes, since these social media platforms empower people to engage in conversational and collaborative knowledge exchange which enhances creativity (Sigala and Chalkiti, 2015). In the context of the hospitality industry, the collaborative online environment (e.g. online reviews or critical feedback from customers on hotel services) can lead to the development of new products or services (Chan and Guillet, 2011; Daugherty and Hoffman 2014). In turn, hotels can generate these ideas from customers to enhance customers' needs and demands. Peppler and Solomou (2011, p.21) call for "attention to the ways that creativity is a cultural endeavour, shaped and persisted through the actions and values of many people". This suggests a close relationship between networking and creativity, and implies that if firms focus more on networking activities, they could generate more creative ideas to achieve higher performance for their businesses.

#### **2.3.2.6 Effectuation**

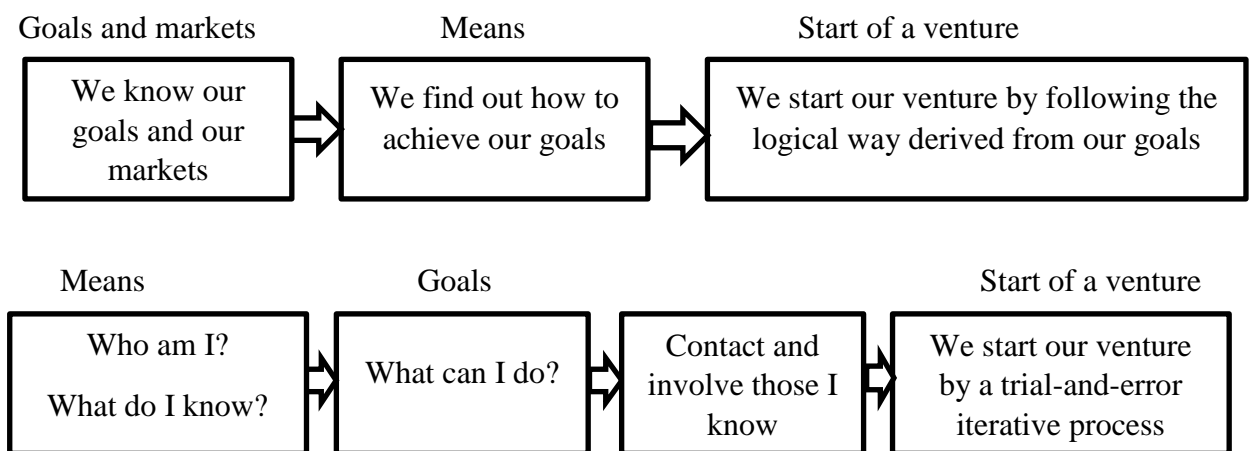
The previous section discusses creativity as a distinctive element of EM. The literature review also revealed that effectuation also plays a significant role into understanding EM activities and behaviours (Fillis et al., 2017; Morrish, 2009). As such, this section continues reviewing the distinctive elements of EM with a focus on the aspect of effectual logic.

The concept of effectual logic or effectuation is introduced by Sarasvathy (2001) when she identifies the decision-making processes of entrepreneurs and finds that they adopt effectuation processes (entrepreneurs take a set of means as a given and focus on selecting possible effects that can be created with that set of means). This decision-making process exhibited among entrepreneurs is in contrast with causation processes that have been widely acknowledged in the existing literature (managers take a specific goal as a given and identify the means needed to achieve the goal). Based on the findings from her study, Sarasvathy (2001) argues that effectuation is more appropriate compared with the process of causation when studying entrepreneurship. This in-depth qualitative study on entrepreneurs has influenced the way scholars view the entrepreneurship process. Specifically, the concept of effectuation provides great potential to explore entrepreneurial activities and behaviours, while causation tends to be exhibited in the traditional approach to business.

Based on Sarasvathy's work, Vershinina et al. (2017) explore the logic that entrepreneurs used in dealing with critical incidents by taking into account the social context in which entrepreneurs operate. The authors develop a typology of decision-making logic (anticipatory logic, experiential logic, networked anticipatory logic, and network experiential logic) to provide different approaches for entrepreneurs when taking decisions in response to critical incidents. Bjerke and Gaddefors (2017) apply effectuation to reflect on two different approaches that entrepreneurs can use to start their ventures. Specifically, Bjerke and Gaddefors (2017) propose the term 'goals rationality' to represent causation and 'means rationality' to indicate effectuation of start-ups (as shown in Figure 2.2). As such, entrepreneur who follows effectual logic can also be seen as 'bricoleur' (Strauss, 1966). By borrowing Levi Strauss' (1966) concept of 'bricolage', Bjerke (2017) suggests that an entrepreneur is a 'bricoleur'.

According to the author, a bricoleur is a person “who undertakes odd jobs and is a Jack-of-all-trades or a kind of professional do-it-yourself man or woman” (Bjerke, 2017, p.26). This notion of bricolage is reflected in entrepreneurial start-up actions which focus on exploiting inputs found from physical, market, institutional, or social contexts to generate resources and overcome business challenges (Baker and Nelson, 2005).

**Figure 2.2 Goals Rationality (Causation) versus Means Rationality (Effectuation)**



Source: Bjerke and Gaddefors (2017, p. 73, 74)

Based on the effectuation concept proposed by Sarasvathy (2001), a study on entrepreneurs' behaviours conducted by Fischer and Reuber (2011) suggests that effectuation processes involve three stages: intra-subjective cognition, interactive behaviours, and inter-subjective outcomes. At the intra-individual cognitive level, entrepreneurs think effectually and take stock of the means they believe are available to them. These means can be accessed via: “who they are, what they know and who they know” (Sarasvathy, 2001, p.250). At the interactive behaviours level, interaction with people whom the entrepreneurs know or meet can eventually culminate in the outcomes of the effectuation processes. The third stage is the inter-subjective outcomes which can result in the creation of ‘artifacts’ such as firms, markets and economies;

the other stage is the evaluation of entrepreneurial resources that are assets of the firms (tangible resources such as funding or intangible resources such as reputation) (Sarasvathy and Dew, 2008).

Recently, EM scholars have recognised the effectuating reasoning of the marketing decision making of entrepreneurs, whereby entrepreneurial effective thinking to improve customer value is essential (Hills and Hultman, 2011). For example, instead of using the administrative marketing approach of segmentation, targeting, and positioning, entrepreneurial firms use a 'bottom-up' approach when entering markets (Nijssen, 2014; Stokes 2000). Evidence shows that entrepreneurs use a bottom-up targeting process in which "they began by serving the needs of a few customers and then expanded the base gradually as experience and resource allowed" (Stokes, 2000, p.51). Although effectuation practice is widely acknowledged in entrepreneurial behaviours and activities, only a few empirical studies examine the effectuation process in EM (Mort et al., 2012). Recent research conducted by Mort et al. (2012) highlights the need to understand EM from an effectuation rather than a causation approach. The findings from their study on born global SMEs indicate that EM actions exhibit characteristics of effectuation in which a firm's marketing goals are largely determined in advance but the means to get there are not logical, causative steps. This effectuation process allows firms to enhance learning and discovering activities under uncertain business environments and leads to better performance outcome (Mort et al., 2012). As such, effectuation logic provides a better theoretical framework for exploring EM processes (Morrish, 2009).

Although the concept of effectuation has been largely recognised in the entrepreneurship field (Sarasvathy, 2001), little is known about how the effectuation process is reflected in EM

activities (Whalen et al., 2016). There is a need to understand how effectuation can be used to develop guidelines and techniques for EM firms (Whalen et al., 2016). Therefore, adopting effectuation constructs from the entrepreneurship literature can provide a useful approach to understanding the phenomenon of effectuation in the context of this study. Dew et al. (2009, p.292, 291) proposes five sub-dimensions of effectuation to study entrepreneurial decision-making which can provide a useful basis to study effectual logic in EM:

- Non-predictive as opposed to predictive control: entrepreneurial firms use a logic of non-predictive control to transform means at hand into new outcomes that they themselves may not have initially envisaged.
- Means-driven as opposed to goal-driven action: an effectual logic prescribes beginning with a given set of means and focusing on generating new ends. This may be contrasted with the causal logic of selecting a goal first and then choosing between given means or seeking to acquire the means necessary to achieve the selected end. A simple example of this is the chef who cooks from a recipe (causal) versus one who imagines possible meals from the ingredients available at hand (effectual).
- Affordable loss as opposed to expected return: calculations of expected return do not drive the choice of projects in an effectual view; instead, the choice of projects depends upon the decision makers' assessments about what they are willing to lose.
- Partnerships as opposed to competitive analysis: effectual logic strongly favours building partnerships and bringing stakeholders on board even before clarifying what exactly the product-markets and other goals for the venture are going to be. Causal approaches to new venture building, in contrast, prescribe first defining the market, then selecting segments within the market through detailed competitive analyses, and then using the relevant

specifications and needs of the target market to determine which stakeholders to pursue and acquire.

- Leveraging as opposed to avoiding contingencies: allowing one's means, acceptable levels of downside risk, and stakeholders to decide goals implies an ability to open oneself up to surprises of various sorts. In causal calculations, there is an explicit effort to avoid unpleasant surprises. The effectual entrepreneur, in contrast, has to stand ready to make do with what comes their way and to learn to transform both positive and negative contingencies into useful components of new opportunities.

## **2.4 Structuration Theory**

The previous sections review the relevant literature on different approaches to study EM, and the various elements that constitute EM. The literature review suggests that EM has been studied from two main different approaches: (1) the interface approach which focuses on exploring the key EM elements by using different ways to combining or synthesising the concepts of entrepreneurship and marketing; (2) the contextual approach which takes into account the business context to understand EM (e.g. SMEs versus large firms, different industries or countries). Due to these diverse approaches to EM studies, the key research problem is how to form a coherent view of EM to reconcile the dichotomy in the EM literature and provide a comprehensive approach to develop this field. The section progresses towards addressing this key issue arising in the EM literature review by discussing the enabling theory to unify EM diverse approaches.

For this thesis, Giddens's theory of structuration (1984) is applied as a theoretical lens to understand EM comprehensively. The theory enables the links between EM adoption (agency) and the business context (structure) to be investigated. While Giddens' theory has been widely incorporated within many fields of social science such as entrepreneurship (Chiasson and Saunders, 2005; Jack and Anderson, 2002; Morris et al., 2013), management studies (Pozzebon, 2004; Whittington, 1992), information systems (Jones and Karsten, 2008), and accounting (Macintosh and Scapens, 1990), little evidence has been found within the field of marketing. Giddens' theory recognises the role of structure in shaping agency and the freedom of agency to modify the structure. This concept of the duality of structure provides a useful theoretical lens to help explore and explain the EM phenomenon by examining the reciprocal relationship between business context (structure) and EM activities (agency). In doing so, Giddens' (1984) theory provides a sensitising device to explore and explain how the business context shapes EM activities and in turn, how firms reshape the context surrounding them through their EM actions. The following sections discuss the key concepts of structuration theory and how its concepts can be applied to shed light on the phenomenon of EM under investigation.

#### **2.4.1 The Duality of Structure**

Giddens (1984) develops structuration theory to address the deficiencies of the positivism and phenomenology approaches to understand a social phenomenon. On the one hand, scholars following positivism see agents as having very limited power and freedom, and studies in this strand were "strong on structure, but weak on action" (Giddens, 1993, p.4). On the other hand, scholars following phenomenology or ethnomethodology have largely ignored the role of structure, and their studies are "strong on action, but weak on structure" (Giddens, 1993, p.4). Structuration theory is, therefore, proposed to acknowledge the role of both structure and



agency in order to understand the social phenomenon from a comprehensive perspective. As such, structuration theory can help address the deficiencies of adopting methodological approaches from positivist or phenomenological ontologies. Structuration theory is regarded as a general theory in social sciences since its ideas are developed from an abstract level and deal with the general aspect of the social phenomenon rather than any specific setting (Layder, 1985). Due to its broad focus, researchers can apply this theory to different settings to conduct empirical studies. In this thesis, structuration theory is used to examine the reciprocal relationship between firms and the business context to understand EM adoption from a holistic view.

Structuration theory (Giddens, 1984) focuses on the dynamic interactions between social structures and human agents or actors. Structures are defined as “recursively organised rules and resources that individuals draw on and reconstitute in their day-to-day activities” (Giddens, 1979, p.64). Agents are “purposeful, knowledgeable, reflexive and active” (Sarason, 1995, p.48) and they not only have capabilities to act in a particular manner depending on their structures, but also to transform the structures, in doing so giving the structures new conditions. Therefore, structures and agents are not independent of each other, and social phenomena are the product of interactions between structures and agents. This reciprocal relationship between structures and agents is reflected in the central concept of structuration theory as the duality of structure (Jones and Karsten, 2008).

#### **2.4.2 Scripts**

The concept of scripts is proposed to link structures and the actions of agents (Barley, 1986; Barley and Tolbert, 1997). According to Barley and Tolbert (1997, p.98), scripts are defined as “observable, recurrent activities and patterns of interaction characteristic of a particular

setting”. The concept of scripts is useful since it can be empirically examined through repeated actions of actors or ‘behavioural regularities’ and this concept can be applied to research concerning different types of agents or levels of analysis (Barley and Tolbert, 1997).

Scripts can be evaluated via three criteria: “legitimation (legitimacy), signification (meaningful and competent), and domination (powerful)” (Chiasson and Saunders, 2005, p.751). Scripts are legitimate when agents consider them to be moral and practical in a particular structural setting such as a business or social context. The signification of scripts refers to whether the scripts are meaningful and competent. If these scripts facilitate agents to act quickly in a particular setting, they can be considered as significant. Scripts are dominant if they provide agents with power to control resources and compete with others. “Common scripts” are legitimate, competent, and risk-free while “uncommon scripts” are potentially competent and powerful but risky (Chiasson and Saunders, 2005). In the organisational context, scripts play can be powerful as firms can select, use, and modify a portfolio of scripts that have legitimation, signification, and domination to achieve successful outcomes (Jarzabkowski, 2008). The concept of scripts has been applied to understand the relationship between agents and structures in research fields such as information systems (Barley and Tolbert, 1997), organisation strategy (Jarzabkowski, 2008), and entrepreneurship (Chiasson and Saunders, 2005).

According to Sarason (1995), agents reflexively monitor their scripts use. This reflexive monitoring is another important aspect of agents’ capacity in order to observe and understand their activities and behaviours. By being reflexive, agents can obtain knowledge about their structures in order to identify and produce legitimate, meaningful, and powerful scripts

(Chiasson and Saunders, 2005). Agents' action on scripts also leads to scripts change which can be done intentionally or unintentionally. The scripts change may occur when actors reproduce scripts in their daily activities or when there is a change in external structural factors (Barley, 1986). In addition, the scripts change can unintentionally impact on the structures which exist at different levels such as firms, industry or nation. When applying the concept of scripts in structuration theory to EM research, EM activities and behaviours can be viewed as scripts since these EM elements are observable, recurrent actions and interactions between a firm and its business structure (Barley and Tolbert, 1997). In other words, EM scripts represent activities and behaviours that firms use when adopting EM under a specific business context that firms operate.

Structuration theory suggests that entrepreneurial activities are guided by scripts which are formed within business structures (Chiasson and Saunders, 2005). Firms are the agents who determine which scripts work and which scripts are believed to have legitimisation, signification, and domination. When viewing EM activities and behaviours as scripts, we consider that the adoption of scripts is impacted by the structures in which firms are embedded. Therefore, the selection, modification and production of scripts by entrepreneurial firms lead to the variety in their activities (Chiason and Saunders, 2005). In addition, when applying the structuration theory concept of the duality of structure, we can illustrate that EM adoption is an interactive process between firms' actions and business structures and that EM activities and behaviours are a complex and dynamic phenomenon to investigate. Therefore, the concept of scripts offers a useful basis to revealing insights as to how firms adopt EM.

### **2.4.3 The Application of Structuration Theory in Empirical Research**

Although Giddens' (1984) structuration theory has been increasingly adopted to study various social phenomena, the applicability of structuration concepts to empirical research remains challenging (Jones, 1997; Pozzebon and Pinsonneault, 2005). Reasons for this include: (1) structuration theory is a general theory of social science; its concepts are complex and involve a high level of abstraction. As such, this sometimes raises contradictory interpretations from scholars adopting structuration theory in their research (Jones and Karsten, 2008; Pozzebon and Pinsonneault, 2000), (2) there is no specific method for integrating the concepts under investigation with structuration theory. As Giddens indicates, "structuration theory is not intended as a method of research or even as a methodological approach" (Giddens, 1989, p. 296). In order to successfully adopt structuration theory in empirical studies, it is important to utilise its concepts in a flexible way and see structuration theory as a sensitising device (Giddens, 1989, p.294). This means scholars should adopt the basic elements of structuration theory as useful theoretical lenses for their research (Ponzebon and Pinsonneault, 2005). Giddens also criticises scholars who attempt to import structuration theory into their given area of study without a reflexive understanding of the nature of the specific field being investigated (Giddens, 1991).

Structuration concepts have been adopted in entrepreneurship to explain the relationship between entrepreneurs and external environments and how they interact with each other in the process of the identification and exploitation of opportunities (e.g. Chiasson and Saunders, 2005; Jack and Anderson, 2002). In management and organisation studies, the concept of the duality of structure is applied to investigate how and why firms choose different strategies (e.g. Jarzabkowski, 2008; Sarason, 1995). In information systems, scholars investigate the

relationship between humans and technology, and the role of information technology in the process of enactment in organisations (e.g. Barley and Tolbert, 1997; DeSanctis and Poole, 1994; Jones and Karsten, 2008). Structuration theory (Giddens, 1984) provides a potential approach for understanding marketing phenomena. For example, Peters et al. (2009) conduct a study on marketing through the lens of structuration theory indicating that firms can improve their value creation capabilities in marketing via the structuration process of organisational learning.

Giddens' (1984) structuration theory is not the only work that proposes to understand the relationship between agents and structures. A number of structurational theorists have discussed the interrelationship between society and the individual, for example, Urry (1982) and Bourdieu (1977). Noticeably, institutional theory shows many similar aspects when compared with structuration theory (Barley and Tolbert, 1997). Both theories acknowledge the dynamic process and interactions between institutions and actions. However, structuration theory advances the concept of institutional theory by explicitly focusing on the argument that institutions are reproduced and modified through the dynamic interactions between agents and structures (Giddens, 1984). Compared to Bourdieu (1977) or North (1990), who suggest that agent' actions are mainly shaped by the impact of structures and social contexts, Giddens (1984) emphasises the autonomous power of agents and the reciprocal relationship between agency and structure in order to fully understand a social phenomenon. Giddens' position on the duality of structure has been criticised by scholars such as Archer (1990, 1995), Layder (1985), and Stones (2005). Specifically, Archer (1995) and Layder (1985) argue that structures are not entirely contemporary products of agent' actions, rather, structures are enduring products which have long-lasting impact on agency. Stones (2005) argues for a 'strong' notion of structuration

to facilitate empirical studies that adopt structuration theory. According to the author, Giddens' structuration theory is not suitable for empirical research due to its issue of 'ontology-in-general' (Stones, 2005, p.75). Therefore, Stones (2005) develops 'strong structuration theory' to address this drawback of Giddens' work. However, other scholars (e.g. Duberley et al., 2006; MacIntosh and Scapens, 1990) argue that the value of structuration theory lies in its role as a sensitising device when conducting research, which means that the concepts of structuration should be used as a basis for researchers to maintain their awareness of reciprocal relationship between structure and agency when examining a social phenomenon.

In this thesis, structuration theory is argued to be an appropriate lens to study EM comprehensively since the data discussed later reveal that the dynamic interplay between agency (firms) and structure (business context) is significant in relation to EM adoption. Moreover, this thesis aims to apply structuration theory as a sensitising device (following Duberley et al., 2006; MacIntosh and Scapens, 1990) to help understand EM comprehensively and to maintain awareness of the dynamic interaction between business structures and agency in EM.

#### **2.4.4 Structuration Online**

Advances in ICT have significantly impacted the implementation of EM (as discussed in Section 2.2.2.2). Therefore, understanding how structuration concepts can be applied to explore EM activities in online environments is important in this thesis. A number of researchers have incorporated technology into Giddens' (1984) structuration theory to study the interaction between technology and agency (DeSanctis and Poole, 1994; Orlikowski, 1992; Poole and DeSanctis 1992). Adaptive structuration theory (AST) is among the most influential approaches

to understanding the role of technology in structuration processes and addressing the relationship between technology and social actions (Jones and Karsten, 2008).

AST provides a model to examine the interplay between advanced information technology and human activity (DeSanctis and Poole, 1994). AST can address the complexity of the technology-action relationship by focusing on “social structure, rules and resources provided by technologies and institutions as the basis for human activity” (Desanctis and Poole, 1994, p. 125). In the context of my thesis, understanding the structures formed by advanced ICT helps extend our knowledge of EM in the online business environment. In particular, AST provides a theoretical lens to understand the activities that hotel firms use in online contexts and uncover the reason behind these usages. As such, the concepts of AST can be applied to understand the relationship between the online environment and EM adoption. For example, the activities of firms online may be modified, enhanced, or combined with offline marketing activities, thus creating new structures within business structures. The online context can provide firms with potential resources to facilitate EM activities. By applying structuration theory to both the offline and online contexts, we can recognise that there are structures in the offline context on the one hand, and structures in the online environment on the other hand. If we are to understand insightfully the role of the business context in EM adoption, we have to uncover the complexity of the interaction between a firm and its business context from both online and offline environments.

From an AST perspective, advanced ICT can be examined in terms of both structural features and spirit features (Desanctis and Poole, 1994). According to the authors, “structural features are the specific types of rules and resources, or capabilities, offered by the system”. Spirit

features are “the general intent with regard to values and goals underlying a given set of structural features” (Desanctis and Poole, 1994, p.126). By looking at structural features of online platforms used by hotels, we can understand the potential resources offered by each platform which can be used to facilitate EM. Moreover, the spirit features can be used to understand the goals promoted by each online platform and values for marketing that hotels can gain from these spirit features. As such, the concepts of AST can be applied to understand how the online context can influence EM adoption and to what extent hotels utilise resources embedded in the online business structures.

## **2.5 Conclusion**

The purpose of this chapter was to review the relevant literature to arrive at an informed understanding of EM and provide a basis for approaches to address my thesis objectives. The first main area of the literature review chapter examined different perspectives which have been adopted in the literature to study EM. Discussion on this topic illustrated the diversity of approaches available to exploring EM phenomena. Specifically, two main approaches to examining EM in the existing literature were identified: the interface approach and the contextual approach. While the four perspectives in the interface approach suggest a focus on EM adoption from the firms’ capability viewpoint, the contextual approach is mainly concerned with researching EM by taking account the business context in which most studies were conducted in SMEs.

Due to these diverse approaches to studying EM, the literature revealed various EM elements adopted among firms. Synthesis of the literature identified six prominent EM elements. Among them, four EM elements (EO, MO, networking and value creation) were mostly found in



research that adopts two established frameworks: Morris et al.'s (2002) seven elements and EMICO (Jones and Rowley, 2009). A large amount of research has been conducted to understand EM elements from various industries and countries. However, due to the different ways of adopting EM frameworks and the modification of EM elements from prior key EM studies, findings are varied in terms of which elements constitute EM or to what extent those elements are implemented among firms across different contexts. Some scholars identify creativity and effectuation as distinctive elements of EM adoption (Fillis, 2000; Morrish, 2009; Sarasvathy, 2001). As such, these authors depart from adopting established EM elements as commonly observed in the EM literature. Instead, they focus on identifying unique aspects of EM to advance knowledge in this field.

Furthermore, when analysing the existing literature in the EM field, it was highlighted that the business context has a significant impact on EM practice. Specifically, entrepreneurial firms and their business context show dynamic and interactive interrelationships and marketing activities are varied depending on certain sets of environmental circumstances (Morris et al., 2002). However, empirical insights into specific business environmental factors and how they interact with firms' EM adoption remain a gap in the literature. Therefore, it is important to take into account the role of the business context in order to gain a comprehensive understanding of firms' EM activities and behaviours. As such, this thesis argues for a holistic approach to studying EM in order to arrive at a more insightful understanding of EM adoption in which both the firm and its business context are taken into consideration. This holistic approach to studying EM is argued to provide a useful way to reconcile the diverse approaches found in the existing EM literature and to unify EM under a general theoretical lens.

The failure of the existing EM literature to provide a comprehensive approach to study EM has led to the application of structuration theory as an enabling theory to address my research objectives. As such, the last section of the literature review chapter discussed the role of structuration theory (Giddens, 1984) as an appropriate theoretical lens to understand EM comprehensively. The concepts of structuration theory (Giddens, 1984) acknowledge the dynamic interactions between firms and the business contexts in which they are embedded. Therefore, structuration theory (Giddens, 1984) provides a useful lens to understand EM activities and behaviours in which both the firm (as agent) and the business context (as structure) are taken into consideration.

The use of structuration theory requires the acknowledgement of the context from the macro and meso levels in relation to the phenomenon under investigation. As such, the following chapter provides an overview of the industry background from a macro level to illustrate the significance of entrepreneurship and the independent hospitality industry in Vietnam as the context of investigating EM in my thesis.

## **CHAPTER THREE: INDUSTRY BACKGROUND**

### **3.1 Introduction**

The independent hospitality industry in Vietnam was selected as an ideal context of an emerging economy to study EM in this thesis. The EM literature indicates that little is known about EM practices in developing countries, although entrepreneurial firms are increasing important in these markets (Boonchoo et al., 2013; Gilmore et al., 2013). Compared with developed economies, emerging markets are substantially different in terms of their social, economic, institutional, industrial, and market environment (Deshpande et al., 2000). These macro-economic factors provide firms with a foundation of business regulations, policies and social systems which significantly impact organisational activities and behaviour (Luo et al., 2005). This is even more evident for small firms in the transitional economy of Vietnam, since these firms have to adapt to a high level of environmental uncertainty and suffer from institutional disadvantages due to lack of support from the local authorities and the government (Paswan and Tran, 2012). As discussed in Section 2.2.2.2, the business context plays a critical role in EM implementation. Furthermore, the adoption of structuration theory indicates the importance of understanding the macro environment due to its significant impact on the business structure of the independent hospitality industry. Vietnam as an emerging market has distinctive characteristics. As such, it is important to have an overview of the country, the entrepreneurship issues, and the industry context.

This chapter provides background knowledge to appreciate the contextual issues when investigating EM in the independent hospitality industry in Vietnam. More specifically, the country's profiles with key characteristics of geography, politics, economics and

entrepreneurship are presented, followed by a discussion on the tourism and hospitality industry in terms of its history, its role in the economy, and the challenges for this sector.

### 3.2 Vietnam - Country Profile

Vietnam, officially the Socialist Republic of Vietnam, is located in Southeast Asia, covering a total area of 331,210 sq.km. The country has more than 2,000 km of coastline from the northeast to the south. The north borders with China and the west borders with Cambodia and Laos (Figure 3.1). The national population is 94,444 million persons in 2016 (Euromonitor International, 2017). Hanoi is the capital with a population of more than 7 million people (General Statistic Office, 2017).

**Figure 3.1 Map of Vietnam**



Source: Vietnamese Government Portal (Retrieved from <http://www.chinhphu.vn>)

Vietnam is governed by the Communist Party of Vietnam (CPV) which remains the dominant political party. The country has faced a great challenge in terms of the corruption of government officials, and this is considered a major barrier to the development of the country's economy (Ministry of Planning and Investment, 2016). However, the CPV has shown a high commitment to market-oriented economic reform since the renovation in 1986. Relations with the US have improved remarkably since 1994, when the US lifted the embargo on Vietnam (Paswan and Tran, 2012).

The business environment was transformed by a renovation of economic policy in 1986. This renovation policy (Doi Moi) has turned Vietnam from a close, state-owned business country to an open, market-driven economy (Shultz, 2012). Since then, Vietnam has shown strong efforts to join the world trading system and improve the business environment by reducing tariffs and enhancing property rights. As a result, the amount of foreign investment in Vietnam has dramatically increased in recent years. Among distinguished factors, the low-cost workforce helps Vietnam attract a wide range of foreign investments. Furthermore, the country has good sea connections with the major Asian economies which help the country boost its exports (General Statistics Office, 2017).

Vietnam has the highest Global Growth Generators Index among the eleven major economies, followed by China and India respectively. This indicates that Vietnam is among the countries that have the highest potential source for investment success (General Statistics Office, 2017). In recent years, the country has been considered to be one of the fastest-growing economies in Asia, with GDP Annual Growth Rate averaged 6.45% from 2000 until 2017 (Trading Economics, 2017). Foreign trade has been the main driver of economic growth, with exports

accounting for 77.9% of GDP in 2013; Vietnam is the world's second-largest rice and coffee exporter after Thailand and Brazil, respectively. Vietnamese economy consists of three major industries: agriculture, services, and manufacturing (General Statistics Office, 2017). A summary of Vietnam statistics is shown in Table 3.1.

**Table 3.1 Vietnam Statistical Summary**

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
GDP (% real growth)	6.2	5.3	5.4	6.0	6.7
GDP (US\$ millions)	135,610	155,820	171,233	186,204	193,437
Inflation (% growth)	18.6	9.3	6.6	4.1	0.9
Total exports (US\$ millions)	95,222	114,426	133,312	150,217	162,016
Total import (US\$ millions)	104,524	112,418	132,927	147,839	165,775
Total population ('000)	89,321	90,335	91,378	92,423	93,447
Median Age of Population (years)	28.8	29.2	29.6	30.0	30.4

Source: Euromonitor (2017) and World Bank (2017)

### **3.3 Entrepreneurship in Vietnam**

In contrast to reform in Eastern Europe and the former Soviet Union, where there was a collapse of the political system and a market economy was implemented to replace communism, entrepreneurship in Vietnam was encouraged to develop under the communist and socialist establishments (Heberer, 2003). In the second half of the 1980s, the CPV was aware of the urgent need for economic reform due to the poor performance of the centrally planned economy system. Doi Moi, implemented since 1986, has allowed small business and the first generation of Vietnamese entrepreneurs to develop and play a significant role in the country's economy (Paswan and Tran, 2012). Doi Moi became a phenomenon, and the outside world started to pay

attention to the impact of entrepreneurship development on the Vietnamese economy and society (Nguyen et al., 2013). Doi Moi has turned the Vietnamese economy into a vibrant, market - driven and entrepreneurially oriented country (Freeman 1996; Paswan and Tran, 2012). During the 1990s, significant changes in the legal framework for the private sector were introduced. In particular, since the Law on Private Enterprises was enacted in 1990, private firms, dominated by SMEs, have been provided with legal regulation and support for business growth. As a result, the number of SMEs has increased rapidly in terms of type, size and revenue (Nguyen et al., 2013).

Vietnamese entrepreneurs have significant impacts on different part of the country's economy (Heberer, 2003). The government's pro-entrepreneurship policy has created a more favourable business environment for entrepreneurial businesses in Vietnam. For example, government support programmes for SMEs and promotion of foreign trade have shaped the structure of entrepreneurship (Paswan and Tran, 2012). As a result, entrepreneurship has become a key factor for the country's economic development. Entrepreneurs have been contributing to the growing workforce, enhancing innovation capability, and developing an entrepreneurial culture. The emergence of new private firms in SME sectors is considered a mechanism of the economic transition in Vietnam (Nguyen et al., 2013). SMEs provide roughly 11 million workers, contributing a significantly higher proportion than larger enterprises to the overall economy, and the number of SMEs has gradually increased by 21% each year. The SME sector dominates the economy with SMEs accounting for 97.6% of total Vietnamese enterprises (Ministry of Planning and Investment, 2016). These statistics show the rapid development of entrepreneurship and its contribution to the economic system as a whole.

The emergence of entrepreneurship in Vietnam has also contributed to the tremendous amount of change in the social structure and legal framework (Heberer, 2003; Nguyen et al., 2013). Kim (2008) explores the rapid changes that have occurred in Vietnam during its transition from a centrally planned economy to one of the world's fastest-growing market economies. She suggests that Vietnamese entrepreneurs have emerged as the result of a society-wide reconstruction of cognitive paradigms. These finding helps to explain why Vietnam has transformed from a planned economy to a market economy so impressively. The rapid development of its economy has helped Vietnam increase its prosperity alongside the rest of the region quickly. Entrepreneurship in Vietnam has contributed significantly to poverty reduction and social security enhancement (Riedel and Tran, 1997).

In the process of its economic transformation, Vietnam has experienced extensive government intervention. Over the years, promotion of SMEs as the main source of entrepreneurship has been a central priority objective of the government. The 2000s saw major reforms in reducing barriers to SME development and improving the general business environment to encourage entrepreneurship (Hansen et al. 2009). In particular, Decree 91/2001, the “Decree on Supporting the Development of Small and Medium-sized Enterprises”, in which the government outlines the critical support policies for SMEs, has played a significant role in boosting the development of SMEs (Hakkala and Kokko, 2007). This regulation was a breakthrough in boosting entrepreneurship in a growing transition economy like Vietnam (World Bank, 2017). Some analysts even consider the Vietnamese economic renovation to be a ‘big-bang’ economic liberalisation that almost immediately transformed the state-owned economy into a market-driven system (Shultz, 2012). The combination of the transitional



economic context, the development of the private sector, and the role of government shows unique characteristics of entrepreneurship as a phenomenon in Vietnam (Nguyen et al., 2013).

Although there has been much support for entrepreneurship in Vietnam, entrepreneurs still have to face many challenges in terms of both internal and external factors (Paswan and Tran, 2012). Internally, Vietnamese SMEs have to face a shortage of skilled employees since most companies do not focus on training policies. For example, 52% of medium sized firms report difficulties in recruiting appropriately skilled worker, while 55% of managers state that they do not think the training of employees is necessary for their business (Molnar et al., 2011). Furthermore, previous surveys of Vietnam have cited limitations in marketing experience that could hinder the growth of SMEs (Benzing et al., 2005). Many managers in Vietnam lack the necessary management skills to deal with the increasingly competitive global market; these issues have led to product quality that is poor or below the standard set by foreign customers (Neupert et al., 2006). Similarly, the Ministry of Planning and Investment (2016) reveals that most SMEs do not have appropriate knowledge of the current domestic and international market, and lack knowledge of specific laws and government regulations. For example, more than half of SMEs state that they do not know or cannot evaluate the needs of the current market, and they also have poor or no knowledge about central laws for doing business in foreign countries. These limitations also reflect the low level of innovation in new technology, with only about 14% of SMEs adopting new technology within the last few years (Ministry of Planning and Investment, 2016).

There is little evidence of the effectiveness of Vietnamese government policies in supporting SMEs (Hansen et al., 2009). In fact, Yoshi and Tuan (2009) highlight some critical concerns

about government policies. Specifically, highly bureaucratic attitudes, lack of authority, and a low level of efficiency in communication are the main issues. Although the market-driven economy is supported, the government still holds to its traditional practice of a centrally controlled economy. For example, all types of investment are allocated through the state administrative mechanism, which leads to the low economic effectiveness of investments (Paswan and Tran, 2012). In one study conducted by Heberer (2003), entrepreneurs also raised significant concerns about high levels of corruption in the Vietnamese authorities. A large number of entrepreneurs have strongly expressed their dissatisfaction with the political system. In particular, tariff incentive policies, export promotional funds and incentives are not supportive of SMEs, causing many challenges for these firms in reaching global markets (Nguyen et al., 2013). Demand for reforming the government policies is necessary in many fields to help Vietnamese SMEs utilise their competitive capacity and grow their businesses (Quang and Kammeier, 2002; World Bank, 2016).

The distinctive characteristics of Vietnam as an emerging market with fast growing entrepreneurship have established an ideal context for my thesis. It can be stated that the nature of entrepreneurship in Vietnam is complex and dynamic. In line with the literature review chapter which indicates that EM research has been dominantly conducted in developed countries (e.g. the UK and US), this thesis can contribute to the development of the EM field by investigating EM in the context of Vietnam and its emerging entrepreneurship. Having established an overview knowledge of Vietnamese economy and entrepreneurial context, the next section discusses the hospitality and tourism industry as context for the empirical research in this thesis.

### **3.4 The Hospitality and Tourism Industry in Vietnam**

In the early 1990s, the tourism industry in Vietnam was at the ‘embryonic’ stage of development (Suntikul et al., 2010). However, the government has shown commitment to support the tourism industry from its early stages (e.g. by establishing the Vietnam National Administration of Tourism (VNAT) in 1993). These organisations focus on supportive activities for members such as networking, knowledge exchange, and providing legal protection. In 2012, the government organised a Tourism Festival which attracted more than 500 travel organisations from over 30 countries; this became one of the most prestigious events within the Mekong Data area. Moreover, many other promotional campaigns have been run in important international markets, such as Germany, Japan, and the UK, and such activities have contributed to the rapid growth in the number of foreign tourists in Vietnam (Vietnam National Administration of Tourism, 2017).

The hospitality and tourism industry makes a substantial contribution to the economy. The number of inbound tourists has increased steadily from major markets from European and Asian countries, Australia, and America. For example, tourist arrivals from Asian countries such as Japan, South Korea, Taiwan growth more than 30% since 2012. Strong growth is expected in tourist arrivals from the European market such as France, the UK, and Germany. Government investment in infrastructure for the hospitality and tourism industry can facilitate long-term and sustainable development for this sector (Vietnam National Administration of Tourism, 2017).

Vietnam has a wide range of tourist attractions to compete with other countries in the Asia Pacific region (Vietnam National Administration of Tourism, 2017). The picturesque beaches attract leisure travellers, while eco and wildlife tours are the main attractions for the more

adventurous tourist. The two biggest cities are Hanoi and Ho Chi Minh where visitors can find old streets, elegant French architecture and colonial buildings. Vietnam's landscape provides a great resource for the development of tourism products (Truong, 2017). In addition, Vietnam is also a multi-ethnic country with 54 distinct minorities with their own language, lifestyle, and cultural heritage which creates an exciting destination for people who want to explore ethnic tourism. This combination of natural, historical, and cultural attractions forms a unique tourist destination in Vietnam (Truong and Foster, 2006).

The tourism and hospitality industry is an important source of GDP with a total contribution of 9.1% to the country's economy and this is forecast to increase by 7.4% in 2017 (World Travel and Tourism Council, 2017). The industry also contributes significantly to employment, visitor export, and investment. Statistics on the contribution of the tourism and hospitality industry are summarised in Table 3.2.

**Table 3.2 Contributions of the Vietnamese Tourism and Hospitality Industry**

<b>Contribution</b>	<b>2016 USD bn</b>	<b>2016 % of Total</b>	<b>2017 Growth</b>
Direct contribution to GDP	9.3	4.6	7.5
Total contribution to GDP	18.4	9.1	7.4
Direct contribution to employment	1,960	3.6	2.5
Total contribution to employment	4,003	7.3	2.3
Visitor exports	8.3	4.4	7.0
Domestic spending	7.7	3.8	7.9
Leisure spending	14.5	4.1	7.3
Business spending	1.5	0.4	8.4
Capital investment	5.5	9.9	6.9

Source: World Travel and Tourism Council (2017, p.11)

The accommodation business plays a crucial role in the hospitality and tourism industry by providing facilities for visitors. Depending on the purposes of the visit, hotels can provide

venues for business meetings, conferences, or entertainment. Among the different types of accommodation, hotels account for the largest proportion value of accommodation sales. The rapid increase in tourist arrivals in recent years has created a significant demand for opening new accommodation. The number of inbound visitors reached more than 10 million in 2016. The number of travel accommodation outlets is increasing at an average annual rate of 11.2% from 2013 until 2016, and reached 18,800 in 2016 (Vietnam National Administration of Tourism, 2017). Table 3.3 shows travel accommodation outlets in Vietnam 2013-2016.

**Table 3.3 Travel Accommodation Outlets in Vietnam: 2013-2016**

<b>Outlets</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
No. of Accommodation	13,765	15,381	16,000	18,800
Growth rate of accommodation	11.40	11.80	4.0	17.5
Number of rooms	256,739	277,661	332,000	355,000
Growth rate of room	8.3	8.1	19.6	6.9

Source: Vietnam National Administration of Tourism (2017)

In terms of hotel structure, international hotel chains such as InterContinental Hotels Group (IHG), Accor, Best Western, Hilton and Sheraton are actively operating in Vietnam (Vietnam National Administration of Tourism, 2017). However, international hotel branches usually focus more on higher income consumers who are willing to pay more for premium quality and luxury services. In contrast, independent domestic hotels aim at low and middle-income consumers, offering diversified services and affordable prices. Since 2012, cooperation between hotels and online travel agents has been stronger than ever. Many hotels from different segments have participated in well-known online travel agents such as Booking, Agoda and Expedia. Furthermore, the growing amount of domestic visitors from different regions within Vietnam has led to a high demand for three-star hotels: a government report in 2016 indicates

that three-star hotels enjoy the highest occupancy rates (Vietnam National Administration of Tourism, 2017).

However, the economic downturn in 2009 has negatively impacted Vietnam's hospitality sector with a sudden decrease in tourist arrivals. But the hospitality industry in Vietnam has recovered very quickly after the economic crisis. A survey on hospitality industry in Vietnam indicates that hotels were beginning to reap the benefits of the strong upturn in tourist arrivals in 2010 and 2011. The findings from a survey on mid-to-high-range hotels indicated that room rates increased by an average of 6.8% in 2010 (Business Monitor International, 2012). This was particularly impressive given that hotels in other countries were still struggling to recover from the downturn and were offering discounted rates (Business Monitor International, 2012).

Although Vietnam has enjoyed the rapid development of its hospitality industry, this sector has had to deal with many challenges at the macro-economic level. In particular, an underdeveloped transportation system in Vietnam remains a key barrier to the development of the tourism industry. The airport facilities, rail network, and road network are in need of extensive modernisation (Vietnam National Administration of Tourism, 2017). Another barrier is the high level of corruption in the government. This has deterred investment in hospitality and tourism businesses. In order to attract hotel investors, government bureaucracy procedures must be simplified. Furthermore, disease outbreaks, financial and political crises are other threats to the hotel business. For example, the SARS outbreak, which spread through much of Asia during the first half of 2003, led to a decrease in the number of tourist arrivals by 8% compared with 2002, and political conflict with China over the islands in the South China Sea in recent years has led to the reduction in Chinese tourists. This problem had a significant impact because

Chinese visitors account for the greatest number of tourist arrivals in Vietnam (General Statistic Office, 2017).

The nature of the hospitality industry has also created many challenges for running businesses in this sector (Bowie and Buttle, 2004; Moriarty et al., 2008). These challenges include: high fixed costs (running a hotel requires high property, employment and maintenance expenses); seasonality (fluctuating demand depending on the season); interdependence (hotels rely heavily on other conditions such as being close to tourist attractions and restaurants); perishability (unoccupied rooms cannot be reclaimed); oversupply (low entry barriers put the industry under intense competition and oversupply); and variability (the quality of the service depends on intangible measurements which is difficult to maintain).

### **3.5 Conclusion**

In conclusion, a review of entrepreneurship and the hospitality industry in Vietnam has shown an ideal context to investigate EM phenomenon. In particular, the independent hospitality sector provides a vibrant and dynamic business environment to study the EM phenomenon. This industry in Vietnam is embedded in a complex economic system which has recently been transformed from closed, state-owned to open, free-market policies. As such, the rapid development of entrepreneurship in the hospitality industry and the dynamism evident in the entrepreneurial activities in this sector are worthy of further exploration. Given the significance of the macro-level characteristics in relation to the formation of entrepreneurial activities of hospitality businesses in Vietnam, this chapter provides justifications for the appropriateness of taking into account both structure (business context) and agency (EM adoption) as the fundamental focus of this thesis to achieve a comprehensive understanding of EM.

## **CHAPTER FOUR: RESEARCH METHODOLOGY**

### **4.1 Introduction**

This chapter discusses the methodology employed in this thesis. By reviewing the assumptions of philosophical positions, this chapter also justifies the appropriateness of methodology adopted herein. The choice of methodology is in line with the application of structuration theory to examine the EM phenomenon. Section 4.2 presents the philosophical positions underpinning the research; these include the discussion of two major research paradigms, their underlying philosophies, and the justification for the philosophical stance adopted in this thesis. Then, the choice of qualitative approach is explained in Section 4.3. The research design is presented in Section 4.4, followed by a detailed outline of the procedure undertaken in both the pilot study and main study conducted in this thesis (Sections 4.5, and 4.6, respectively). Section 4.7 describes how the data were analysed. The chapter concludes with a summary of key points in Section 4.8.

### **4.2 Research Philosophy and Researcher's Position**

Philosophical positions guide researchers to make decisions on appropriate strategies, methods, and techniques for their studies (Saunders et al., 2012). Understanding philosophical issues helps researchers to clarify their research design. Specifically, there are three major philosophical questions that researchers must address: those of ontology, epistemology, and methodology (Easterby-Smith et al., 1991). Ontology is how researchers view reality, epistemology concerns the relationship between that reality and the researcher, and methodology covers the technique and strategy used by the researcher to discover that reality (Saunders et al., 2012). As stated by Carson et al. (2001, p.1), research philosophy “helps to



contribute a deeper and wider perspective of research so that our own specific research projects can have a clearer purpose within the wider context”. Given the significance of research philosophy, having an insightful understanding of ontology and epistemology can provide justifications for the adoption of methodology in this thesis.

As one of the fundamental philosophical issues in social science, ontology has been the focus of debate among scholars (e.g. Bryman, 1992; Easterby-Smith et al., 1991; Saunders et al., 2012; Silverman, 1993). There are two key positions of ontology: objectivism and subjectivism, and these two viewpoints reflect the opposite views as to how researchers perceive reality. Objectivism considers that social phenomena exist outside of social actors; in other words, humans are isolated from their social entities. In contrast, subjectivism suggests that social phenomena are formed by the perceptions and consequent actions of humans (Saunders et al., 2012).

Various ontological positions can lead to different epistemological assumptions and research methodologies (Morgan and Smircich, 1980). Objectivism views the social world as structured, and in order to understand reality, it is important to study the relationships between elements that constitute that structure. This argument leads to the rise of the epistemology of positivism (Morgan and Smircich, 1980). Positivism examines the causes and consequences of social phenomena with little acknowledgement of the capability of the individual who can view the world from various perspectives (Patton, 1990). As such, the epistemology of positivism is in line with the methodology that focuses on structured and statistical analytical techniques to facilitate ‘law-like generalisations’ (Saunders et al., 2012).

However, the epistemology of positivism was criticised by scholars who advocate for a subjectivism view of reality (Saunders et al., 2012). According to subjectivism viewpoint, in order to understand reality, humans cannot be separated from the construction of their world. This argument is in line with an interpretive philosophical position, which emphasises the significance of understanding the process by which individuals establish their relationships with their outside world (Morgan and Smircich, 1980). Following an interpretive position, Lincoln and Guba (1985) advocate a ‘naturalistic inquiry’ approach to understand social phenomena. Naturalistic inquiry is the study conducted in a natural setting because “realities are wholes that cannot be understood in isolation from their contexts, nor can they be fragmented for separate study of the parts.” (Lincoln and Guba, 1985, p.39). Interpretivism emphasises the contextual nature of reality, the knowledge is generated from individuals’ perceptions of their contexts surrounding them. In turn, contexts are created and shaped by individual activities (Hudson and Ozanne, 1988). Table 4.1 shows more detail of the distinctions between positivism and interpretivism.

**Table 4.1 Comparison of Positivism and Interpretivism**

	<b>Positivism</b>	<b>Interpretivism</b>
<b><i>Ontology: the researcher's view of the nature of reality or being</i></b>	External, objective and independent of social actors	Socially constructed, subjective, may change, multiple
<b><i>Epistemology: the researcher's view regarding what constitutes acceptable knowledge</i></b>	Only observable phenomena can provide credible data and facts. Focus on causality and law-like generalisations, reducing phenomena to their simplest elements	Subjective meanings and social phenomena. Focus upon the details of a situation, the reality behind these details, subjective meanings motivating actions
<b><i>Axiology: the researcher's view of the role of values in research</i></b>	Research is undertaken in a value-free way, the researcher is independent of the data and maintains an objective stance	Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective
<b><i>Data collection techniques most often used</i></b>	Highly structured, large samples, measurement, quantitative, but can use qualitative	Small samples, in-depth investigations, qualitative

Source: Saunders et al. (2012, p.140)

In this thesis, EM is viewed as a contextual phenomenon because the outcomes of EM are dependent on the reciprocal relationship between firms and the business environments in which firms operate. In order to generate a holistic knowledge of EM, my thesis relied upon the subjective interpretation of participants and explored their activities and behaviours in a way that was meaningful to them. As such, my philosophical position corresponds with an interpretivism approach, which is the most appropriate philosophical position to address my research objectives. The findings are used to understand specific contextual conditions in which EM occurs and the dynamic interplay between firms and their business settings. An interpretive approach allows the nature of reality to be viewed as subjectively constructed rather than objectively determined under a specific context. As such, structure and agency are considered

as central to dynamic and complex action-interactions, and the links between agent and structure must be taken into account.

Interpretivism also enables the phenomenon of EM under investigation to be examined within a broad context of political and economic environment (Stake, 1995). This broad setting allows one of the main foci of this thesis, which examines how the business context influences the adoption of EM, to be examined from a comprehensive perspective. In a similar vein, marketing scholars argue that human actions arise from the sense people make of different circumstances (Hudson and Ozanne, 1988). Consequently, “the task of the researcher in marketing should not only be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience” (Carson et al., 2001, p.7). For these reasons, the philosophical position of this study is considered in line with an interpretivism approach.

#### **4.3 Choice of Qualitative Research**

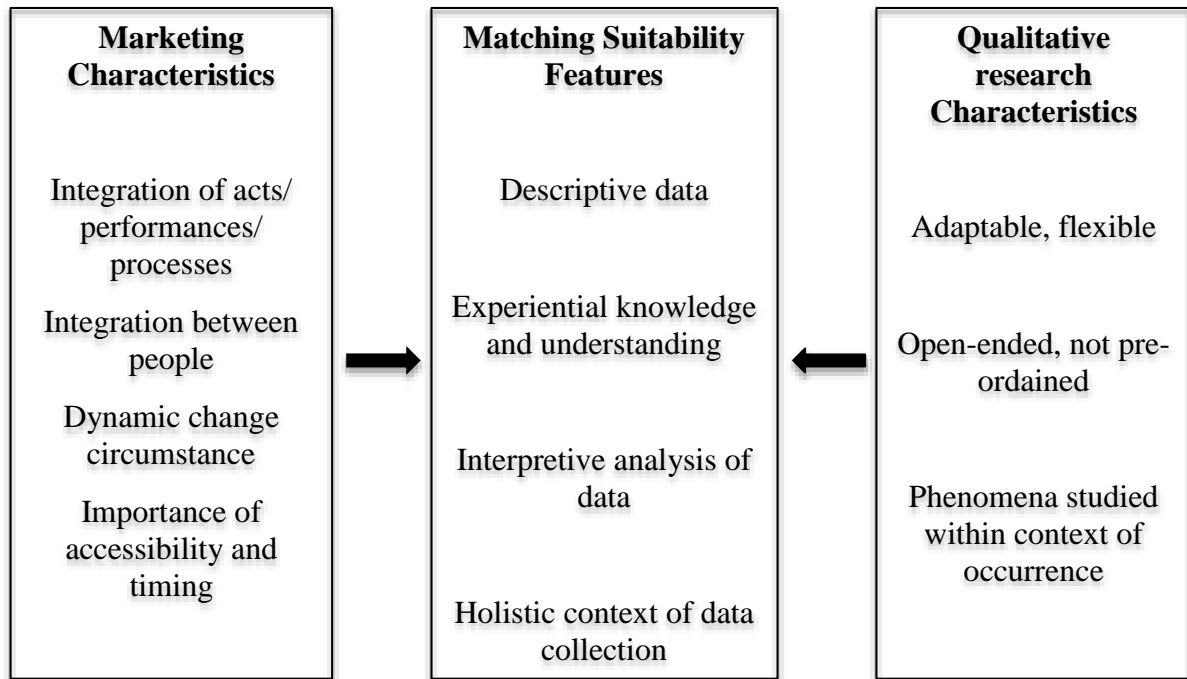
An interpretive philosophical position stresses the importance of having close interaction between researchers and participants. When interpretivism is established, the selection of a qualitative methodology becomes extremely relevant (Saunders et al., 2012). Qualitative studies adopt a holistic view to exploring social phenomena by providing a rich and insightful understanding of complex processes. According to Saunders et al. (2012), it is challenging to enter the social world and understand the research subjects from the viewpoints of the subjects under investigation. The researcher needs to have close interactions with participants in order to understand the issues under investigation from their perspectives. Such a technique for conducting research is entirely appropriate for this thesis as the key area to investigate is the

dynamic relationship between the independent hospitality firm and its business context in relation to EM adoption.

Consequently, a qualitative research design was used to understand EM phenomenon in the context of this thesis. The suitability of adopting qualitative research methods for the marketing field is also advocated by Carson et al. (2001). As illustrated in Figure 4.1, the authors identify the areas in which the qualitative research characteristics and the marketing characteristics can match. The matching suitability features consist of descriptive data, experiential knowledge and understanding, interpretive analysis of data, and holistic context of data collection. Moreover, Gilmore and Coviello (1999) indicate that most studies in the EM literature fail to incorporate contextual influences into the research designs regardless of the significance of the business context in which EM occurs. Following Gilmore and Coviello's (1999) suggestion, the nature of business environment was taken into specific consideration when designing research methods to address objectives of this thesis.

Inductive qualitative methods provide convenient and flexible ways to collect rich and insightful data from various sources (Gilmore and Coviello, 1999; Shaw, 1999). As such, data analysis could reveal characteristics of how firms implement EM, and the factors that influence the marketing decisions and actions among firms. Given the philosophical position and the objectives of this thesis, it is appropriate to adopt qualitative methods for this study.

**Figure 4.1: Suitability of Qualitative Research Methods for the Marketing Field**



Source: Carson et al. (2001, p.205)

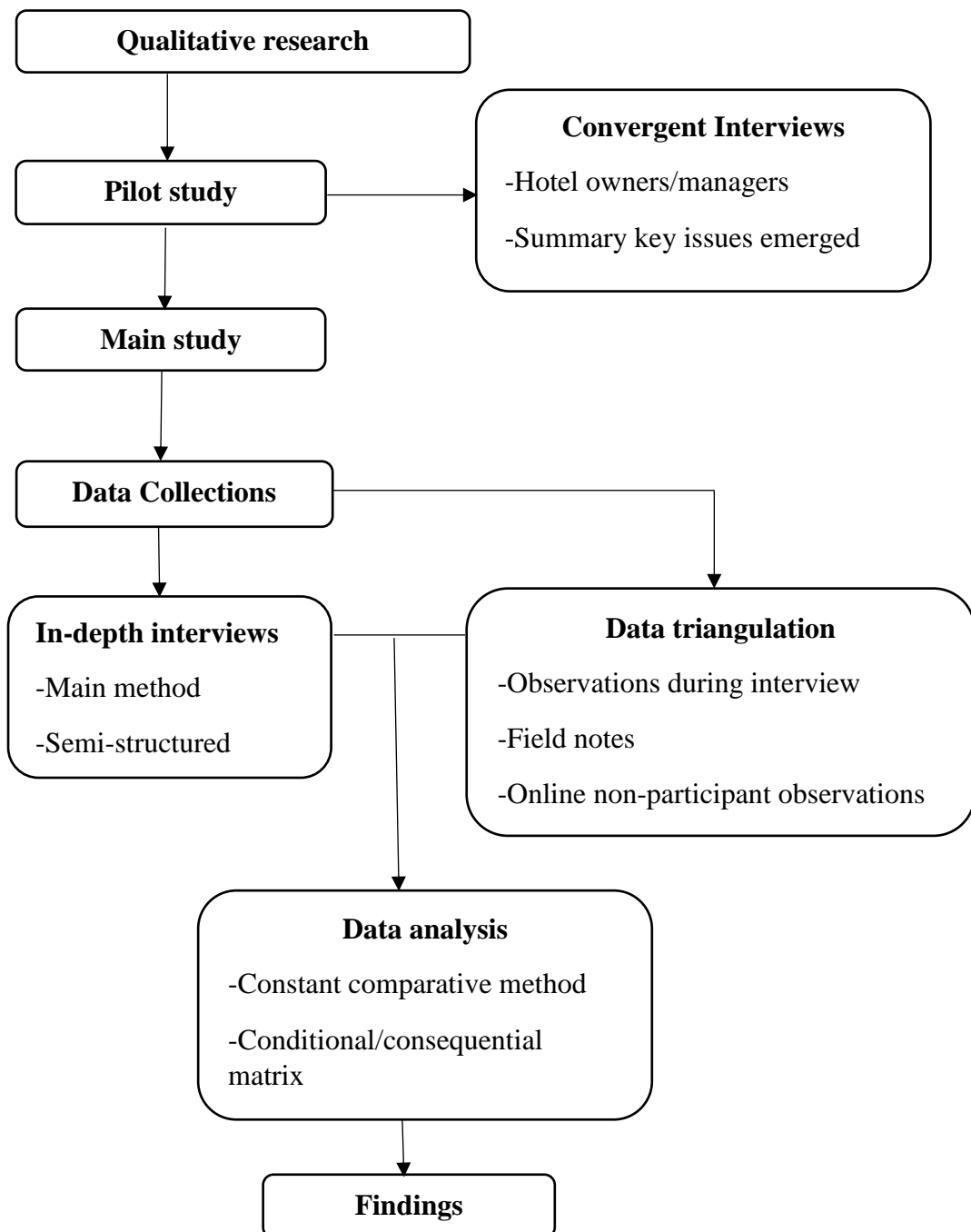
#### **4.4 Research Design**

A flexible research design was followed to allow rich and insightful findings to emerge and under-explored issues to be thoroughly examined (Lincoln and Guba, 1986). In addition, attention was paid to the coherence of the research design which focuses on the quality of being logical and consistent in forming the research process (Saunders et al., 2016).

Prior to the main study, a pilot study was conducted using the convergent interview method suggested by Carson et al. (2001) to refine the techniques used in the later stage. The findings from this stage provided justification for the appropriate techniques to be used to conduct the main study. The in-depth interviews were selected to collect data during the main study stage. This method allows participants to elaborate on their knowledge, experiences, information about their marketing practices, and the business context that impacts EM adoption (further

discussion in Section 4.6.2). In addition, triangulation of data collection was applied by using different sources of data to enhance their validity and reliability (Miles and Huberman, 1994; Stavros and Westberg, 2009). The techniques used for the purpose of data triangulation included non-participant observation at the hotels during interviews; online non-participant observation on social media sites and hotel websites used by hotels taking part in this study; and fieldnotes (further discussion on data triangulation is in Section 4.6.3). The data were then analysed by using the constant comparative method and conditional/consequential matrix. The key stages of the research design are illustrated in Figure 4.2. The following sections discuss each stage in more detail.

**Figure 4.2 Research Design**





#### **4.5 Pilot Study Using Convergent Interview**

A pilot investigation into the nature of independent hospitality firms in Vietnam was conducted using the technique of convergent interviewing suggested by Carson et al. (2001). According to these authors, convergent interviewing is “a cyclic series of in-depth interviews with experts that allow the researcher to refine the questions after each interview to converge on the issues in a topic area” (Carson et al., 2001, p.86). The convergent interviews are useful to explore a new emerging marketing phenomenon and to investigate an under-researched area because “it provides a way of quickly converging on key issues in the area, an efficient mechanism for data analysis after each interview” (Rao and Perry, 2003, p.236). As indicated in the literature review, there is limited research in EM in the context of hospitality industry in Vietnam. Therefore, it is important to gain a basic knowledge of this industry to provide basis for the next steps to be taken appropriately to address this thesis objectives.

The sample for the pilot study was chosen purposively based on an online search to identify the most suitable participants for this stage. Before approaching these participants for convergent interviews, an online search for small independent hospitality firms in Vietnam was conducted by looking at the most popular online platforms for hotels in Vietnam such as TripAdvisor, Booking.com, and Expedia.com. These websites provide information on hotel characteristics, reviews, and rankings. The results from the online search indicated that Hanoi was one of the most vibrant marketplaces for the independent hospitality industry in Vietnam. The participants with the most potential contribution from convergent interviews were identified by selecting small independent hotels in centre Hanoi area.

According to Carson et al. (2001), owners or managers of small businesses often have the most insightful knowledge of marketing activities of the firms. Therefore, the participants selected for the convergent interviewing stage were hotel owners/managers or marketing managers of small independent hotels, since they were the key decision makers in running their businesses. As such, they could provide rich data regarding their marketing experiences and practices in the hospitality business. The pilot study involved interviewing eight participants in total. Two of them were hotel owners/managers, and the other six participants were hotel managers. The interviews were conducted in informal conversational style, and the range of each interview was from 20 to 75 minutes. An unstructured approach was used for the first interview to explore the key issues surrounding marketing practices among independent hotels in Vietnam. Further interviews were more structured based on the findings from those previously conducted. Following Carson et al.'s (2001) guidelines on analysing data in convergent interviewing, at the end of each interview, the key issues that had emerged from the data were summarised before the next interview was conducted, so as to adjust the interview style and questions for the subsequent participant. The analyses focused on the agreement and disagreement among participants about the key issues of their marketing practices. This stage provided an overview of the marketing activities and behaviours of independent hospitality firms in Vietnam.

In addition, carrying out these convergent interviews prior to the main study stage allowed key issues in the research design to be identified. These issues were involved how to identify the most appropriate sampling criteria for the main research stage, and how to successfully approach potential participants. The following sections describe the main study stage in more detail.

## **4.6 The Main Study Stage**

The pilot study provided the foundation for the next steps which concerned conducting the main study to address the thesis objectives. The following sections present the process of this main study, outlining and justifying the sampling strategy, data collection methods, and data analysis.

### **4.6.1 Sampling Strategy**

Sampling is described as the act of “taking a smaller chunk of a larger universe” (Miles and Huberman, 1994, p.31). A sampling strategy is crucial for data collection and analysis. Since a small sample is considered a common approach in qualitative research, care had to be taken to identify the most appropriate criteria to approach participants for the study (Miles and Huberman, 1994). In this thesis, a combination of purposive and snowball sampling was used since this technique allows firms with insightful information on EM practices to be identified. First, participants who would be most able to provide rich information for this thesis objectives were approached. Then a snowball technique was used to ask each participant to refer those who could best contribute data to this thesis. The sample was chosen based on the following criteria:

- Hotels were geographically located within a specific area – central Hanoi (the capital of Vietnam) so that patterns of EM activities and behaviours could be more easily identified. This criterion was justified by the findings from the pilot study in which participants indicated that Hanoi was one of the most vibrant areas of hotel businesses in Vietnam.
- Hotels were classified as small independent businesses with less than 50 employees (Department of Trade and Industry, 2014).

- All hotels were at a minimum of one year old. This criterion was considered suitable for the hotels to establish their presence and marketing activities. This was justified by findings from the pilot study stage.

When applying a combination of purposive and snowball sampling, the number of participants is not determined prior to the research fieldwork (Maykut and Morehouse, 1994). Following the inductive data analysis, common themes and patterns were identified to address the research objectives. The number of participants was determined by the extent to which the collection of data from an additional case can contribute to addressing the research problem. When the data became saturated, in other words, no new findings emerged from the information given by additional participants, the data collection stage should be completed (Glaser and Strauss, 1999).

In order to identify at which point the data collection stage should finish, theoretical sampling was applied during the data collection process to assess data saturation (Corbin and Strauss, 2008). Theoretical sampling means that “the investigator examines individuals who can contribute to the evolving theory” (Creswell, 1997, p. 155). Applying a theoretical sampling technique can also strengthen the credibility and validity of data (Sinkovics et al., 2008). After the emergence of the four categories of EM adoption, additional participants were selected until all categories of EM adoption were saturated. That means when all relevant properties and sub-dimensions had been identified, and there were rich and varied characteristics built into each category. The application of theoretical sampling is illustrated in Table 4.2. Following the 23<sup>rd</sup> interview with H23 (as can be seen in Table 4.2, 3<sup>rd</sup> group: cost consciousness), four main groups were emerged after analysing the data. To check the robustness of the emerging findings,

seven additional interviews were conducted which supported the establishment of the four groups. As can be seen in Table 4.2, among the additional seven hotels from H24 to H30, each aligned with one of the four emergent groups. As such, data saturation was confirmed, and the process of data collection was completed after the 30<sup>th</sup> interview.

**Table 4.2 Illustration of Theoretical Sampling to Achieve Data Saturation**

<b>1<sup>st</sup> group:</b> Mass customisation	<b>2<sup>nd</sup> group:</b> Market leadership	<b>3<sup>rd</sup> group:</b> Cost consciousness	<b>4<sup>th</sup> group:</b> Mass market
H01, H02, H04, H06, H07, H08, H09, H13, H21, H26, H30	H03, H05, H10, H11, H27, H28	H12, <b>H23</b> , H25, H29	H14, H15, H16, H17, H18, H19, H20, H22, H24

#### **4.6.1.1 Profile of Participants**

Prior to the interview, potential participants were approached to confirm their participation and to arrange the time and venue for each interview. Care was taken to select participants who had direct responsibility for marketing strategy. Since marketing activities in small firms are commonly reflected through their managers or owners who are responsible for a wide range of business activities due to the small scale of their businesses (Jones et al., 2013), this thesis focused on identifying these participants to conduct the interviews. By interviewing these participants, issues surrounding EM adoption and the business context in small hospitality firms would be provided in detail, and the data would be rich and insightful. When a firm had a distinct marketing department, the most senior marketing or sales manager with responsibility for marketing was chosen to ensure that the participants were those with the greatest knowledge of marketing in their hotels. As such, these participants' views were mostly representative of the firms' marketing activities. Table 4.3 shows profile of the participants and their firms.

**Table 4.3 Profile of Participants and their Firms**

Name	Gender/ Age	Year of experience	Role	Firm age	No. of staff	No. of rooms
H1.An	Female/ 31	5	Hotel manager	2 years	11	12
H2.Binh	Female/ 44	16	Hotel manager	5 years	10	12
H3.Chinh	Male/ 31	6	Hotel owner and manager	4 years	10	14
H4.Dzung	Female/29	5	Hotel manager	6 years	11	15
H5.Doan	Male/ 50	15	Hotel owner and manager	6 years	22	25
H6.Dieu	Male/ 32	8	Hotel manager	2 years	14	16
H7.Giang	Male/ 27	4	Sales manager	3 years	15	16
H8.Gam	Female/ 33	12	Hotel manager	4 years	40	55
H9.Hai	Male/ 29	5	Hotel manager	6 years	14	15
H10.Hieu	Female/ 30	10	Hotel owner and manager	3 years	10	19
H11.Hoang	Male/ 28	6	Hotel manager	8 years	30	35
H12.Huyen	Female/ 31	6	Hotel owner and manager	4 years	10	18
H13.Phuong	Female/ 28	5	Hotel manager	6 years	20	21
H14.Quynh	Male/ 31	6	Sales manager	3 years	40	60
H15.Kim	Female/ 29	5	Sales manager	2 years	42	50
H16.Khiem	Female/ 35	10	Sales manager	3 years	48	65
H17.Khai	Female/ 37	12	Hotel manager	7 years	47	64
H18.Loan	Female/ 39	9	Sales manager	4 years	35	50
H19.Lai	Male/ 30	7	Hotel manager	7 years	20	25
H20.Lieu	Female/ 40	14	Hotel manager	6 years	33	50
H21.Linh	Male/ 39	11	Sales manager	5 years	48	66
H22.Luan	Female/ 29	7	Sales manager	5 years	44	60
H23.Long	Female/ 31	5	Sales manager	5 years	40	52
H24.May	Female/41	2	Sales manager	3 years	34	44
H25.Xoan	Female/ 28	8	Hotel manager	3 years	18	28
H26.Manh	Male/ 27	6	Sales manager	5 years	21	24
H27.Nam	Male/ 31	3	Hotel manager	2 years	20	30
H28.Ninh	Male/ 36	3	Hotel manager	2 years	20	21
H29.Ngoan	Female/ 29	5	Hotel manager	6 years	25	35
H30.Nhung	Female/ 37	3	Sales manager	4 years	45	52

#### **4.6.1.2 The Unit of Analysis**

The selection of the unit of analysis provides the researcher with clarity regarding the subject that the study focuses on (Patton, 1987). Therefore, it is crucial to clarify and identify the unit of analysis to provide clear guidance for data collection and the discussion of the research findings. This thesis concerns with understanding the reciprocal relationship between firms and business context in relation to EM, and how firms adopt EM under the business structures that they are embedded. Consequently, the unit of analysis is at the firm level rather than individual level. In other words, issues related to the personal characteristics of entrepreneurs is beyond the scope of this thesis.

#### **4.6.2 In-depth Interview as the Main Technique for Data Collection**

This thesis relied on in-depth interviews as the main source of data. Using in-depth interviews provides insights as to why firms act as they do, and the meanings given to their actions (O'Donnell and Cummins, 1999). This is particularly in line with the philosophical position of interpretivism. It allowed the topic under investigation to be explored freely, and participants can express their attitudes, experiences, ideas, and perceptions about the external environment in their own words (Saunders et al., 2012).

EM scholars has advocated the use of interview in the EM research since this method shows advantages of exploring and understanding entrepreneurial activities and behaviours in small firms (e.g. Gilmore and Coviello, 1999; Jones et al., 2013; Shaw, 1999; Stoke, 2000). The main advantage of using interview lies in its role in providing a thorough examination of entrepreneur' business context, behaviours, and attitudes from participant own perspectives (Gilmore and Caviello, 1996). In contrast, using quantitative method such as survey, closed-

ended question is not considered suitable since this approach focus on structured and statistical data which can prevent the development of the in-depth insights of the phenomenon under investigation.

According to Gilmore and Coviello (1999), in-depth interview method provides an open and flexible way to study the dynamic interactive situations in EM research. The participants can describe their views in relations to what they do, how, why, when and where. The authors further elaborate on the advantages of using in-depth interview to study EM (Gilmore and Coviello, 1999, p.46):

- Cover a wide area of interest, allowing the researcher to become familiar with the areas of interest as the research progresses
- Identify and explore key issues as they are revealed due to the open-ended nature of the interview protocol
- Allow opportunity for further probing and examining until mutual understanding is reached

Qualitative interviews can range from unstructured, non-directive, to highly structured, directive forms (Easterby-Smith et al., 1991). In this thesis, semi-structured, face-to-face interviews were adopted to collect data, and open-ended probing questions were used to encourage participants to elaborate on their points and share greater detail about their marketing practices. This open-ended interviewing technique allowed an in-depth investigation to be conducted (Miles and Huberman, 1994). Five main sections for the interviews were established and questions were developed accordingly (See Appendix 4.1 for the complete interview guide). The five main sections for interviewing consist of:

1. Profile information about the participants (Questions 1-4)



2. Profile information about the firms (Question 5- 9)
3. General business activities and business environment (Question 10-16)
4. Insightful information on marketing activities and behaviours of the firms (Questions 17-22)
5. The use of online platforms in marketing practice (Questions 23-27)

During the interviews, an informal style of conducting conversations with participants was used, and probing questions were applied to ensure that the central theme of enquiry in this thesis would be explored. The interview probes were adopted from Easterby-Smith et al. (1991), see Table 4.4 for detail. Interviews lasted from 40 to 90 minutes and were audio-recorded after the participants signed a consent form (see Appendix 4.2 for consent form). Since 26 participants preferred to speak in Vietnamese, these interviews were listened to in Vietnamese and transcribed in English. During the translation process, some challenges of translating from Vietnamese into English emerged. Sometimes the participants used slang or metaphor which made it difficult to find an equivalent in English. If no equivalent English form was found, the original expression in Vietnamese was maintained and translated verbatim. For example, when participants used a metaphor of ‘as many as baby pigs’ to illustrate that there were so many competitors in this industry, this metaphor was translated word-for-word into English. Apart from the 26 participants who used Vietnamese during the interviews, the other four participants spoke in English. As such, there was no issue regarding transcribing and translating those interviews.

**Table 4.4 Interview Probes**

Basic Probe	Involved repeating the initial question and was used when the interviewee seemed to be wandering off the point
Explanatory probes	Involved building onto incomplete or vague statements made by the respondent and asking questions such as: What do you mean by that? What makes you say that?
Focused probes	Was used to obtain specific information: What sort of...?
Drawing out	Was used when the interviewee halted or dried up. Involved repeating the last few words: Tell me more about that? What happened then?
Giving ideas or suggestions	Involved offering the interviewee an idea to think about: Have you thought about...? Have you tried...? Did you know that...?
Mirroring or reflecting	Involved expressing what the respondent had just said. This was effective because it forced the respondent to rethink his/her answer and construct another reply which amplified the previous answer: What you seem to be saying is...?

Source: Easterby-Smith et al. (1991, p.80)

#### **4.6.3 Data Triangulation**

Given that marketing decisions are likely to be intertwined with the holistic, contextual factors of the environment in which firms operate (Gilmore and Coviello, 1999), a combination of data collection methods in EM research was viewed as an appropriate way to study the complex, dynamic account of firms' activities and behaviours (Carson et al., 2001). In order to address the thesis objectives from a comprehensive perspective, other techniques of collecting data were used as the means of data triangulation. Non-participant observations were conducted offline during interviews at hotels, and online observations were made on hotel websites and social media sites. Documentation data included fieldnotes. The combination of data collection methods allows data to be gathered on verbal occurrences, observed occurrences, written reports and documentation. This approach facilitates the flexibility and variety of interpretative techniques (Corley and Gioia, 2004; Gilmore and Coviello, 1999) and allows additional perspectives to be examined when analysing data (Miles and Huberman, 1994).

Data triangulation can address the criticism of relying on only interview to collect data. Such criticism might be that interview only provides one person's account, which might exhibit discrepancies, misinformation, or omissions (Carson et al., 2001). These issues might lead to concerns about data reliability, forms of bias, validity, and trustworthiness (Lincoln and Guba, 1985; Saunders et al., 2012). Therefore, using data triangulation addresses the weaknesses of relying on only one source of data. By adopting various techniques of data collection, the validity and reliability of the findings can be enhanced (Denzin 1989; Miles and Huberman, 1994; Stavros and Westberg, 2009). For example, some managers claimed that their hotel receptionists always greeted their guests and this data from interviews was supported by my observations during interviews with managers.

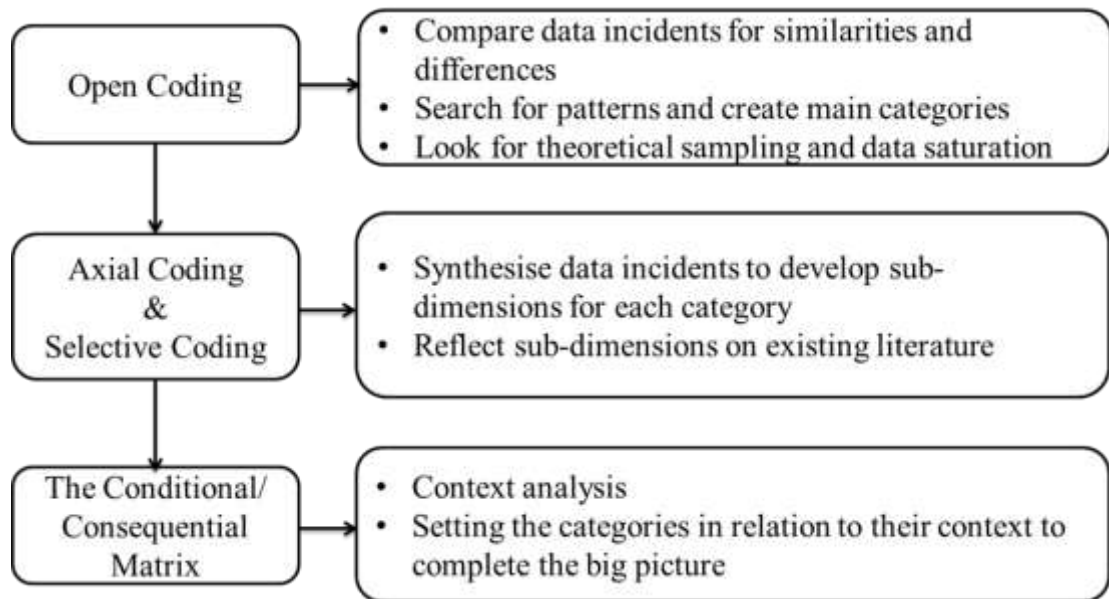
Furthermore, triangulation of data sources was used to uncover a diversity of information in a context that would allow transferability both within and across hotel firms (Stavros and Westberg, 2009). The observation component of this study provided more insight into the industry context, and the commonalities across participants could be identified. For example, similar service manners were observed in many hotels such as having an informal chat with guests or providing tour package information. Fieldnotes taken during interviews or observations were especially useful as they provided additional information on the non-verbal content that did not directly appear in the interview transcripts. For example, some participants were more enthusiastic and willing to share sensitive information about their businesses compared to others.

## **4.7 Data Analysis**

Easterby-Smith et al. (1991) identify different approaches to the analysis of qualitative data, and what these mean for the practice of data analysis. Among these methods are content analysis, grounded analysis, discourse analysis, narrative analysis, conversation analysis, and argument analysis. The choice of data analysis method depends largely on the research objectives.

The constant comparative method, developed by Glaser and Strauss (1967), looks for similarities and differences coming through the various sources of data. This method provides an open and flexible technique to analyse data and emphasises a data-driven approach to theory. Therefore, the constant comparative method is considered appropriate for analysing data in this thesis since it provides a holistic and inductive approach to develop themes and categories. This method of data analysis involves grouping data into categories with common elements to identify relationships among the various corpus of data. This analytical method provides a detailed exploration and examination of the activities and behaviours of EM. As noted by Glaser (1965, p.444), the constant comparative method “raises the probability that the theory will be well integrated and clear, since the analyst is forced to make theoretical sense of each comparison”. Following the tenets of the constant comparative methods, the first stage of data analysis is open coding to identify provisional categories of EM adoption. The next stages involve axial coding and selective coding to search for links between categories. Then, the application of the conditional/consequential matrix enabled comprehensive findings of business context to be emerged by placing EM in relation to the business contextual factors. Figure 4.3 illustrates the process of data analysis used in this thesis. The following sections describe in more detail each stage of data analysis.

**Figure 4.3. Data Analysis Process**



Source: Developed from Corbin and Strauss (2008)

#### **4.7.1 Open Coding: Building Basic-Level Concepts**

The purpose of the open coding stage is to turn raw data into basic level concepts. This stage involves naming and comparing data incidents for similarities and differences (Corbin and Strauss, 2008). For example, when an incident in the interview was coded as ‘delivering customised value’, this incident can be used to compare with other incidents that emerged during the coding process. As a result of open coding, different provisional categories of EM adoption emerged. In addition, this stage identified properties related to different categories. The findings from this stage became the foundation to guide the axial coding and selective coding. The open coding step involved the following activities:

-Divide transcript into manageable pieces (this was commonly divided by each question and answer for that question), read, think, and assign basic-level concepts for the data based on the key information provided by the participants

- Constantly ask questions to develop theoretical sampling, and to recognise when data reach saturation

- Group these basic-level concepts together

- Compare with previous data to develop properties (various basic-level concepts), looking for similarities and differences among firms

Appendix 4.3 illustrates this open coding stage for one interview during the data analysis process.

#### **4.7.2 Axial and Selective Coding: Building Higher-Level Concepts**

Axial coding was used to turn basic-level concepts into higher-level concepts. This axial coding stage was critical to the data analysis process since it integrated and organised categories identified in the open coding stage. In this thesis, selective coding was a process of reflecting findings found from the axial coding step on the existing EM literature to enhance the quality of data interpretation. In particular, the main analytical activities of this stage include:

- Axial coding: Build higher-level concepts by synthesising basic-level concepts of each EM dimension

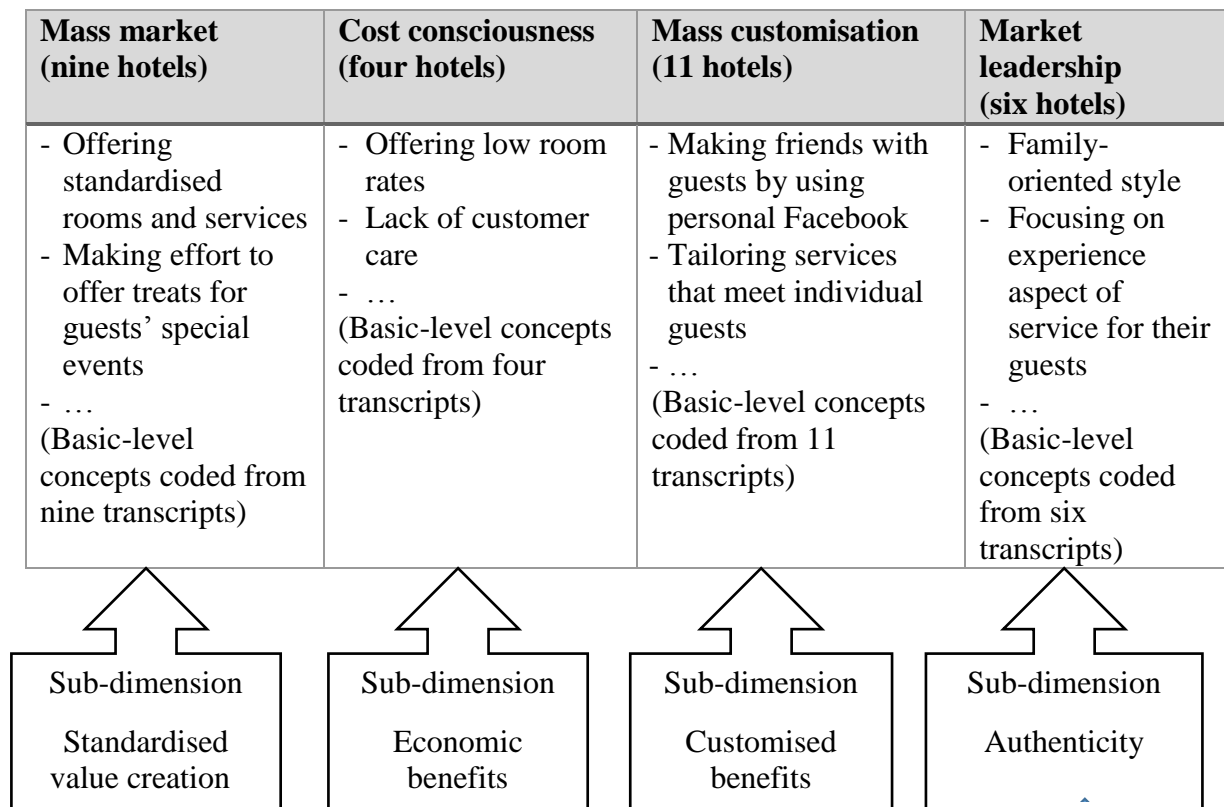
- Selective coding: Constantly refer to the literature to develop sub-dimensions for each EM category

- Based on the similarity and differences between firms, a typology emerged with four distinctive categories to which each firm can be assigned.

Figure 4.4 illustrates the process of axial and selective coding. In this example, each basic-level concept was grouped from the open coding stage. This process of collecting and grouping basic-level concepts (identified from the open coding stage) represents the axial coding stage. After

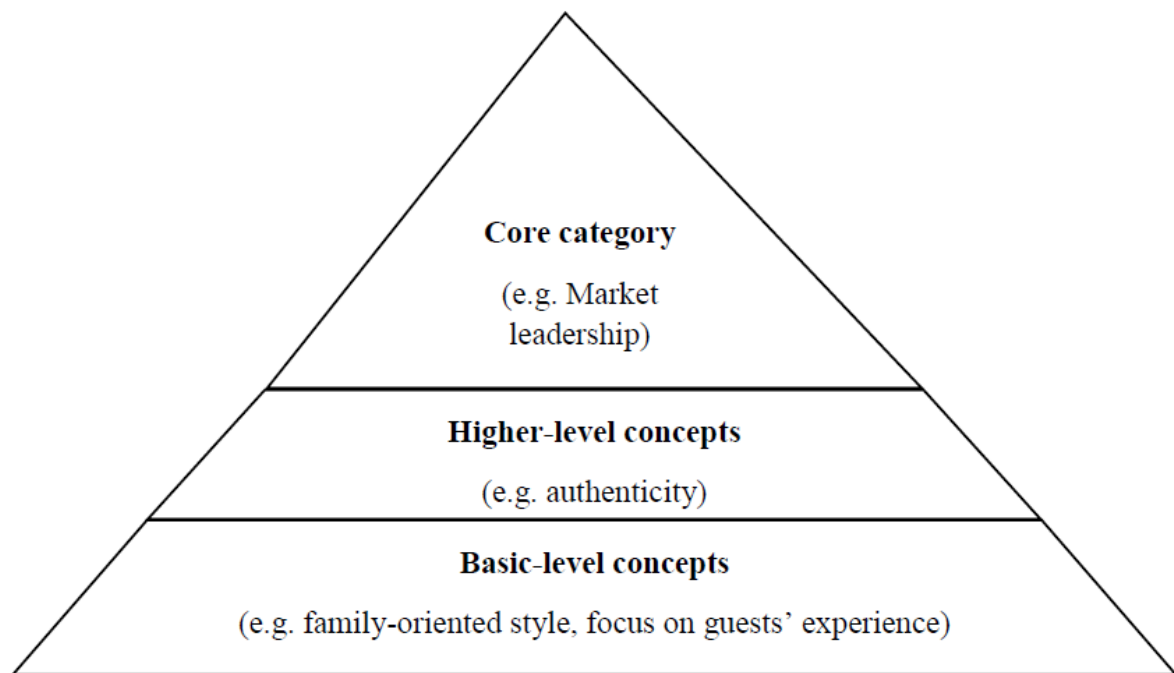
these basic-level concepts had been grouped under main categories, appropriate sub-dimensions were suggested including standardised value creation, economic benefits, customised benefits, and authenticity. This process of assigning sub-dimensions represents the selective coding stage.

**Figure 4.4 Example of Axial Coding and Selective Coding**



In summary, the development of core categories was viewed as a process of building a pyramid of concepts; each conceptual level was built upon the previous concepts. Figure 4.5 shows an example of how the market leadership category was developed by following three main steps: open coding, axial coding and selective coding.

**Figure 4.5 Example of Building a Pyramid of Concepts to Develop Core Categories**



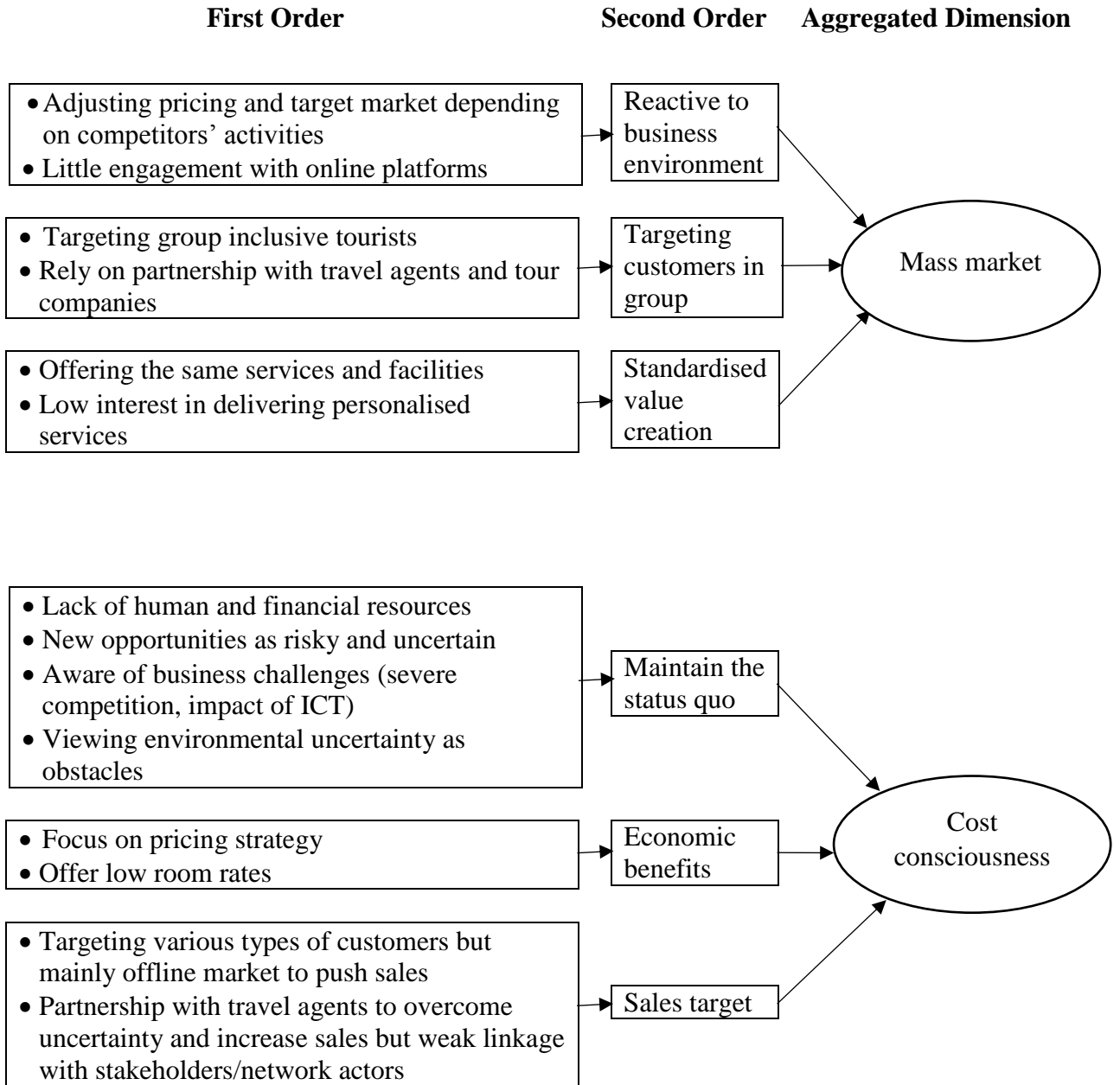
Source: Developed from Corbin and Strauss (2008)

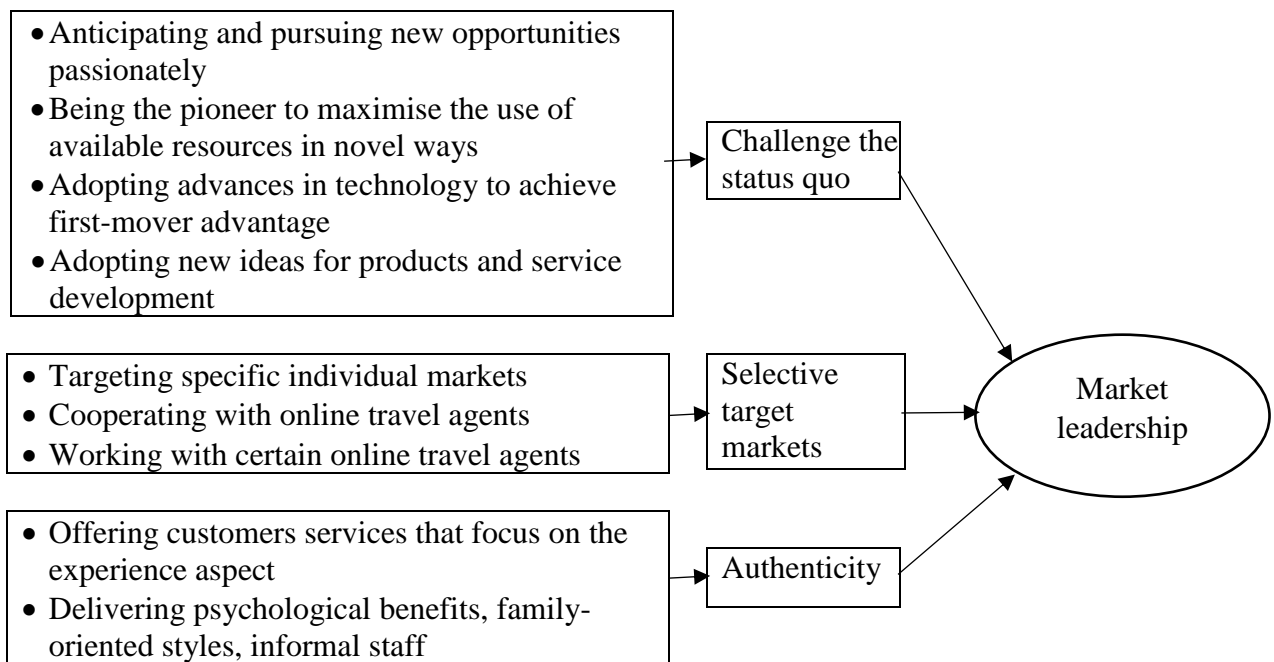
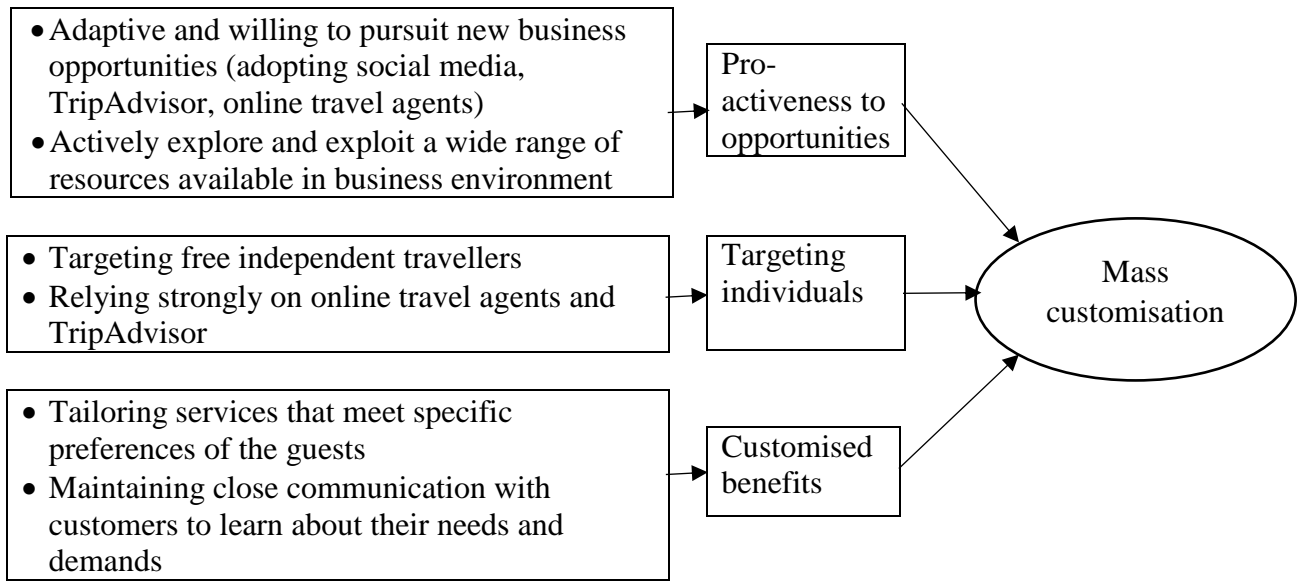
#### **4.7.3 Data Structure**

The process of structuring data is adapted from the work of Corley and Gioia (2004). These authors used the terms 'first order', 'second order', and 'aggregated dimensions' to explain their level of concepts, and these orders are equivalent with basic-level concepts, higher-level concepts, and core category as presented in Figure 4.5 above. Following Corley and Gioia (2004), these themes were further gathered into several aggregated dimensions to develop the emergent group of EM adoption. Figure 4.6 illustrates how the data were structured to form four groups of EM adoption.



**Figure 4.6 Data Structure**





#### **4.7.4 The Conditional/Consequential Matrix**

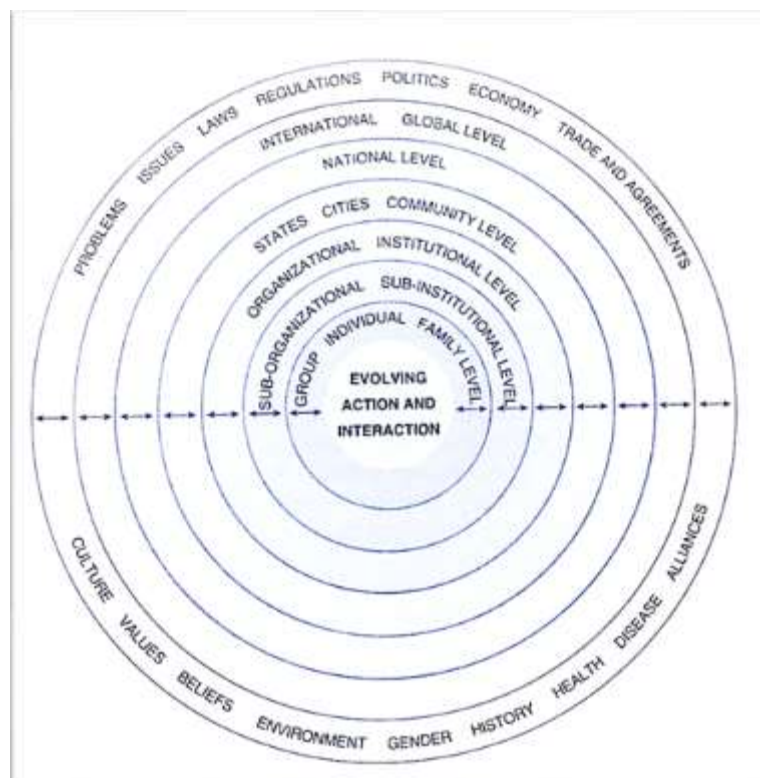
As stated by Corbin and Strauss (2008), in order to enhance the findings and to explain the phenomena under investigation, it is crucial to analyse context to go beyond the descriptions of the data and to construct theory. Different ways of analysing the context were offered by scholars. Specifically, the '6C coding family' approach is introduced by Strauss (1987) which involves the application of a coding paradigm to identify causes, contexts, contingencies, consequences, covariances, and conditions. However, Glaser (1992) criticises the 6C, indicating that this approach of analysing context does not allow theoretical concepts to emerge inductively. Rather, emerging concepts are tested and fitted deductively into this paradigm and the result will be a "forced, preconceived, full conceptual description" (Glaser, 1992, p. 3). Another approach to analyse context is suggested by Clarke (2005) in which the author proposes a situational analysis. This is a situation-centred approach influenced by postmodernism. Specifically, Clarke (2005) focuses on the significance of using situation as the central element of inquiry rather than actions or processes to understand a social phenomenon.

Strauss' (1987) 6C is considered an "independent-dependent variable model" (Glaser, 1978, p. 74) with highly static, linear approach. Meanwhile, Clark's (2005) situation analysis largely ignores the actions and processes of the phenomenon under investigation. In contrast to the 6C and situation analysis, the conditional/consequential matrix developed by Corbin (1991), Strauss and Corbin (1998, 2008) provides a more comprehensive approach to analyse structural conditions in which the actions-interactions take place. Therefore, using a conditional/consequential matrix approach is appropriate to address this thesis objectives which take into account of both business context, firm action, and the dynamic interplay between business context and firm in relation to EM. Compared with the analytical tools of 6C and the

situational analysis, the conditional/consequential matrix has been developed at a more sophisticated level since this matrix takes into account (1) the wide range of conditions and range of possible outcomes and (2) the complexity of the relationships between conditions, actions-interactions, and consequences (Corbin and Strauss, 2008).

As illustrated in Figure 4.7, the matrix addresses the complex process of evolving actions and interactions. As such, the adoption of this matrix is appropriate to fully identify contextual factors that impacted on the process of actions-interactions between firms and the business context which led to various consequences and outcomes of EM adoption.

**Figure 4.7 The Conditional/Consequential Matrix**



Source: Corbin and Strauss (2008, p.163)

Another reason to choose this matrix is its relevance to the concepts of structuration theory which is used as the enabling theory to investigate EM in this thesis. According to the conditional/consequential matrix, conditions at various levels may impact on the phenomenon under investigation. These conditions may act as causes or intervening factors that either facilitate or constrain actions. In turn, consequences resulted from actions-interactions can affect the conditions at various levels. This ongoing process can create new conditions that impact the next actions-interactions. The action is the core in the process of interacting and reshaping conditions (Corbin and Strauss, 2008). In other words, the impacts of macro-to-meso-to-micro and micro-to-meso-to-macro play significant role in understanding the social phenomenon (Allen, 2010). This recognition of the interplay between context and action is in line with the central concept of the duality of structure proposed by Giddens (1984) in his structuration theory.

By applying the conditional/consequential matrix (Corbin and Strauss, 2008) to analyse EM, this thesis develops higher level theorisation of EM phenomenon by taking into account of both firms and business context and the actions-interactions in which EM takes place. This approach addresses the gap in the existing EM literature which mainly focus on exploring EM from firm's capability level while the empirical evidence of the role of business context has been largely ignored. By incorporating the role of business context in EM adoption, and examine the actions-interactions between firms and business context, this thesis advances EM theory to a higher level through the application of structuration as an enabling theory and the conditional/consequential matrix as an appropriate analytical tool. Such application allowed for the main theoretical contributions to be articulated (see Section 7.3 for discussion of theoretical contribution).

## **4.8 Conclusion**

This chapter has discussed the philosophical position of the thesis and provided an account of the methodology adopted to address the research objectives. The research philosophical approach in this thesis corresponds with interpretivism. According to interpretivism, there is no single true reality, the subject of research can be understood from various individual perspectives in a specific context. As such, the research findings are dependent upon the contextual settings and the interpretation of the data. In the context of this thesis, interpretivism allowed firms and the business context to be taken into consideration when investigating EM. In doing so, the findings provided insightful understanding of EM phenomenon under investigation.

In order to obtain a holistic understanding of how EM is adopted within the independent hospitality industry, and the influences of the business context on EM adoption, this thesis employed qualitative research methods to address the research objectives. In-depth interview was used as the main data collection method, while data triangulation was achieved through the use of offline and online non-participant observations, and fieldnotes. Data saturation was justified using the technique of theoretical sampling. A constant comparative analysis method (Glaser and Strauss, 1967) was adopted to provide a flexible approach to analyse data. In addition, the conditional/consequential matrix (Corbin and Strauss, 2008) was used as an analytical tool to understand the role of the business context and identify business structural factors that impacted the adoption of EM. Table 4.5 summarises the considerations, decisions, and the main reasons for each key stage of methodology in this thesis.

**Table 4.5 Summary of Research Methodology**

<b>Methodological consideration</b>	<b>Decision</b>	<b>Main reason</b>
<b><i>Philosophical position</i></b>	Interpretivism	- No single reality, social phenomena have subjective meanings and may change
<b><i>Research design</i></b>	Qualitative approach	- Allow rich and insightful findings to be emerged and EM phenomenon to be thoroughly examined
<b><i>Sampling strategy</i></b>	A combination of purposive and snowball sampling	- Identify the most appropriate criteria to approach participants for the study - Allow firms with insightful information on EM practice to be identified.
<b><i>Data collection</i></b>	Semi-structured, face-to-face interviewing	- Provide a thorough examination of entrepreneurs' business context, behaviours, and attitudes from participant own perspectives
<b><i>Data triangulation</i></b>	Non-participant observations during interviews; Non-participant observation online via hotel's online platforms; Fieldnotes	- Marketing decisions are likely to be intertwined with the holistic, contextual factors of the environment in which firms operated - Address issues of relying on only interview data which might exhibit discrepancies, misinformation, omissions
<b><i>Data saturation</i></b>	Theoretical sampling	- Strengthen the credibility and validity of the data
<b><i>Data analysis</i></b>	Constant comparative method	- An open and flexible approach to data analysis and provides a detailed analysis of activities and behaviours of EM.
	Conditional/consequential matrix	- Address the complex process of actions-interactions between contextual factors and firms and the consequences in relation to EM - Correspond with structuration theory which is used as the enabling theory in this thesis.

The following Chapters Five and Six present the findings and discussion of the data analysis in order to address the research objectives: (1) to examine how the business context influences the adoption of EM; (2) to investigate how firms adopt EM within the specific business context surrounding them; and (3) to examine how the interplay between the context and firms results in specific tactics to facilitate EM.



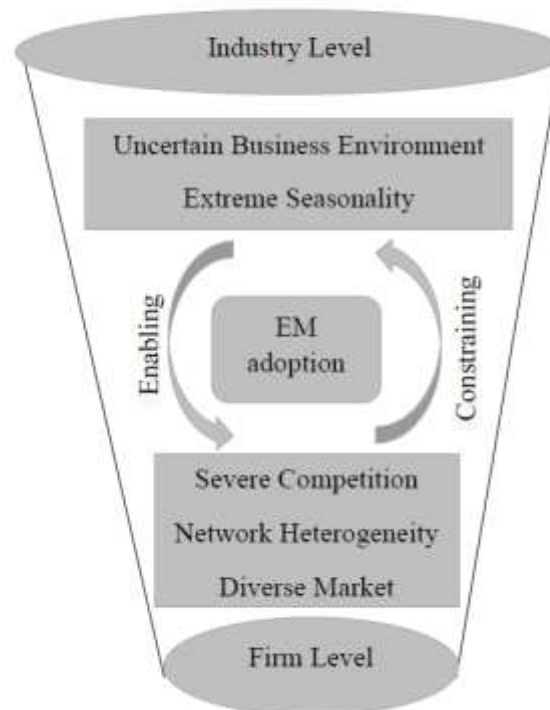
## **CHAPTER FIVE: THE ENABLING AND CONSTRAINING ROLE OF BUSINESS STRUCTURES**

### **5.1 Introduction**

As discussed in the literature review chapter (Section 2.2.2), the existing EM literature established that the business environment has a significant impact on how firms carry out EM activities. In this study, the data analysis revealed that the business context in which independent hospitality firms were embedded played both an enabling and constraining role in EM adoption. This chapter focuses on identifying and elaborating on factors that influence EM adoption of small independent hospitality firms. As introduced earlier in this thesis, Giddens' (1984) structuration theory can provide an insightful theoretical lens to explore and explain the reciprocal relationship between business context (as structure) and EM activities (as agency). This chapter draws on the data analysis in order to establish how the business structures (the factors that form the business context) influence EM practices of small independent hospitality firms, and in turn, how EM practices affect the business structures in which they operated. In order to identify these factors, a conditional/consequential matrix technique was adopted during the data analysis (discussed in Chapter Four, Section 4.7.4). Since small independent hospitality firms were embedded in dynamic and complex business structures, they had to utilise the resources available in these structure strategically to achieve their expected business outcomes.

As can be seen in Figure 5.1, the findings on the business structural factors were categorised into two distinctive levels: industry and firm. From the industry level, structural factors consisted of the uncertain business environment and extreme seasonality. From the firm level, structural factors included severe competition, network heterogeneity, and diverse market.

**Figure 5.1 The Enabling and Constraining Role of Business Structures**



The next sections present the research findings on structural factors that impacted EM practices of small independent hospitality firms. Following the discussion of each structural factor, tactics that firms used in responding to the business context were examined. These tactics reflected the interplay between business context and firms in relation to EM. Section 5.2 examines structural factors from an industry perspective while Section 5.3 discusses structures on the firm level. Section 5.4 concludes this chapter by providing a comprehensive discussion on the role of business structures, and the EM tactics firms used in responding to the effects of the business structures on their businesses.

## **5.2 Business Structures at the Industry Level**

This section discusses the impact of structural factors from the industry level on EM activities and behaviours. As such, it focuses on identifying and examining which macro factors in the hospitality industry have a significant influence on the EM practice of hotels. Although most of these factors were found to have negative impacts and on hotel businesses, firms exhibited capabilities to utilise the resources available in the industry in novel ways to facilitate their businesses. From a structuration perspective, these firms' capabilities to exploit the resources in the business structures demonstrate the notion of 'actor knowledgeability' (Giddens, 1984) in responding to the external circumstances and act accordingly to deal with challenges posed by negative impacts of the business structures.

### **5.2.1 Uncertain Business Environment**

The findings from the data analysis identified a wide range of factors on the industry level that could hinder hotel businesses such as economic downturn, disease outbreaks, political conflict, corruption, and extreme seasonality. On the one hand, these factors posed challenges for hotel managers to run their businesses due to highly uncertain environments. On the other hand, such factors determined a great extent the EM tactics hotels used to cope with these contingencies to survive and create sustainable competitive advantage. The following sub-sections examine each factor that formed an uncertain business environment for the independent hospitality industry.

#### **5.2.1.1 Socio-Economic Factors**

As often indicated by hotel managers in this study, the economic downturn and disease outbreak were two main factors that could lead to the sudden decrease of tourist arrivals and impact hotel

occupancy. The responses below from Quynh and Nhung illustrate these uncontrollable circumstances.

*“In the last few years the number of guests has stopped increasing because of external factors such as the world economic downturn or disease outbreaks, and we cannot control these things. This is paradoxical with the growing number of rooms and hotels. So this has led to the decrease in our revenue.” (Quynh-Sales Manager)*

*“There are many challenges from outside because in this industry we have to rely on social and economic factors. At the moment Hanoi is a quite sustainable business environment. However Chinese tourists have reduced rapidly in recent years due to our conflict in the East Sea. And I still remember SARS was one of the worse disease outbreaks that happened which made our industry significantly turbulent and difficult to survive.” (Nhung-Sales Manager)*

Such unexpected and uncontrollable factors are also reflected in the General Statistic Office report (2017). These external incidents in combination with the growing number of hotels as indicated by Quynh made the business environment less favourable, as hotels had to deal with severe competition to generate bookings. Under these uncertain business circumstances, hotels had to find a way to survive. Tactics used to deal with these challenges included proactively looking for new potential markets, or reducing prices. In this sense, firm' actions to deal with unexpected and uncontrollable industry factors are in line with the concepts of reflexive and mindful agents as suggested by den Hond et al. (2012). Specifically, firms adopted an

entrepreneurial approach in responding to the challenges posed by this uncertain business environment. The response from Phuong-Hotel Manager below is an example of how hotels adopted reflexive and mindful tactic to manage unexpected business incidents:

*“In our business, there are cases when things do not go according to plan. For example last year we had the political conflict with China which led to the decrease in tourist numbers. In that case, we have to look for guests from other sources such as travel agents or domestic customers. Normally our hotel focuses on online booking sources from Agoda.com, Booking.com, or online direct booking. But if there is a lack of online guests, we have to look for more potential markets. Furthermore, we have to reduce our prices to compete with other hotels.” (Phuong-Hotel Manager)*

The above quote highlights how Phuong flexibly adjusted her hotel marketing tactics under business uncertainty. These tactics demonstrated hotel’s capability in ‘environmental marketing management’ (Zeithaml and Zeithaml, 1984) by using entrepreneurial approach to address uncertain business situations. In doing so, hotels could recover quickly from sudden decrease in the number of tourist arrivals due to uncontrollable external incidents. The quick recover of independent hospitality industry is reflected in the results of a survey conducted by Grant Thornton (2012) in which hotel room rates in Vietnam increased by an average of 6.8% in 2010 compared with 2009, while hotels in other countries were still having difficulty in recovering from the economic downturn.

The actions of hotels in dealing with unexpected incidents suggest that hotels (as agents) had capabilities to adjust their marketing activities to cope with turbulent business environments (change in the business structures). These capabilities demonstrate the power of agents in proactively exploiting potential business resources and opportunities embedded in their business structures to maintain their businesses. In doing so, agents were capable of reshaping their business structures surrounding them. In the case of Phuong's hotel, the target market was reshaped and adjusted accordingly to address the issue with decrease in the number of Chinese tourists or online markets. Specifically, her hotel could look for potential markets outside its traditional focus of Chinese tourists, which was disrupted by the unexpected political conflict between Vietnam and China. In turn, these activities could impact the markets or competitors' responses. This finding indicated that the actions of firms in responding to the uncertain business situations influenced and reshaped the business structures. This continuous, ongoing process of dynamic interactions between agency and structure is in line with the concept of the duality of structure proposed by Giddens (1984).

#### **5.2.1.2 Support from Authorities and Corruption**

The uncertain business environment was also caused by a lack of support from the Vietnamese authorities towards independent hospitality firms, Luan's response illustrates the constraining forces of business structures due to a lack of support from the government officials.

*“No attempt from the authorities or policy-makers to help our business development. For private hotels like us, we have to compete to survive rather than holding hands to develop our businesses together. In my experience from the last 6-7 years learning and working in the hospitality industry, I have never seen any*

*association built up to support small private hotel businesses like us. There has been no action taken to upgrade the quality of service in the tourism industry from the authorities.” (Luan-Sales Manager)*

Luan’s response is in line with the concern raised by Yoshi and Tuan (2009) in which the authors indicate that business policies in Vietnam, in which the communist government plays the central role, support mainly state-owned organisations and big firms rather than small independent enterprises. Although the government has shown strong effort to encourage entrepreneurship through the process of economic reform after 1986 by allowing entrepreneurs to open small independent businesses, little support has been given to SMEs (Hansen et al., 2009). Besides the issue of limited support from the authorities, corruption was also viewed as a threat for small hotel businesses. The response from Kim and Hieu suggests that corruptive authorities hindered the independent hotels from running their businesses smoothly.

*“For a small business like us we are like an underdog, the local authorities if they come then they just want to annoy us and try to find out anything that we could do wrong to punish us or fine us. So most of the time we have to bribe them so that they will not come here so often and try to prevent us from doing our business.” (Kim-Sales Manager).*

*“Here they [the authorities] come here every month and just want to receive bribe from us. We have to give them a few million dong per month just to make sure they will let us continue our business normally.” (Hieu-Hotel Manager)*

Bribery is a common practice in Vietnam in particular and in emerging economies in general (Jong et al., 2012). In line with the findings from a study conducted by Jong et al. (2012) on bribery activities of Vietnamese entrepreneurs, the findings in this study showed that hotels bribed public officials in order to operate their businesses smoothly and successfully in a weak institutional economy. The action of hotels to bribe corrupt officials can be viewed as an adaptive tactic in order to survive in highly volatile business environments. It was evident that among various aspects of managing business, hotels had to deal with constraining structural forces from a wide range of aspects such as political, authoritative, and social-economic factors. The corruption of the authorities and the lack of practical support are among the main barriers that hinder the development of the independent businesses in Vietnam in general (Heberer, 2003; Paswan and Tran, 2012). With no exception, small independent hotels in this study suffered from these institutional disadvantages. These disadvantages can lead to the entrepreneurial acts of 'bending or breaking rules' (Morris et al., 2002) to solve the issues. In case of this study, hotels bribed the authorities to reduce the frequency of being checked up on or being punished by government officials.

### **5.2.2 Extreme Seasonality**

Extreme seasonality creates fluctuating demand due to the off-peak and high-peak seasons, and hotel marketing tactics have to be flexible to cope with low revenue during the off-peak period (Bowie and Buttle, 2004). The findings revealed that seasonality was regarded as one of the most constraining structural factors for hotel businesses. Depending on off-peak or high-peak season, firms applied different methods accordingly to achieve their expected occupancy target. For off-peak season, most firms struggled to maintain their profits, since they had to suffer from



losses due to low rate of occupancy. In contrast, during high-peak season, firms enjoyed a high number of bookings.

The seasonality issue was different depending on the nature of each tourist destination. In the context of this study, which focuses on hotels located in Hanoi - the capital of Vietnam, off-peak season is from May to September while high-peak season is from October to April each year. The period between May and September is the hottest time of the year in Hanoi. This issue led to a large decrease in tourist arrivals, especially inbound tourists who mostly came from European countries, America or Australia.

*“In high-peak season we can run at 80-90% even 95% room occupancy, but in off-peak season, we can only get 40-50% so in order to push up our occupancy we can give price B and attract market from different sources. So in general if we can maintain average room occupancy from 60-70% then our business is OK.” (May-Sales Manager)*

The extreme seasonality phenomenon in the hospitality industry created a ‘cyclical demand’ (Murphy, 1985). As such, the market structures were not stable and the number of inbound tourist arrivals were significantly different depending on the seasons. The market structures of the hospitality industry changed dramatically due to the decrease of the tourist arrivals during the off-peak season. This change of the market structures constrained hotel businesses and threatened their survival. As such, hotels responded to this structural change and adjusted their marketing tactics to overcome the challenges posed during off-peak season. The findings showed that hotels followed the tactics of ‘coping’ with or ‘combating’ seasonality rather than

‘capitulating’ as categorised by Getz and Nilsson (2004). In doing so, firms changed their target markets during off-peak season by looking for the potential markets from other countries or domestic tourists. These actions, in turn, reshape the market structures of the independent hospitality industry during off-peak season. This practice of changing markets illustrates that firms not only responded to the business structures but also reshaped such structures surrounding them via their ongoing adaptive tactics.

*“During off-peak season, we have some promotion campaign, and we also look for the domestic markets and tourists from other countries. So far we believe that these strategies are very effective to overcome off-peak season issues.” (Hai-Hotel Manager)*

The practice of changing target markets to cope with extreme seasonality issue was also evident in hotels that targeted mainly inbound independent travellers who commonly booked accommodation by using online travel agents. Due to the significant decrease of western inbound tourists during off-peak season, hotels changed their target markets to group inclusive tourist or corporate guests. As indicated by Linh below:

*“Our business strategy depends on seasons and months, for example, off-peak season we focus on corporate guests and tour groups from travel agents, for this high-peak season we focus on online sources although we can still take guests from travel agents, but it is better to work with online sources during this time. Although we have to share commission for online travel agents if our guests book through them, online travel agents can also advertise our hotel for us on their websites.*

*Also, when guests come to stay in our hotel we can sell other services, for example, tour packages.” (Linh-Sales Manager)*

In the above response from Linh, we can also gain further insight as to why some hotels preferred to work with online travel agents during high-peak season rather than offline travel agents. The benefits that hotels could gain from online travel agents were better compared to the benefits gained from working with offline travel agents. First, hotels could take advantage of online advertisements via the websites of online travel agents. Second, hotels could sell other services, such as tour packages, to independent travellers to increase their revenue. This was not the case with guests from offline travel agents since they commonly belonged to group inclusive tours in which their travel agents had already arranged all their tour packages. Such flexible adjustment to target specific types of tourist to act accordingly to the change of business structures due to seasonality issue demonstrates the agents’ capability of ‘reflexive monitoring’ (Sarason, 1995). In doing so, firms were able to utilise the most suitable resources to deal with specific situations and achieve the best outcome for their businesses.

Hotels could also set up low room rates, along with offering extra services to attract customers during off-peak season. The following response from Loan-Sales Manager gives an example of these tactics:

*“...we can reduce price or we can offer extra services such as free airport pick-up, free spa service, or laundry.” (Loan-Sales Manager)*

By using low price tactic and short term, ad hoc promotions, hotels tried to attract what Reinartz and Kumar (2002) call 'butterflies' and 'stranger' market segments to deal with the decrease in occupancy during off-peak season. Butterflies are customers who are not brand-loyal to any hotel and strangers are those with low profitability and low lifetime value. These market segments during off-peak season could be domestic tourists, Asian tourists or corporate guests. These markets helped hotels to survive and maintain their business during the summer.

Apart from the most common approaches to coping with extreme seasonality, such as using promotion and changing target market tactics, the findings revealed one particular hotel that used a novel approach by targeting tourists who kept visiting Vietnam regardless of the season. By using this approach, this hotel achieved a more balanced occupancy rate throughout the year. As such, it managed to maintain sustainable sources of customers during both the off-peak and high-peak seasons.

*“We work with Japanese guests and they still come here a lot during off-peak season and so our hotel can still cover the occupancy during this time. Because Japanese comes here from May to September, our hotel does not have any off-peak or high-peak season. This is something that we really proud of when we can maintain our business this way.” (Nhung-Sales Manager)*

In general, although the hotels in this study suffered from extreme seasonality, they adopted flexible tactics to cope with or combat this issue. From a structuration perspective, the response towards extreme seasonality by hotels in this study illustrates that firms are “purposeful, knowledgeable, reflexive and active” agents (Sarason, 1995, p.48), as they can draw on and

reconstitute the rules and resources in their business structures to survive and maintain their businesses during challenging time of off-peak season. In doing so, the firms were also capable of reshaping their business structures. For example, in case of firms that mainly focus on ‘free independent travellers’ (the specific term used by participants in this study) during high-peak season to generate bookings, their actions of changing their target markets to corporate guest and ‘group inclusive tourists’ (the specific term used by participants in this study) during off-peak season could also alter the market structures surrounding the industry.

### **5.3 Business Structure at the Firm Level**

The previous section examined the structural factors of small independent hospitality firms from the industry level. The findings revealed a wide range of uncertain business environments, including contingencies of tourist arrivals, lack of support from authorities, corruption, and extreme seasonality. These macro-environmental issues significantly impacted how hotels adapted marketing tactics to survive and maintain their businesses. The data analysis also revealed that the business structures of the independent hospitality industry in this study were not only reflected in those factors on the industry level but also on the firm level. As such, this section discusses the findings on the impact of business structures from a firm perspective. The following sub-sections examine severe competition, network heterogeneity, the diverse market, and how these factors affect the tactics firms use to facilitate their EM.

#### **5.3.1 Severe Competition**

Adding to the challenges that hotels had to deal with from an industry-level perspective, as discussed in Section 5.2, was the fierce competition among hotels. High pressure from competitors was considered one of the key influential factors that drove firms to pursue

proactive and innovative approaches to maintaining competitive advantages. Apart from six participants (Chinh, Doan, Hieu, Hoang, Nam, and Ninh) who claimed that their hotels were the leaders in this industry, the other 24 hotels indicated that they had to face tremendous challenges from both direct and indirect competitors. The following responses demonstrate this issue.

*“There are so many new hotels ... two and three-star hotels... in the Old Quarter which have been recently opened. In the past in 2011, 2012 my hotel was one of the best in this area, and we had a big capacity, but it is no longer the case.” (Khai-Hotel Manager)*

*“To be honest, the business environment here is chaotic. New hotels are still being built so fast and so many. One year ago we had 457 hotel in this area, now 506 hotels.” (Dzung – Hotel Manager)*

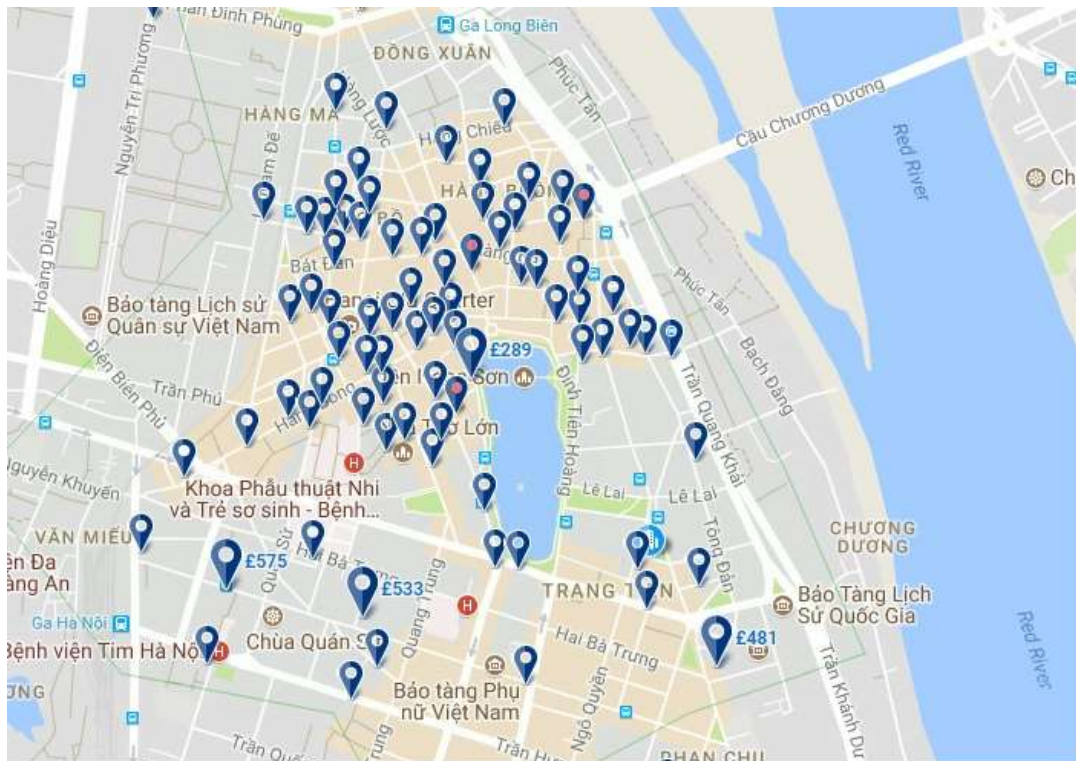
*“It [the competition] is very intense, you know... for a target market we have to share with lots of other hotels. For example, three-star hotels have to compete with others, the same with four-star hotels. Also, we have to compete with hotels from the same location. For us, we are a three-star hotel and each year many new hotels open and this makes the competition more severe. Because you know when the new hotels open they always adopt strong promotion, marketing campaign, very low prices to attract customers.” (Loan-Sales Manager)*

The rapid increase in the number of new hotels opened in the same area had contributed to the change in the business structures. Hotels had to share the markets of tourist with many newly opened hotels, the strong marketing campaigns adopted by new hotels also attracted a large number of new customers to book with them. This issue made the business environments of small independent hotels became more ‘hypercompetitive’ (Staber and Sydow, 2002). The concern with too many hotels competing in the same area was further raised by Quynh below:

*“The competition of hotel industry in Hanoi is very intense, just talking about a three-star hotel like mine, it's about 300 hotels in this area already, so the pressure from the competition is extremely high.” (Quynh-Sales Manager)*

Furthermore, Khai-Sales Manager used a Vietnamese metaphor to express his view on the competition issue by saying that the competitors were ‘as many as baby pigs’. This is a common expression in Vietnamese for something that has so many and can be found everywhere. Data from observations during interviews and online observations supported this claim. Most streets in the Hanoi Old Quarter had a large number of hotels; some streets had many hotels situated next to each other or on opposite sides of the streets. The high density of hotels in the Old Quarter is illustrated in Figure 5.2 showing the map of hotels extracted from Booking.com:

**Figure 5.2 Map of Booking.com Showing the Density of Hotels in the Old Quarter  
(January, 2016)**



The business conditions created by severe competition in the independent hospitality industry could be characterised as ‘hypercompetitive’ environments (Staber and Sydow, 2002). Under these environments, developing adaptive tactics is more appropriate than using reactive tactics (Staber and Sydow, 2002). The findings indicated that hotels showed their capabilities of being knowledgeable and reflexive agents (Giddens, 1984) to deal with negative impacts posed by the hypercompetitive environments. Data from interviews, field notes, and observations suggested that the intense competitive environments forced hotels to identify various tactics to stay survive and maintain their businesses. Different tactics that firms used in responding to the extreme competition are discussed as follow.



### 5.3.1.1 Facility Management

Among various tactics to deal with hypercompetitive environments, creating distinctive facilities to differentiate hotels from other competitors was emphasised. Bowie and Buttle (2004) state that hospitality firms have to face the dilemma of the nature of this industry in which there are no significant differences in terms of the core products offered by all types of hotels. Specifically, the tangible aspects of hotel products such as the bed, meal, and drinks are similar among hotel operators. As such, it is extremely challenging for hotels to differentiate them from others. The findings revealed that the hotels used innovative approaches to creating distinctive facilities to enhance their competitive advantages. For example, May's hotel had a roof-top restaurant with a good view and quite place which provided superior value for customers.

*"...So when working, I try to sell my hotel's advantages. For example, the restaurant, most hotels in this area have restaurants on the lower level or their restaurants are very small. For a hotel, breakfast is very important so for those that have small restaurants; they don't have much capacity. If two tour groups have breakfast at the same time with a lot of guests, they will not have enough space to serve. Our restaurant is different, it is big, and it is on the top floor which has a good view and is not noisy. Our partners [offline travel agents] when they visit us, they are pleased with our restaurant facilities, so they will try to sell our advantage and convince their group tours to choose our hotel." (May-Sales Manager).*

May's response above demonstrated that she was aware of the competition issues and identified her hotel's unique selling points to outperform competitors. In a similar vein, the literature

indicates that firms with a strong focus on customer needs and good knowledge of competition are more likely to achieve better outcomes and better manage their business environment (Kurgun et al., 2011).

Having good facilities was the foundation for adopting appropriate marketing activities and developing good services. In doing so, hotels could compete with others in a marketplace of severe competition. The following quote from Linh-Sales Manager illustrates this argument:

*“Before talking about services, we have to have good facilities and amenities. From this foundation, we can think of developing our services. If we have good services, then we can think about how to market our hotel.” (Linh-Sales Manager)*

Data from online observations and observation during interviews also supported what Linh indicated in his response above. The findings showed that hotels made a lot of effort into providing high quality of amenities. Rooms had elegant designs, free Wi-Fi, flat-screen TVs, air-conditioning, classic wood or carpet furnishing. Guests were provided with safe, fridge, electric kettle. Restaurants and bars were commonly on the ground floors of the hotels. Some hotels with larger spaces, typically outside the Old Quarter, had rooftop restaurants and bars. Among the 30 participants, only one hotel had swimming pool (Linh’s hotel) and this was emphasised as one of the hotel’s unique selling points when guests asked for facilities before booking.

By emphasising the role of having the good quality of facilities and services as the basis for targeting the right customers, hotels were aware of the interplay between physical facilities and

service experiences as an important aspect to enhance guest satisfaction and marketing performance to stay competitive. Designing distinguished decoration styles and paying close attention to details of facilities in every room were among the tactics that the hotels used to add value to the guests' experience. The following response from Giang-Sales Manager is an example of hotels providing superior facilities for their customers:

*“We don't have many rooms, but our facilities can even meet the criteria of a four-star hotel. The first thing we care about is the bed; the second thing is other facilities such as safety box, wardrobe, mini bar, fridge, smoking, non-smoking, Jacuzzi, bathroom, etc. Since we are in Hanoi, we use things that show traditional Hanoi cultures such as painting, or other little things about Hanoi. As you could see on the wall, we use paintings about Hanoi as the main themes for our decoration.” (Giang-Sales Manager)*

The hotels placed value on both the tangible and intangible elements of facilities as critical factors to enhance customers' experiences during their stay. Incorporating both tangible and intangible aspects of services to enhancing the psychological benefits for customers is considered good facility management in the hospitality industry (Carneiro and Costa, 2001). As noted by Siguaw and Enz (1999), the best way to welcome guests is to provide them with a physical environment in which they “feel comfortable, secure, and relaxed - in short, at home” (p.44). The aesthetic features of hotels meet the needs of a new trend in travelling industry in which travellers seek authentic experiences during their stay (Khosravi, 2014). As can be seen from Giang's response, his hotel used paintings about Hanoi as the main themes for decoration

to show traditional Hanoi cultures. This finding suggests the important role of ‘symbolic product’ (Lehman et al., 2014) to enhance customer experiences.

Building good facilities was followed by a good practice of maintaining them. This practice helped hotel effectively utilise their facilities and sustain their competitive advantage. As indicated by Ninh below:

*“We don't let the wall dirty. The IT facility has to be updated... our hotel facilities represent the quality of our hotel and help us to achieve competitive advantage. So one of the most important things is maintenance, if you have experience, then you will ask when is the last time a hotel does maintenance. One example is the hotel [hotel's name removed], a travel agent asked them when the last time they do maintenance. When the hotel said they had not done any maintenance for a long time, the travel agent cancelled their guests' bookings with that hotel. My hotel is new, so travel agents don't always look at this but maintenance is a very critical issue, and we always have someone to look after our facilities and fix things immediately if needed.” (Ninh-Hotel Manager)*

Previous studies in the hospitality industry also emphasise the significance of maintaining good facilities to stay competitive in the marketplace (Lai and Yik, 2012). Ninh’s response above highlighted the important relationship of having the right facilities that can meet the needs and demand of the strategic travel agents. The hospitality industry in Vietnam has a diverse market such as western inbound tourists, Asian inbound tourists, domestic tourists, and corporate guests (as discussed in Section 5.3.3). Therefore, having facilities that can match with the target

markets plays a critical role in achieving competitive advantage. The following quote from Ngoan-Sales Manager gives greater insight as to how the quality and types of hotel facilities can play an essential role in attracting a specific market:

*“...we work very well with Japanese guests because we understand them. The minimum requirement of Japanese is that they need a bathtub, and also our rooms are designed with wood, so Japanese guests really prefer our hotel facilities.”*

*(Ngoan-Sales Manager)*

In case of Ngoan’s hotel, she focused on Japanese guests, and she understood the needs of this market in terms of facilities. The tactic of having the right facilities for the right target markets was also observed in other hotels. However, there was debate as to whether or not western inbound tourists preferred western styles or Vietnamese traditional styles. As the findings revealed, some hotels (e.g. Binh, Huyen, Nam) focused on designing facilities based on western-oriented styles while others (e.g. Doan, Lai, Phuong) used oriental styles with a strong focus on Vietnamese culture to attract western customers.

#### **5.3.1.2 Service Quality**

When hotels pursued a variety of approaches in hotel facilities and interior designs, the driving factor behind their effort was to enhance customer experience and achieve a higher level of customer satisfaction. Specifically, hotels strongly prioritised service quality, an intangible aspect, as another essential tactic for successfully running their businesses. This tactic is in line with the existing research in the service industry which indicates that service quality and

customer satisfaction are among the dominant aspects of successful services marketing strategies (Cronin et al., 2000).

The process of providing service quality started from the first moment when hotels received bookings from their customers. In order to be able to provide good service quality, most hotels emphasised that they contacted their guests, asked questions about their preferences for their rooms and services. These hotels also kept a record of their returning customers with details of their preferences. This proactive tactic helped them to obtain first-hand knowledge of customer expectations and needs. Therefore, by the time their customers arrived, the hotels were already prepared for their guests' stay. The following response from Loan-Sales Manager is a typical example of this practice:

*“When guests book to stay with us, we will know their general information and details from the booking. We then contact them for further details of what they need and if they want to use our extra services. When they check in, we can assist them with their requests. If they are our returning customers we will know their preference already, and we will know if they want to stay in rooms with windows or quiet rooms, rooms with good views or no smoking, whether they need an iron in their room or they prefer the laundry service. If they are strict persons or not, if yes then we will have to be more careful to consider their needs and satisfy them, someone might even prefer a certain type of fruit, so we make sure we set up the right fruit for them... things like that.” (Loan- Sales Manager)*

Service quality was also developed by improvising daily practices. Such improvisation was made possible by continually interacting with their customers to gain feedback. Based on this feedback, the hotels improved their services and to enhance customer satisfaction.

*“I encourage them [staff] to ask our guests, talk to them, ask them if they are happy with their stay, if not do something to address their issues to make sure they will be happy.” (Lai-Hotel Manager)*

Having interactive conversations with the guests during their stay and seeking to address any issues that might occur are in line with the concept of improving ‘functional quality’ (Gronroos, 1990) in service businesses. This is a more important aspect to enhance the satisfactory level of consumers than the ‘technical quality’ (e.g. core facilities, rooms). The functional quality is reflected in the buyer-seller interaction as an interactive marketing method of service firms to constantly improve their service (Gronroos, 1990). This finding signifies the role of hotel-guest interaction and implies that creating good functional quality is a powerful marketing tactic in hotels. The continuous action-interaction between hotel staff and guests represent the reciprocal relationship between agency and structures. Customer is a central element that form the market structures of the hospitality industry. Through the continuous interaction with the customers, the hotels were able to develop their service that match customers’ needs, and act in accordance with the customer feedback.

All the efforts in delivering quality customer service illustrate that hotels tried to meet and make an attempt to exceed customer needs and expectations. However, since the perceptions of customers were varied, and there was nothing like ‘one size fits all’ (Chinh-Hotel Owner and

Manager) in this industry, hotels had to constantly deal with complaints from their customers. The challenges for these hotels were how to handle complaints and deal with intense pressure from their competitors. In the following quote from Ninh-Hotel Manager, we can gain further insight into how hotels managed customer complaints to maintain and improve service quality:

*“At the moment if we receive negative reviews we will work directly with the guest to know why they complained, which problems that make them unhappy, about food or anything else. So yeah we have some types of scenarios to deal with this kind of situation. We also have a form to refund for guests or agreement so that they can sign in. If guests go home and still complain online, we will show them the paperwork as the evidence of our agreement so that we can ask them to take off their reviews.” (Ninh-Hotel Manager)*

Similar to what Ninh mentioned above, when talking about customer complaints, the hotels linked these issues to the risks of receiving negative online reviews which could harm their hotel reputation. Data from non-participant observations online on TripAdvisor indicated that negative reviews were commonly posted by customers who had suffered from the consequences of service failure happening in the offline environment. This is a prominent example of how the issues firms experienced in the offline environment can be transformed to the online environment unexpectedly. Therefore, hotels had to pay great effort to deal with negative online reviews.



### 5.3.1.3 Staff Management

Hotels prioritised service quality to achieve competitive advantage (as discussed in Section 5.3.1.2). The quality of service is, however, challenging to manage due to its complexity in the hospitality industry. On the one hand, service quality is subjected to consumer interpretation; on the other hand, service quality is measured mainly by intangible dimensions. As service quality is reflected directly through the services provided by employees in the hospitality industry (Kusluvan et al., 2010), the performance of service could be evaluated by the outcomes of how hotels manage their human resources. The findings showed that service quality and staff management were closely linked. Specifically, hotels indicated that human resources contributed a vital role to the quality of their services. A common expression was found among many participant: “service quality is all about humans”. The responses from Manh and Hieu below illustrate this statement:

*“Because all the hotels in this Old Quarter area are quite similar in terms of rooms, location, facilities. Our service has to be different from our competitors, and it's all about humans that makes us different.” (Manh-Sales Manager)*

*“I think the most important factor is human resources. For me, staff play the key role to build a good reputation for my hotel.” (Hieu-Hotel Owner and Manager)*

The responses from Manh and Hieu suggest that the human factor had a significant role in delivering the best service quality and building a good reputation for their hotels. This finding is supported by the literature which indicates that hospitality industry is a ‘labour-intensive service industry’ and the quality of the service depends largely on the personnel involved in the

service delivery process (Anastassova and Purcell, 1995). Parasuraman et al. (1988) suggest evaluating service quality based on five dimensions: reliability, assurance, tangibles, empathy, and responsiveness. Among these five dimensions, only one dimension ‘tangibles’ refers to the physical environment of hotels such as facilities, the others refer to the employees’ capabilities and willingness to provide customers service that can represent a high level of being accuracy, trustworthiness, promptness and individual attention.

Kusluvan et al. (2010) indicate that the success of a hotel relies on the skills of its personnel, their commitment and their attitudes. This explains why hotels paid close attention to staff recruitment, training and management. The following response from Ninh-Hotel Manager highlighted how he recruited staff and managed them:

*“It depends on the position of the jobs. For room attendants, we don't need someone good looking or skilful in English, as long as they are tidy and not too nosy with our guests' stuff. For receptionists we need someone who has good communication skills, friendly, willing to take complaints from guests and still smile, good English but this is not the most crucial requirement... We don't look for a person with too much experience because we don't have a budget to pay for staff at that high level. For the kitchen we hire someone who knows how to cook good stuff, knows how to save things such as salt, washing liquid, is attentive in everything they do. In each department we need someone who is the most outstanding to become the leader, enough experience, mature and I make sure that they will follow my instructions.”*  
*(Ninh-Hotel Manager)*

Ninh looked for persons who had the most appropriate skills and characteristics for different positions while paying less attention to the physical appearance of his staff. This practice of human management is in contrast to the focus on ‘looking good’ tactics found in a study conducted by Nickson et al. (2005). According to these authors, employers in the hospitality industry consider the looking good, referred to as ‘aesthetic labour’ (Warhurst and Nickson, 2007), to be an important factor to create a distinct image and provide competitive advantage for the firm. However, the finding in this study is in line with what Kusluvan et al. (2010) suggest in which the authors argue that the soft skills of staff, rather than their physical appearance, contribute to the images of hotels and distinguish them from their competitors.

Recruiting the most appropriate persons is the first important step in human resources management. In order to make sure staff could deliver high service quality, hotels paid attention to staff training. Below is an example of how Hai-Hotel Manager trained his staff:

*“When we work, I train my staff to recognise the needs and attitude of different types of guest. This can also be learnt from experience, when we are working long enough we know what kind of guests need what kind of things... Our staff have been trained to know how to approach our guests effectively and have good communication skills because we aim at maintaining a high level of service quality.” (Hai-Hotel Manager)*

Hai’s response is in line with the argument made earlier when hotels emphasised that service is all about humans. As such, training staff is a crucial aspect to successfully manage human resources to fulfil the needs of customers. When it came to managing their staff, hotels adopted

a flexible approach to creating a friendly, relaxing working environment. The following response from Phuong-Hotel Manager gives more insights into how staff were managed:

*“It’s not like four or five-star hotels where staff are required to meet a very strict standard, even in terms of how they should smile at the guests. But it does not mean there is too much freedom here so that staff can do anything they want either. So be flexible but within boundaries.” (Phuong-Hotel Manager)*

The approach to staff training indicated by Phuong reflects the notion of agent flexibility under specific settings (Giddens, 1984). By adopting a flexible tactic to train staff, hotels could enhance the staff empowerment and make their staff feel highly valued. A flexible approach to staff management in the hospitality industry is critical to maintain staff commitment and reduce the high level of turnover – a common issue in the service industry. The hospitality industry is a labour-intensive sector, and involves a high level of emotional exhaustion (Anastassova and Purcell, 1995; Anderson et al., 2001). Therefore, having a relaxing and friendly working environment is critical to staff well-being and in turn, enhances the quality of the services that staff deliver.

Besides training staff, hotels also emphasised the significance of managing them appropriately depending on the knowledge and skills of each individual. As Nam suggested below:

*“The thing here is how you manage your staff to overcome your competitors, so it’s like how can you manage smart people so that you will get a bonus, I’m not the best but my staff can be the best, they can be in charge of running the hotel so I can stay*

*home and drink beer you know [laugh]. So it's about how to manage people. They have different personalities, they are knowledgeable, and you need to know how to use the best one.” (Nam-Hotel Manager)*

Nam’s response shows the significant role of assigning tasks that fit in with the quality of each staff to successfully manage his hotel business. The literature also indicates that this flexible management style is often seen in the effectuation approach among entrepreneurs (Read et al., 2009). This finding suggests that hotels focused on using the right people to help run their businesses smoothly.

#### **5.3.1.4 Pricing**

Besides focusing on delivering good service quality and managing staff flexibly, the firms in this study focused strongly on using pricing tactics to cope with the high pressure from competitors in the same area. The ways firms adopted pricing tactics depended largely on the types of their target markets. As indicated by many participants (e.g. An, Chinh, Ninh), hotels with more than 30 rooms were commonly located outside the Old Quarter area, and they could hardly fill occupancy by taking individual travellers only. In contrast, hotels with room numbers ranging from 12-30 were commonly located inside the Old Quarter and could manage to fulfil their occupancy through online markets. As a result, the pricing tactics were different between hotels inside and those outside the Old Quarter. The following response from Kim-Sales Manager, who managed a hotel located outside Hanoi Old Quarter, gives us a general view on the pricing practised by hotels in this study:

*“... Inside the Old Quarter they [hotels] do not rely on the room rates but the tour package sales to gain profit. They can offer very low rates for rooms to attract guests to book with them and gain profit from selling tour packages.” (Kim-Sales Manager).*

This practice of selling tours is unconventional in the hospitality industry, since the traditional principle of a hospitality business is to provide accommodation. Such tactic can raise ethical and legal concerns, since hotels were registered to provide accommodation while tour packages were mainly services provided by tour companies and travel agents. This activity points to the corruption issue around the Vietnamese authorities, who did not provide a clear guideline on how hotels should practise their businesses, which encouraged hotels to bend the rules (discussed earlier in Section 5.2.1.2). On the one hand, corrupt authority is a constraining structural factor for the independent hospitality industry. On the other hand, firms could benefit from this situation by adopting unconventional tactics such as selling tours to gain profit. It is also noteworthy to indicate that hotels inside the Old Quarter could not gain profit from selling rooms. This was due to the high commission (ranged from 30% to 70% per room rate) that hotels had to pay to online travel agents in order to generate bookings from free independent travellers who used to book via these agents. Therefore, an unconventional tactic of selling tours was used to provide hotels with profit and maintain their businesses.

Regardless of whether hotels chose to sell rooms via online travel agents or offline travel agents, they used a similar approach in which different rates were applied for different agents. As indicated below by Manh (online room selling tactic) and May (offline room selling tactic):

*“It depends on the partners that you work with online. At the moment, Agoda and Booking.com are our main partners, they help us to boost our selling and attract potential guests, so we give them our best commission rates...However, when guests search our room rates, they will see our rates are not the same with all online travel agents. For example, we can see with the same room, same date, the price on Agoda might be different from Expedia, so guests will have questions why the same type of rooms have different prices on different sites of online travel agents.” (Manh-Sales Manager)*

*“With [offline] travel agents, we do not use the same rates with all of them. For example, if we are working with you at rate A, and some agents would like to cooperate with our hotel but cannot afford rate A then we will try to work it out and give them rate B. Or we can give some kind of policy that would work out for both, for example, we still maintain rate A but we give them some kind of promotion. We try to modify our rates to be suitable for each travel agent partner so that they can also support us back.” (May-Sales Manager)*

Although the tactic of using different prices for different travel agents in the offline environment might not raise issues about fairness, since the rates were not published, the practice of offering different online room rates raises a critical issue in consumer perceptions of fairness. Since Internet-based distribution channels help customers to expose a wide range of pricing practised by hotels and increases the transparency of hotel rates and offerings, seeing the differences in price from different online travel agents might reduce the trust and credibility of the hotels and agents (Noone et al., 2011).

Although the majority of room bookings came from offline travel agents or online travel agents, hotels also tried to generate direct bookings via their own websites or from walk-in guests. In order to encourage guests to book directly, they gave the best room rates for those who did not use third parties. As illustrated in a response from Luan below, hotels created a hierarchy of room rates to attract direct bookings:

*“We have a pricing guideline for different types of guests. For walk-in guests, they receive the best room rates, then corporate guests who also booked directly with us, they receive the second best rates, and the third group is travel agents, then online travel agents.” (Luan-Sales Manager)*

The issues of severe competition in this industry created a high level of uncertainty when firms implemented pricing tactics. Since hotels were located in the centre of Hanoi, which was densely populated by competitors, customers could easily find alternatives with similar facilities and lower room rates when searching and booking. Therefore, the pressure from competitors significantly impacted how hotels practised pricing. We can observe the role of using proactive pricing tactics to compete with other hotels from the below statement:

*“For the price, I have to observe and monitor every hour, every day, every step of other hotels in this area to see how much they charge their customers. When they increase, decrease the price, or run promotion so that I can adjust my hotel pricing strategy accordingly.” (Gam-Hotel Manager)*



The response from Gam illustrates that, instead of viewing a hotel as a price maker, as assumed by researchers in revenue management and pricing in the past (Tsai and Hung, 2009), hotel is a price taker under severe competition (Padhi and Aggarwal, 2011). Observing and monitoring the changes of price of other hotels in order to adjust accordingly demonstrates the capability of firms (as agents) to reflect and alter their actions under structural change (Sarason, 1995). In turn, their continuous activities of adjusting room rates reshape the pricing structures of the industry and create more pressure on the competitors. Such ongoing activities illustrate the notion of duality of structure (Giddens, 1984) in which the action-interaction among firms and their competitors in relation to pricing tactics created evolving dynamic and complex competitive environments.

### **5.3.2 Network Heterogeneity**

Networks are critical areas to investigate since the tourism and hospitality industry is always a networked industry (Scott et al., 2008). It is the network of relationships that forms the nature of the tourism and hospitality sector as it connects diverse stakeholders of businesses such as hotels, restaurants, tourist attractions, transportation, tour guides, and travel agents (Pavlovich, 2008). Networks are essential for the survival and development of hospitality businesses (Morrison et al., 2004). Furthermore, advances in technologies significantly impact networks of relationships in hospitality and tourism. Evidence shows that the hotel industry has been using social media to engage with customers and this strategy is one of the most effective approaches to sustaining competitive advantage (Chan and Guillet, 2011; Daugherty and Hoffman 2014). In line with the existing literature in hospitality and tourism networks, the findings in this study identified a diversity of network actors that hotels engaged from both offline and online perspectives. This diversity of networks represents the dynamic business

structures of the hospitality industry. Specifically, networks that hotel were involved in consisted of informal hotel associations, offline travel agents, online travel agents, online travel networks, and online social networks. The next sub-sections elaborate on each network actor and tactics firms used to utilise potential resources embedded in their networks to facilitate EM.

#### **5.3.2.1 Informal Hotel Associations**

The findings discussed in Section 5.2.1.2 revealed that hotels in this study received very little support from the authorities from either legal or practical aspects. This explains the fact that there was no official association for small independent hotels to assist and protect their businesses. In order to deal with this shortcoming, firms formed an informal association by themselves. In doing so, they developed a ‘horizontal hotel network’ (Grangesjo and Gummesson, 2006) to exchange their concerns on issues about tourism and hospitality in the area and tips to deal with guests better. This action of coopetition is reflected in the following response from Ninh-Hotel Manager:

*“Here you can see the Facebook page for our association where we share things like bad vendors and issues in this area so that every hotel can be warned and tell our guests to be careful about certain types of vendors or bad sellers on the streets. This is at the moment the main communication method among hotels in the Old Quarter because we don't have time for face-to-face meetings. Even when we can meet up and share information, not many people are willing to talk about their businesses or the real situation happening because they are afraid that the other hotels can learn business tactics from them and they can lose their competitive advantage.” (Ninh-Hotel Manager).*

Data from observation on the Facebook page of the hotel association in the Old Quarter showed that this association was an unofficial group of hotels. Information on the Facebook page involved sharing tips on running hotels, managing staff, and advertising new positions. Ninh's response above also showed that although hotels tried to cooperate with others to develop their business environment, they were very cautious about sharing their internal business information to protect themselves from others. Perhaps this is due to the pressure from fierce competition as discussed in Section 5.3.1. On the one hand, hotels were aware that they needed to exchange information with others to develop their small independent hotel industry. On the other hand, they had to minimise the exchange of information about their hotels with others. This created a paradox which led to the low engagement of hotels involved in this informal association. As a result, the horizontal hotel network formed informally did not deliver a very positive outcome. The issue of coopetition in this industry demonstrates both the constraining and enabling role of the business structures. Dieu' response provides more detail on the challenges that the informal hotel association had to face:

*“We have had some meetings to develop our association for small independent hotels in the Old Quarter area. The purpose of these meetings is to protect our hotels from outside competition. However, although we have lots of meetings we still have not come up with any efficient plans or strategies yet. Not many hotels were willing to put in the effort to implement our plans. They feel insecure if they share too much information about their businesses you know. Other hotels might copy from the way they do businesses” (Dieu-Hotel Manager)*

The practice of small independent hotels forming an informal association to protect their industry is also found in the literature. For example, Grangesjo and Gummesson (2006) find that a small local group of hotels in the town of Ostersund, Sweden have found a successful formula to run their horizontal hotel network. This successful formula requires trust and commitment among members of local hotels based on certain principles and codes of conduct. The findings of Grangesjo and Gummesson's (2006) study show an example of good practice of coopetition in a local hotel network. In contrast with Grangesjo and Gummesson's (2006) findings on the positive effect of an informal, horizontal hotel network in Sweden, the hotels in Hanoi Old Quarter could not achieve common agreement on the objectives or plans for their group. The lack of commitment and trust among hotels in this study was the key reason why they could not develop a good local hotel network to protect their small independent businesses from large, international hotels. In this sense, good support from the authorities is essential to protect hotels from larger competitors and to develop their businesses. Establishing an official hotel association or tourist board (Au and Ekiz, 2009; Glancey and Pettigrew, 1997) might be a useful formula to address this issue.

#### **5.3.2.2 Offline Travel Agents**

Another network actor that hotels engaged with was the offline, traditional travel agent. Compared to the lack of engagement and low level of marketing efficiency of the informal hotel association as discussed above, a travel agent was among the most essential network actors for hotels developing collaborative relationships. Travel agents have long been the traditional channel in the hospitality business industry to connect travellers or potential customers with hoteliers (Buhalis, 2000; Lee et al., 2013). Traditional travel agents act as intermediaries or distribution channels enabling hotels to focus on their core business function of delivering

accommodation for travellers. Among the 30 participants of this study, nine indicated that traditional, offline travel agents were their key partners who provided a sustainable source of customers for their businesses. The following responses from May and Lai illustrate this ‘agent-principal relationship’ (Lee et al., 2013) between hotels and travel agents in this study.

*“We cooperate mainly with travel agents, their operators and most of their staff are very open and cooperative. We need them, and they also need us, so it is quite straight forward when working with them. Also many times they need our support, for example, hotel services, they ask for fresh fruit, discounts on massages, or dinner for their group tours. And when we need them they will be willing to convince their guests to book our hotel. So this is a mutually beneficial relationship you know. We need each other, a win-win relationship.” (May-Sales Manager)*

*“If we don't have any relationships with travel agents or tour suppliers then we will not have our business running efficiently like this. We cannot do it all ourselves; we only provide accommodation for our guests. We have many suppliers [offline travel agents], we have to maintain and develop a very good relationship with them, we have to get very close to them in order to be successful...the closer, the more successful... just like friends, the closer the better.” (Lai-Hotel Manager)*

Hotels stressed the role of maintaining and developing relationships with offline travel agents to achieve mutual benefits (s further in Section 6.2.2). However, one significant drawback of working with these agents was that hotels could not generate more revenue from selling tour

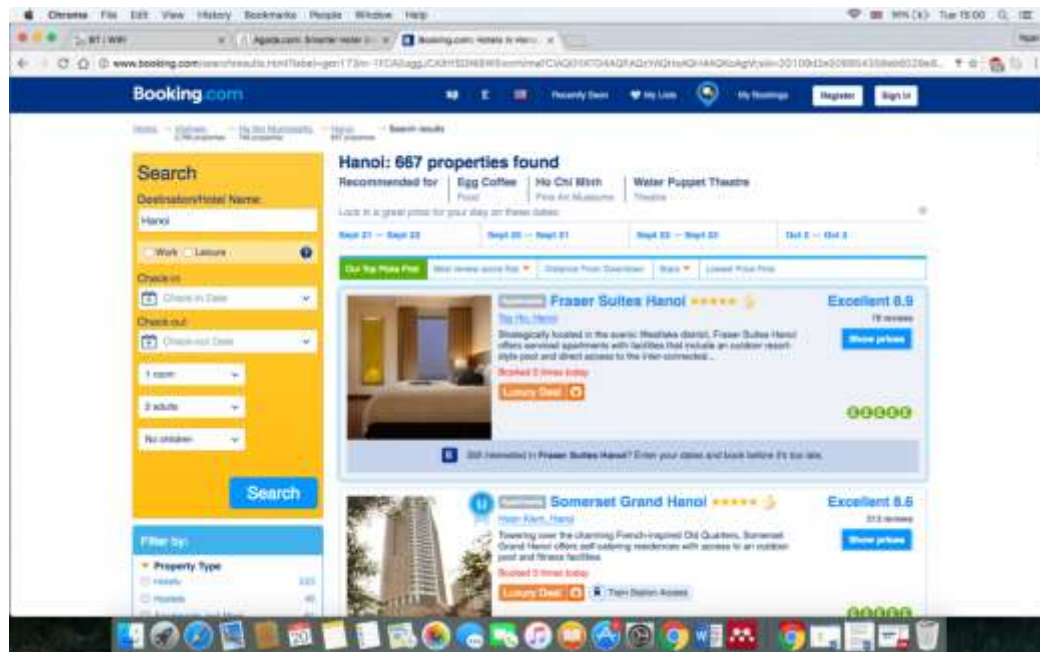
packages. The response from Loan below is an example to illustrate disadvantages when hotels worked with traditional, offline travel agents.

*“... But we don't have more benefits by selling tours to customers because our customers already have their tours designed and provided by travel agents.” (Loan-Sales Manager).*

#### **5.3.2.3 Online Travel Agents**

Further findings revealed that many hotels in this study focused on cooperating with online travel agents. This channel has changed the landscape of the traditional approach to target markets in the hospitality industry. The advance of the Internet has significantly reshaped the nature of the traditional agent-principal relationship between hotels and travel agents. Figure 5.3 shows an example of one online travel agent, Booking.com, displaying the result of using the keyword ‘Hanoi’ when searching for hotels in the Hanoi area on the site:

**Figure 5.3 Booking.com Page when Using Keyword ‘Hanoi’ to Search for Hotels  
(January, 2016)**



In order to be listed on the websites of online travel agents, hotels must go through a procedure of negotiation on commission and wait for confirmation from the online travel agents before gaining partnership with them. The following quote from Dieu-Hotel Manager illustrates the procedure:

*“They [online travel agents] will suggest certain commissions to us, and we will consider whether or not we can agree with them. It also depends on our hotel reputation and quality, they will evaluate our hotel to see if we are good or not, how many bookings we might have every month, and then they will suggest an amount of commission for us and put us in a specific position on their websites based on the result of their analysis.” (Dieu-Hotel Manager)*

Apart from online room selling as the primary benefit that hotels received from cooperating with online travel agents. Online travel agents also acted as an effective advertisement channel, as indicated by Kim-Sales Manager below:

*“When working with online travel agents we want to use their advertisement service, so this channel is very good for our hotel to spread our image and our name... In my hotel, we focus strongly on word-of-mouth. You know if the guests just give a few positive sentences in their reviews, the others can look at them and feel more confident to book with us.” (Kim-Sales Manager)*

From the response above we can observe that when talking about advertisements, hotels focused on the aspect of raising awareness of their images and names to attract potential customers via online travel agents. The advertisement method that hotels took advantage of from online travel agents was made possible because of the reviews that guests wrote on these websites. In other words, these reviews might help to attract potential customers to read and learn more about hotels and therefore, increase customer awareness.

Although online travel agents provided lots of benefits for hotels, these partnerships also created challenges due to commission issues, which led to unfair competition among hotels. As such, the relationship between online travel agents and hotels in this study was complex. This is in line with what previous scholars have observed (Lee et al., 2013) regarding the dominant role of online travel agents in the hospitality business. Most hotels wanted to attract more potential customers by offering an extremely high commission for online travel agents so that they could gain preferential treatment such as higher ranking on the travel agent’s website, or better



advertising messages. This created a hostile competitive situation in which other hotels had to suffer from unfair competition when they cooperated with the same online travel agents. The response from Gam-Hotel Manager illustrates this unfair competition issue.

*“So for some hotel businesses, they do not really gain any profit from customer bookings because they had to spend that revenue on paying commission for online travel agents so that these agents can help them attract online customers. Some hotels even accept the loss by giving online travel agents up to 70% commission per booking. When receiving this high commission rate, online travel agents increase the ranking of these hotels, and this makes them more attractive for customers who are looking for hotels online.” (Gam-Hotel Manager)*

Due to the lack of a practical code of conduct for the hotels, some hotels had created an unfair competitive business environment by offering extremely high commission rates for online travel agents. This explains the conflicting relationship between hotels and online travel agents. As a result, hotels in this study tried to bend the rule by leveraging their resources in unconventional ways. This tactic is illustrated in the following response from Linh-Hotel Manager which indicated that his hotel tried to make up for the loss from paying high commission to online travel agents by selling tour packages and other extra services to their guests.

*“Although we still have to share commission for online travel agents, we can advertise our hotel on their websites. Also, when guests come to stay in our hotel,*

*we can sell other extra services, for example, tour packages.” (Linh-Hotel Manager)*

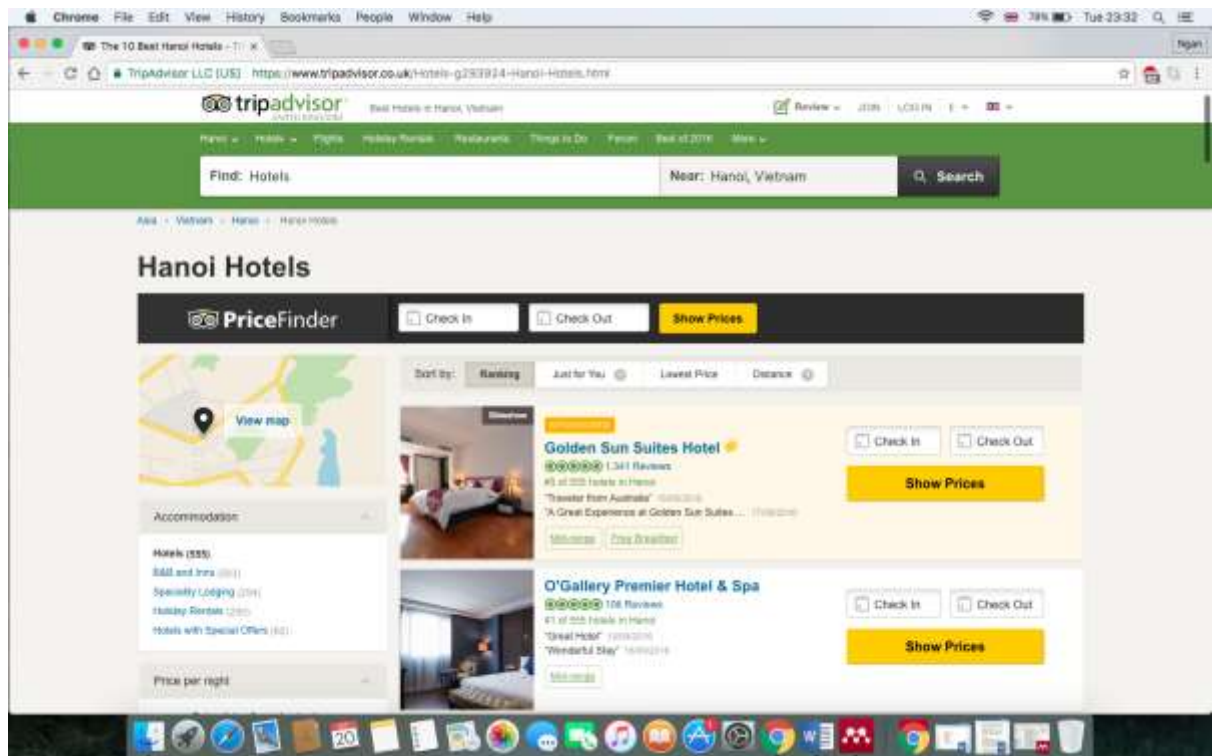
#### **5.3.2.4 Online Travel Networks**

The notion of network heterogeneity in the hotel business is also reflected in the significant role of online travel networks. The online travel network has significantly transformed the ways in which hospitality and tourism industry practice business. One example is the rapid spread of the biggest online travel community, TripAdvisor (O’Connor, 2010). In line with evidence from the literature (Daugherty and Hoffman 2014; Lee et al., 2011; Park and Allen, 2012), the findings from this study also indicated that online travel networks critically influenced the marketing practices among firms. With the rapid increase of eWOM from customer reviews on travel network websites, hotel businesses can take advantages of this network to spread their brand awareness, enhance their reputation, and attract more potential customers. However, firms in this study were also aware of the negative impacts that online travel networks could pose such as negative reviews, low ranking, and trust issues.

The findings revealed that among various types of online travel networks, TripAdvisor played the dominant role in generating online reviews for independent hospitality firms. TripAdvisor is the world’s largest online travel community, in which people can find information and reviews from other travellers (Jeacle and Carter, 2011). A traveller can share their experiences with others by writing a review on their accommodation, and be honest about his experiences as stated by the guidelines on the TripAdvisor website. In order to write a review, users need to register and provide personal details. The managers of hotels can respond to reviewers’

comments. Figure 5.4 shows the screen displayed on TripAdvisor when searching hotels with the keyword 'Hanoi' as an illustration of how hotels in this study appear on this channel.

**Figure 5.4 TripAdvisor Page When Using Keyword 'Hanoi' to Search for Hotels  
(January, 2016)**



The reviewers can write about their personal experiences of staying in a hotel and make a selection from possible ranking for the hotel (terrible, poor, average, very good, excellent). The rating is illustrated in a five-point indicator, the total number of reviews and overall rating for each hotel appear as shown in Figure 5.4. By clicking on each hotel's name on the website, customers can learn more detail about the price, reviews, or hotel descriptions. The TripAdvisor ranking index is calculated using an algorithm constructed from the information acquired in the traveller rating and this mechanism aims to provide fair treatment for all hotels that join TripAdvisor (Jeacle and Carter, 2011).

Although TripAdvisor is traditionally considered a review website for travelling, data from online observations on TripAdvisor showed a clear link of partnership between TripAdvisor and online travel agents. When we clicked on the profile of a specific hotel on TripAdvisor, price comparisons among different online travel agents that hotels cooperate with commonly appeared on the left-hand corner of the TripAdvisor website. This suggests a movement from a strong focus on non-commercial purpose to a more commercial practice of TripAdvisor. The development and change of TripAdvisor has gone further in a recent update in which TripAdvisor has entered into partnership with Booking.com and some hotels to provide travellers with direct booking via the TripAdvisor website. Therefore, customers do not need to go to a third-party website when booking rooms (TripAdvisor, 2016).

The findings revealed that online reviews from the travelling community on TripAdvisor was among the most important factors that could attract customer bookings. This was especially critical for firms which focused on targeting free independent travellers, who commonly used online searching tools to book their trips. The impact of TripAdvisor is illustrated in the response below from Hoang-Hotel Manager:

*“I can see that before booking our hotels, lots of customers looked at TripAdvisor and looked at the top ranking hotels. We have a huge benefit from TripAdvisor because our hotel is ranked on the top of its list.” (Hoang-Hotel Manager)*

The response from Hoang suggests that in order to increase bookings from online customers, TripAdvisor is an essential platform to raise their hotel profile. Hotels that mainly worked with offline markets and traditional travel agents (e.g. group tours, domestic tourists, corporate

guests) also viewed the online travel networks as important channels to facilitate their marketing. As indicated by Khiem-Sales Manager below:

*“Before booking the customers might look for hotels on TripAdvisor although they are guests from travel agents. Our customers are very wise now, and they look up information online before deciding to stay with us or not.” (Khiem-Sales Manager)*

When discussing the role of TripAdvisor, hotels demonstrated good knowledge of the significant impact of the TripAdvisor ranking and reviews on their booking rates. As indicated by Ninh-Hotel Manager:

*“The impact of TripAdvisor is very high or if not to say extremely high in our business. If you ranked in the first 30 hotels on TripAdvisor, then you can increase the booking rates up to 30% compared to other hotels ranked below 30. Or if you have more than 100 reviews and your hotel ranked above 50 on TripAdvisor then your booking will also increase a lot. Or if you are not on top ranking but reviews are good and trustworthy then your booking will be 12% more than other hotels. For example, our hotel ranked [removed due to confidentiality], so the guests will not see us from scrolling down the screen but when the guests book us via online travel agents they will also check on TripAdvisor, and they read reviews, and they will trust us and go for their bookings.” (Ninh-Hotel Manager)*

While hotels utilised online travel agents to sell rooms online, TripAdvisor was used as the main channel to generate online reviews. Ninh’s response shows that the TripAdvisor ranking

can be considered an indicator for the booking rates of a hotel. This ranking supported the process of customer decision making when booking hotels. As knowledge and reflexive agents (Giddens, 1984), hotels learnt to take advantage of both online travel agents and TripAdvisor by incorporating the beneficial features provided by these two channels. This integrated tactic can be viewed as a typical example of how hotels could benefit from the process of value co-creation between various stakeholders in this industry. In line with the literature, this value co-creation process lies at the heart of EM practice (Morrish, 2011).

The significant impact of TripAdvisor reviews on booking might be due to the effect of eWOM. TripAdvisor is the most popular online travel community, and most travellers consider information provided on this website to be trustworthy (Ayeh et al., 2013). As such, hotels could benefit from a wide range of reviews from their customers on online travel network of TripAdvisor about the hotels that they stayed and the experiences they had during their stay.

When hotels decided to use TripAdvisor to facilitate their marketing activities, they had to commit time and effort to manage their online images on this platform. Although most hotels aimed to generate positive reviews on TripAdvisor, there were cases when guests posted negative comments. In those cases, hotels adopted strategic tactics to manage these unexpected online reviews on TripAdvisor. Managing hotels' profile on TripAdvisor involved monitoring, responding reviews, dealing with complaints, and improve their ranking and reputation on TripAdvisor. The following responses from Dieu and Nam provide further insights into hotels' activities on TripAdvisor:

*“I check it [TripAdvisor] very often, and I respond to customers’ reviews. If a guest complains, we will find out the roots of the problem and sort out them immediately. If all positive reviews, we keep maintaining our quality.” (Dieu-Hotel Manager)*

*“I believe that it [negative review] happens for a reason so, for example, people might complain about noise on the street, we know exactly what happened, so we try our best to reduce the noise by installing the best windows. But for the people who are typically quiet people, they still complain anyway, they might complain about construction site outside making noise, but how do we do about this? It’s not our fault, but because you are our guest and then you post negative reviews, so I still reply to you and say sorry and explain the situation that it is out of our control. The other people might see the reviews and think yeah it’s not the hotel’s fault.” (Nam-Hotel Manager)*

It can be observed from the quotes above that hotels had clear tactics to deal with online complaints. However, not all complaints could be addressed since some issues were out of hotels’ control such as noisy location, rooms with no window, and small street which did not allow taxi or coach to get access. By replying to complaints about uncontrollable issues, hotel managers wanted to send a positive signal to potential customers that they were responsible people, they acknowledged problems and they worked on improving the issues as much as they could. However, it is not clear whether this tactic of managing customer reviews has a positive impact on the purchasing intentions of potential customers. Although hotels believed that they could make a positive impact on potential customers’ behaviours by replying to reviews on

TripAdvisor, the findings from Mauri and Minazzi (2013) indicate that this tactic has a negative impact on customer booking intentions.

The data obtained from interviewing and observations on hotels' activities on TripAdvisor showed that those hotels that pursued a tactic of replying to reviews carefully addressed the reviews for each customer rather than using a general response, especially for negative reviews. The response from Lieu-Sales Manager below is an example of this tactic. By personalising their responses to individual reviews, hotels strongly believed that they could make positive impacts on customer behaviours. This links to the notion of 'benevolence' suggested by Mayer et al. (1995) when hotels want to gain trust by showing the signal that they want to provide good experience for the customers.

*"...but the thing is we should not respond using automatic or generic reply because it may make our guests feel not being respected. My hotel does not receive many reviews per week so we can handle the response with not much time-consuming. For hotels that receive many reviews per week, replying to these customers' feedback might be quite a big deal. We have to read and understand what their reviews are about, for example, if guests say the rooms so noisy and untidy, it would be ridiculous if you respond back to them talking about your hotel food." (Lieu-Sales Manager)*

When hotels decided to rely on an online platform such as TripAdvisor to create open conversations and generating reviews, the pressure of delivering high quality of service was higher compared to hotels that did not focus on utilising online platforms. Another issue



emerged when using TripAdvisor was the risk involved with customers taking advantage of their power on this platform. Below, Hoang and Phuong expressed their views on negative impacts of TripAdvisor:

*“It's true that although TripAdvisor has great benefits... it has lots of pressures too. Because, for example, guests who give us low marks will affect our ranking a lot. To be honest, nowadays guests are not fair, they know that TripAdvisor is a critical part of our business, so they take advantage of this channel to make pressure for us. They might threaten us by saying that they can give us negative reviews, so our staff feel very stressed.” (Phuong-Hotel Manager)*

*“You can search on Google for hotels, and it will appear TripAdvisor firstly, so we still have to rely a lot on reviews from TripAdvisor, it becomes the god in our industry... Some guests know that we rely on TripAdvisor and they will ask for many things like refund or compensation if they are not happy.” (Hoang-Hotel Manager)*

Both the responses from Hoang and Phuong above represent a common concern about the dominant control of TripAdvisor over the hotel industry in the Hanoi area. This created enormous pressure on hotel managers when dealing with their reputation management online.

#### **5.3.2.5 Online Social Networks**

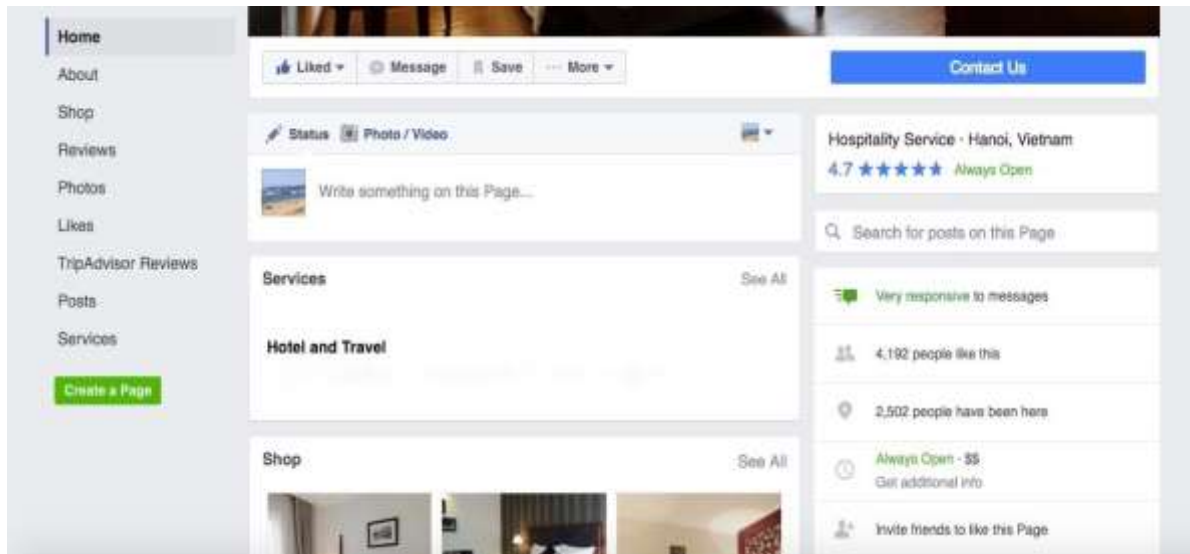
Besides the online travel network of TripAdvisor, online social network was another platform that hotels used to facilitate their marketing activities. The findings revealed that Facebook was utilised by most firms while Twitter was not considered an appropriate platform for their

businesses. These findings are in contrast with Leung et al.'s (2015) study which indicate that both Twitter and Facebook are effective and efficient channels for hotel marketing. The following response from Loan-Sales Manager illustrates a common approach of hotels to using Facebook and how they viewed Twitter:

*“We do use Facebook, we post information on this site, we post stuff online, and we have staff responsible for Facebook, and this person is in charge of our online channel. Twitter is something not popular in Vietnam, and we don't use it. It is not an appropriate channel for our business.” (Loan-Sales Manager)*

Compared to online travel agents and TripAdvisor, where hotels have to share these common platforms with other suppliers, using Facebook gives hotels a higher level of self-control as they can create their own profiles and make their own decisions regarding how to practice marketing on this platform. This is not to say that Facebook gives hotels the best benefits when creating their profiles on this platform since they cannot take advantage of the whole travelling community as provided by online travel agents and TripAdvisor. In facts, the findings showed that the benefits of Facebook for marketing tactics were considered less impactful compared to what hotels could gain from online travel agents and TripAdvisor. Therefore, most hotels only adopted Facebook at a very basic functionality and spent less time and effort on utilising this platform. The main activities on Facebook were for the purpose of social benefits (e.g. engaging in conversations with customers, sharing photos) rather than for economic benefits (e.g. selling rooms, advertising). Figure 5.5 is an example of a typical Facebook page of a hotel in Hanoi (hotel's name was not shown to protect confidentiality for the participant).

**Figure 5.5 Facebook Page for a Hotel (January, 2016)**



Data from the interviews and online observations revealed that Facebook was used mainly as a communication marketing channel. This finding was supported by Giang's response below. His hotel's activities on Facebook focused on engaging with customers and developing relationships with them as a way to 'keep in touch'. These networking activities can be performed using basic and free functions offered by the Facebook platform.

*"We use Facebook for the purpose of customer care. We can take photos, add friends with customers, and comment on their reviews on our Facebook. Keep in touch! We have lots of fans on Facebook." (Giang-Sales Manager)*

Due to the main focus of using Facebook for the purpose of networking with customers, hotels were not willing to make extra payment for advertisement service provided by Facebook. The quote from Linh-Sales Manager explains this point. Engaging with customers on Facebook might be an effective tactic used by hotels since the previous study indicates that of the three

types of message that a firm can post on Facebook (sales, marketing, and conversational messages), conversational messages are the most likely to be engaged with and endorsed by customers (Kwok and Yu, 2013).

*“In my hotel, we are using Facebook but just the basic functions. We still do not want to pay for Facebook advertisement... you know if you want your hotel to be more popular and attract more potential customers, we have to pay a certain amount of money for Facebook so that they can increase our visibility online. But at the moment I don't want to pay for this type of service, I think it is not very necessary.” (Linh-Sales Manager)*

Another benefit of using Facebook to engage with customers is the effect of eWOM. As indicated by Khiem- Sales Manager: *“We use Facebook so that guests can also review, recommend friends from there.”* In order to take advantage of positive eWOM, hotels understood the significance of delivering good service quality as the driving factors for generating positive eWOM. As indicated in the literature, positive eWOM happens when customers have a favourable attitude towards their hotel experience, and therefore, are more willing to refer the hotel to others online (see Leung et al., 2015).

While most hotels in this study created a Facebook page to represent themselves, one hotel did not follow this common tactic. Instead, Phuong-Hotel Manager encouraged her staff to use their individual Facebook profile to engage with certain guests.

*“Lots of guests here are very close to us. They come back three or four times already so when they not here we still maintain our communication using Facebook... We use our own Facebook accounts rather than a hotel Facebook account.... For example, some guests might be closer to me, and others might be closer to my staff, so we try to divide guests into groups for each person so that we can talk to them more effectively.” (Phuong-Hotel Manager)*

The tactic used by Phuong suggests that she focused on delivering personal communication to her customers. It was noted that this tactic was only applied to guests who might be loyal customers or who might be close to certain staff at the hotel. Therefore, this practice restricted hotels from reaching a large number of potential customers since they did not use an open public Facebook page for all consumers to interact with the hotel. In this sense, other hotels that use a Facebook page to encourage all people to engage with them could benefit from what Granovetter (1973) call ‘the strength of weak ties’. In this sense, the weak ties that hotels had with their customers on the Facebook page could encourage the spread of eWOM to a wider network.

Although Facebook was used as a platform to socially engage with customers online, hotels were also aware of the negative impacts of using online social networks to connect with their customers. Customers’ privacy was mentioned as one barrier that prevented hotels from focusing their activities on Facebook for marketing purpose. As Binh mentioned below:

*“I think social media is a good channel to maintain relationships with our customers. However, we need to think about the privacy of our guests online. So... in our registration form we ask our guests if they agree for us to communicate with them on Facebook or not. If they agree, we will add them on Facebook. If they do not agree we will not find them or add them on Facebook. Also, we provide a link of our Facebook to our guests. If they want to add us, they are welcome ... so it is two ways of communication. If our guests do not want to connect with us on Facebook we totally respect that, we don't want them to feel that they have no privacy...it really depends on their preference.” (Binh-Hotel Manager).*

Privacy issues involved with using social network sites could impact disclosure activities and behaviours of users (Young and Quan-Haase, 2009; Houghton and Joinson, 2010). Such issues could limit the benefits of using Facebook for marketing purposes and explain why Facebook was not strongly utilised by hotels in this study.

### **5.3.3 Diverse Market**

Inbound tourists were the main markets for the independent hospitality industry in this study. Most customers came from Australia, America, and countries belonging to the European Union such as France, Germany, and the UK. Another source of markets came from Asian countries such as South Korean, Japan, and China. The heterogeneous characteristics of markets in the hospitality industry are also reflected in the industry report issued by Vietnam National Administration of Tourism (2017). According to this report, Vietnamese tourism and hospitality

attract mostly inbound tourists, and it has achieved strong growth in tourist arrivals from European countries in recent years.

The findings indicated that the hotels with a small number of rooms, ranging from 12 to 30, focused on targeting free independent travellers rather than group inclusive tourists, since small number of rooms could be filled with individual travellers quickly. Free independent travellers were mostly approached via online channels such as online travel agents and TripAdvisor. For hotels with more than 30 rooms, this approach was not appropriate to achieve high occupancy rates. Therefore, they focused on targeting group inclusive tourists by cooperating with offline travel agents or searching for corporate guests who came to Hanoi for business purposes. The wide range of customers is illustrated in the following responses:

*“Most of our guests come from Australia, in EU most from the UK, France, Spain then Germany ranked 4<sup>th</sup>. We also have some Asian customers from Japan and South Korea.” (Hai-Hotel Manager)*

*“We have around 80% customers coming from European countries and the other 20% coming from Asian countries or domestic tourists. Most of them come here for travelling purposes; only a few come here for businesses.” (Lai-Hotel Manager)*

Although the inbound tourists accounted for the largest proportion of customers, the domestic tourists provided an increasing number of bookings for hotels. These customers could be both tourists who typically travelled from the South of Vietnam to Hanoi or corporate guests who had businesses in this area.

*“Vietnamese also account for a certain amount, but they mainly come here during summer rather than winter. They mainly come here from May to September.”*

*(Long-Sales Manager)*

Since the markets for the hospitality services varied depending on geography or the travelling purpose of the tourists, hotels could take advantage of this wide range of tourists to identify the most appropriate target markets for their businesses. Another benefit of having a wide range of tourist arrivals was that hotels could alter their target markets in case the mainstream of tourist arrivals was disrupted by the uncertain incidents such as economic downturn or natural disaster (as discussed in Section 5.2.1). However, hotels had to face the challenges of dealing with guests mainly from different cultures with various needs, demands, and expectations of services and facilities.

#### **5.4 The Impact of Business Structures on EM**

The previous sections examined the context of the independent hospitality industry which consist of structural factors exhibited in both industry level (uncertain business environment, extreme seasonality) and firm level (severe competition, network heterogeneity, and diverse market). The findings revealed that hotels were embedded in complex and dynamic business structures in which EM tactics were used in responding to the impacts of structural factors on hotel businesses.

Firms in this study recognised both advantages and disadvantages of various factors that formed their business structures. Specifically, the business structures were found to have both the enabling and constraining impacts on EM tactics. Firms used various tactics to utilise the



resources and opportunities embedded in the business structures, while trying to overcome the challenges posed by constraining structural factors at the same time. The findings indicated that network heterogeneity and diverse market mainly played an enabling role in EM. Meanwhile, uncertain business environment, extreme seasonality, and severe competition posed significant constraints for hotels' businesses. It is important to note that the enabling and constraining role of the business structural factors were intertwined. When one factor was considered as having an enabling role, it could also posed challenge for the businesses. For example, online travel agents provided hotels with the main source of bookings (enabling factor) while putting pressure on hotels due to the dominant power of these travel agents in terms of controlling the main booking channels (constraining factor).

This section incorporates findings revealed in the previous sections to provide a comprehensive understanding of the role of the business structural factors and the interplay between hotels and the business structures in which hotels operated. The sub-sections from 5.4.1 to 5.4.3 provide more detail on these discussions.

#### **5.4.1 The Enabling Role of Business Structures**

Various types of travel agents enabled hotels to evaluate which agents would suit them best to cooperate with. Since markets in the hospitality industry were mostly inbound tourists, travel agents had specialised their services on these certain types of markets. Many opportunities for partnership were available for hotels as they could choose to cooperate with online or offline travel agents. The enabling role of travel agents was significant as they provided main sources of bookings for hotels. While hotels focusing on group inclusive tourists chose offline travel

agents to be their key partners, those focused on free independent travellers considered online travel agents as their strategic stakeholders to achieve occupancy targets.

Online travelling network stood out as another influencing factor on hotels' marketing activities. Specifically, reviews from the online community on TripAdvisor played a critical role in building a firm's reputation and brand awareness to attract potential customers. This was particularly significant for hotels focusing on attracting customers using online sources. Online social networks could benefit firms in terms of eWOM, providing platforms for customer engagement, and enhancing trust via reviews. These findings align with previous literature which has found that entrepreneurial firms actively use social media to enhancing their marketing competencies such as communication effectiveness and customer co-creation (Harrigan et al., 2012; Jones, 2010; Stokes and Nelson, 2013).

Furthermore, the enabling role of business structures can be recognised via the variety of markets in the hospitality industry. Such diverse markets with different types of customer (e.g. western, Asian inbound tourists, domestic tourists) required firms to use various marketing tactics to approach their target markets. In addition, various types of tourist provided firms with opportunities to identify the most appropriate markets to approach. Firms showed their capabilities of understanding different market needs and demands. Some successful examples of firms utilising the heterogeneous markets included finding a niche market and selecting the most relevant online or offline target markets.

The findings also showed that a dominant group of hotels focused on selling tour packages to enhance revenue. Officially, hotel businesses were registered only to provide accommodations

rather than selling tour packages. However, due to the incomplete regulation and the issue with corruption of the authorities, hotels could bend the rules and adopted unconventional tactic to make profits. The findings showed that firms focusing on attracting independent travellers had to give significant commission to online travel agents, sometimes up to 70%. Therefore, by selling tours for their guests, they could enhance revenue to make up for the loss of this commission. In this sense, incomplete rules and regulations and lack of care for small hotel businesses from Vietnamese authorities became an enabling factor, allowing firms to run their businesses in a very creative way.

#### **5.4.2 The Constraining Role of Business Structures**

Hotels struggled to survive and maintain their businesses due to the uncertain business environment, extreme seasonality, and severe competition. Apart from extreme seasonality, most issues were not predictable, and dynamic changing circumstances forced hotels to take proactive and innovative actions to overcome these contingencies. Uncertainty meant that the structures of business could change dramatically due to unexpected and uncontrollable incidents (e.g., the economic downturn, political conflict, natural disaster, disease outbreak). Severe competition meant that market share had to be divided into a smaller portion for every firm. Lack of support from the authorities led to the issue of having no official association to protect small independent hotel businesses and no official guideline for hotel practices. Evidence from the literature in Vietnamese entrepreneurship also raise critical concerns about the authority issues such as the highly bureaucratic attitudes, lack of authority, low level of efficiency in communication and competency, and high level of corruption (Heberer, 2003; Yoshi and Tuan, 2009)

While extreme seasonality was a predictable factor in the hospitality industry, this issue still had a significantly constraining impact on hotel businesses. During off-peak season, the number of inbound tourists decreased dramatically. As such, firms had to suffer an extremely low room occupancy rate. In order to survive and maintain their businesses throughout this challenging time, hotels had to look for different markets such as domestic customers (e.g., tourists travelling from the South of Vietnam, corporate guests), or used promotion campaigns to overcome their competitors (e.g., giving discounts, free airport pickup). The change of the business structures during off-peak season was a constraining issue and firms had to adjust their marketing tactics in order to adapt to this change.

It is also important to note that although online social networks provided firms with resources and opportunities to raise their images and attract potential customers, these platforms also created many challenges for hotel businesses. As Giang-Sales Manager puts it, social media is a 'double-edged sword'. In many cases, firms could not take advantage of the online social networks due to the low level of customer satisfaction which had led to negative online reviews. This issue made hotels become less attractive to potential customers who used online social networks and read online reviews before making booking decisions.

The paradox of the enabling and constraining role of the business structures can also be observed in the ways that hotels worked with online travel agents. When hotels relied heavily on online travel agents to provide them with the main sources of bookings, a dominant power was given to these agents. As such, online travel agents had more power in negotiating commissions with hotels. This had led to the issue that hotels had to pay a larger amount of commission to online travel agents in order to maintain strong partnership with these agents.

### **5.4.3 The Interplay between Firms and Business Structures in relation to EM**

As discussed in Section 5.4.1 and 5.4.2, the business structures played both the enabling and constraining role in hotel businesses. The extent to which structural factors could provide firms with opportunities or pose challenges for firms in relation to EM practices depended largely on how firms responded to these structural factors. Findings revealed the dynamic actions-interactions between firms and the business context in which they operated. The tactics firms used demonstrated the power of agents in exploring and exploiting the resources available in the business structures. Such power to leverage resources, in turn, reshaped the business structures surrounding firms. For example, by temporarily adjusting the target markets during off-peak season (e.g. approaching domestic tourists), the market structures and the competitive environments were reshaped accordingly. Through the tactics employed, firm affected the business structures by shaping new conditions within the industry. As such, actions of firms in this study reflect the notion of agents' knowledgeability (Giddens, 1984) in which firms were active and reflexive actors who could form their EM tactics by combining available resources embedded in the business structures in various ways. Therefore, it can be argued that EM phenomenon can be fully understood if the duality of structure, the actions-interactions between firms and business structures are taken into account.

## **5.5 Conclusion**

The purpose of this chapter was to present the findings on the business structures that impact on the EM tactics of small hospitality firms. Firms recognised that they were embedded in a very dynamic and complex business structures. In order to survive and maintain their businesses, firms had to adopt various tactics to explore and exploit the resources available in their business structures and to overcome the challenges posed by negative structural factors.

These ongoing actions-interactions between firms and their business structures, in turn, led to a change in the business structures in which EM occurred.

The findings on the business structures and their role in relation to EM tactics contribute to the development of the EM literature. Beyond the abstract view on the enabling and constraining forces of structures suggested by Giddens (1984), the empirical evidence presented in this chapter establishes that the constraining and enabling effects of structures are not perceived the same ways by all agents (hotels). The degree of the constraining or enabling forces is various depending on how firms practise their businesses. For example, those hotels which focused on attracting bookings from free independent travellers tried to maximise the benefit of online platforms such as online travel agents, TripAdvisor, and Facebook. As such, online platforms enabled them to achieve competitive advantage. Meanwhile, firms focusing on generating bookings from group inclusive tourists emphasised the strategic role of offline travel agents rather than focusing on using online channels.

Since the data analysis also revealed that firms focused on utilising online platforms to facilitate their EM, the findings are also informed by adaptive structuration theory (DeSanctis and Poole, 1994). Adaptive structuration theory— an extension of Giddens' (1984) structuration theory – is proposed by Desanctis and Poole (1994) to address the complexity of the technology-action relationship by focusing on “social structure, rules and resources provided by technologies and institutions as the basis for human activity” (Desanctis and Poole, 1994, p. 125). In the context of this thesis, understanding the structures formed by advanced ICT extends our knowledge of the firms' marketing activities in the online environment, the tactics hotel firms used on the online platforms and the reasons behind such usage.

The application of structuration theory provides insight into how different firms responded to the business structures. The data showed a number of various responses towards the enabling and constraining factors exhibited in the business structures. This finding requires greater consideration in order to (1) account for the differences in the ways firms interacted with the business structures and (2) develop the EM literature by conceptualising the various EM adoption. Following this argument, Chapter Six will discuss the findings on the different ways firms adopted EM under the business structures they were embedded.

## **CHAPTER SIX: INTRODUCING EM SCRIPTS**

### **6.1 Introduction**

The findings from Chapter Five highlight business contextual factors (structures) which were found to both hinder and enable firms' marketing practices. Following the findings revealed in Chapter Five, we have learnt that the business structures incorporates rules and resources which impacted on how firms use EM tactics, and that firms were capable of exploring and exploiting the resources available in the business structures when implementing EM activities. The dynamic interplay between the business structures and EM adoption indicates that firms are highly autonomous in responding to the structural factors. Such an interactive relationship supports Giddens's (1984) concept of agents as reflexive, knowledgeable, and active actors. This chapter illustrates the value in applying the concept of EM scripts (as discussed in Section 2.4.2) to shed light on the differences found within the firms in terms of their approaches to EM adoption.

The EM scripts reflect the reciprocal interactions between hotels (as agents) and their business contextual factors (as structures). Scripts can be characterised as a series of ongoing activities and practices that firms carry on in EM implementation, which at the same time reshape their business structures. The application of the concept of scripts to empirically examine the duality of structure is useful to show how firms form certain EM scripts under specific business environments. Their construction of EM scripts is a dynamic process which reflects the agents' knowledgeability (Sarason, 1995; den Hond et al., 2012) in shaping their marketing activities and adjusting these activities in accordance with the change of the business structures.



As presented earlier in the data structure (illustrated in Figure 4.6, Chapter Four), the findings revealed four EM scripts which firms draw on in accounting for their marketing activities: mass market, cost consciousness, mass customisation, and market leadership. A summary of key characteristics of these four EM scripts is provided in Table 6.1. The different marketing approaches that firms take via these four scripts represent the degree to which firms were reactive or active towards the enabling or constraining impact of the structural factors they encountered.

**Table 6.1 A Typology of EM Scripts**

<b>Mass market (9 firms)</b>	<b>Cost consciousness (4 firms)</b>	<b>Mass customisation (11 firms)</b>	<b>Market leadership (6 firms)</b>
Reactive to business environment	Maintain the status quo	Pro-activeness to opportunities	Challenge the status quo
Targeting customers in group	Sales target	Targeting individuals	Selective target markets
Standardised value creation	Economic benefits	Customised benefits	Authenticity

This chapter discusses key characteristics of firms that oriented to a specific EM script as a prime way of accounting for their EM activities. From Sections 6.2 to 6.5, hotels oriented to each EM script (mass market, cost consciousness, mass customisation, market leadership) are examined respectively. Section 6.6 provides an account to reflect EM scripts on the EM literature. This chapter is concluded by Section 6.7 in which key points of the findings are summarised.

## **6.2 Mass Market Script**

Hotels following the mass market script constructed marketing activities based on targeting groups of tourists who commonly had their journey planned by travel agents or tour companies. By targeting this group of customers, they could obtain a large number of bookings at the same time to increase occupancy. Since this group of hotels mostly had more rooms compared to those oriented to the mass customisation (discussed in Section 6.4) and market leadership scripts (discussed in Section 6.5), this target market orientation worked best for them in order to fill in their occupancy. A critical method of approaching the mass market was working closely with offline travel agents or tour companies, this reflects their proactive networking activities and the strong focus on building and maintaining relationships with strategic stakeholders. In this sense, the characteristics of hotels oriented to the mass market script are in line with the literature of SME marketing (Carson et al., 1995; Carson et al. 2004; Gilmore et al., 2006) in which firms rely strongly on leveraging resources from networks.

From a structuration perspective, hotels in the mass market script category demonstrated their capabilities (agency) of selecting appropriate resources available in their business structures to match their script orientation. Marketing activities were highly standardised in which the services and facilities provided by these hotels were similar for almost all customers. Firms following the mass market script were reluctant to adopt advanced ICT and focused on maintaining marketing practices from an offline perspective. For example, they regarded social media as a constraining structural factor due to the risk of negative online reviews which could harm a hotel's reputation and image. As such, these firms showed little engagement with marketing activities online. In general, firms oriented to the mass market script were characterised by their capabilities to enact appropriate resources while minimising the negative

impact of online structural factors that constrained their businesses. The sub-sections from 6.2.1 to 6.2.3 discuss the characteristics of firms oriented to the mass market script in more detail.

### **6.2.1 Reactive to Business Environment**

All nine hotels in this category highly acknowledged that unexpected business environments were part of the hotel business and they were ready to face any uncertainty that might happen. For example, Khai-Hotel Manager expressed her views on being flexible to deal with sudden change of industry environment:

*“I don't have a clear long-term strategy for my hotel because everything change depending on the outside situations. For example, today is a good day, but tomorrow there might be a terrorist attack somewhere so guests might cancel all their bookings so although we can have business strategies for the next one or two years we still have to be very flexible depending on the change of business environment.” (Khai-Hotel Manager)*

What can be highlighted from the response above is that the hotel business strategy was flexible, they could adjust accordingly to the change of the external factors. This illustrates the capability of agents to respond to the uncertain business structures among firms oriented to the mass market script. In order to minimise business contingencies, hotels in the mass market group cooperated closely with offline travel agents and adopted a long-term occupancy management plan. The responses from Quynh below illustrate this common practice among firms in this group:

*“Most travel agents send us contracts one year before guests arrive here, so there is not much surprise or uncertainty in this case. Now is the end of 2015 and we have already received bookings for 2017, so this is the plan of European guests, they booked their trips very early. We make an agreement that in the next two or three years we will still maintain the prices and the services like at the point of the contracts. We need to take the risk of inflation or any change that might happen in the future.” (Quynh-Sales Manager)*

Due to the uncertain business factors which led to the fluctuation of bookings, hotels relied on contracts and agreements with travel agents to maintain a sustainable resource to meet the target for occupancy. When firms used pre-commitments to address unexpected issues in the future by signing contracts with travel agents with clear terms of room and price policies and took early bookings two or three years in advance, they had to suffer from the risk involved with inflation which might happen in the near future. Specifically, making plans early and setting up price policies in advance could lead to a problem with exchange rate volatility. However, they were willing to take this risk. This action reflects the notion of ‘affordable loss’ as proposed by Sarasvathy (2001) in which entrepreneurial firms are willing to take the loss involved with the activities of early bookings and agreements with travel agents.

Furthermore, evidence of firms willing to take ‘affordable loss’ (Sarasvathy, 2001) was reflected in the way hotels dealt with the drop-out issue in bookings. This is a common issue in the hospitality business (Liberman and Yechiali, 1978; Wangenheim and Bayon, 2007). In order to minimise the low occupancy rate which resulted from ‘no-show’ customers, the overbooking method was used as another strategy to help hotels achieve their sales targets.

When using the overbooking method, there were cases when the number of customers that showed up was higher than what the hotels expected. In those cases, it was important that hotels could maintain their credibility and reputation by addressing this issue for their customers. Upgrading rooms for customers who had to suffer from overbooking was a typical practice among hotels in this group. As illustrated by Luan below:

*“In order to achieve our occupancy target, we have to receive lots of overbookings. For example, we have 60 rooms, but we will receive 80 rooms, and so when travel agents cut or reduce guests unexpectedly or their guests change the travelling plans, the number of actual guests will meet our occupancy target. .. If we have to face an overbooking problem, the customers have to move to other hotels. We will upgrade them to four or five-star hotels. We sort out the problem in a way that the customer cannot complain anymore because they receive something better than their expectation. We must do that; it is the trade-off for loss in our profit to maintain trust from our customers. We have to deliver our best service for them in any case.” (Luan-Sales Manager)*

What can be highlighted from Luan’s response is that hotel used overbooking method to deal with drop-outs issue which had a significant impact on hotel occupancy rates. When the actual number of customers who turned up was more than what the hotels expected. Upgrading customers to better rooms in other hotels seemed to be a common practice among hotels to minimise the negative impact of customer complaints. In that case, hotels had to pay extra money to upgrade the facilities for their overbooked customers. Although hotels tried to protect their reputation and build trust with customers by offering better accommodation for those who

had to suffer from over-booking, the literature indicates that customers perceive the overbooking and compensation practice to be unfair and that this method creates a negative impact on the hotel's image (Hwang and Wen, 2009).

The findings also indicated that the nine hotels in the mass market group showed some evidence of proactively looking for new markets. Searching for new potential markets was one of their activities to deal with challenges when traditional markets were no longer sustainable. This proactive activity is illustrated in the response from Khiem-Sales Manager:

*“Last year we had issues with Chinese guests due to the conflict in the South Sea, so the number of Chinese visitors reduced dramatically. Since then we have moved our target by focusing on Middle East countries or India.” (Khiem-Sales Manager)*

The response above illustrates that hotels in this group implemented a proactive strategy to deal with uncertain environmental factors. Compared with hotels in the mass customisation and market leadership categories, in which entrepreneurial activities were used more frequently, and hotels were actively adopting an entrepreneurial orientation, hotels in the mass market group seemed to mainly adopt an entrepreneurial approach when business conditions forced them to act proactively in order to survive and maintain their business. For example, as shown in the above quotation from Khiem, the negative impact of political conflict forced hotels to seek new target markets to survive.

Another method to approach the potential market is to utilise IT advances in the hospitality and tourism industry. However, a careful examination was undertaken before any decision was

made. The restriction of their target market and the scope of their business (focusing on markets from traditional travel agents) might lead to their moderate level of utilising resources available in the online business structures. For example, Quynh indicated the reasons why his hotel did not focus on pursuing the new opportunity or exploiting new markets via online platforms:

*“Actually, most hotels want to push up their online channels because nowadays guests can only go online and search for our information easily. But because we do not focus on online markets, we don't need to make them as our priority. We make clear target, and we don't want to go to a different direction, it will be dangerous.” (Quynh-Sales Manager)*

As can be seen above, hotels oriented to the mass market script were not willing to take too much risk from cooperating with partners that they did not traditionally work with (e.g., online channels). As indicated by Quynh, although his hotel might work with some online travel agents to some extent, these channels were not their priority and going in a different direction might have a negative impact on their business strategy. This implies an orientation to adopt ‘common script’ which is legitimate and competent but not risky (Chiason and Saunders, 2005).

Although many risks are involved when firms utilise online channels such as negative online customer reviews that may harm hotel reputation and credibility, hotels in the mass market script group showed some effort to embrace online platforms as new opportunities to communicate with potential customers, making an attempt to raise their hotel images online. Noticeably, two participants (Loan and Lai) showed a clear intention to be innovative by moving away from traditional business methods to seek new partners and new markets in order

to enhance firms' profits. As indicated below, Lai-Hotel Manager showed his intention to change target markets by cooperating with online travel agents rather than traditional offline travel agents. The main reason was that they could sell more extra services and products for independent travellers who mainly booked hotels from online travel agents.

*“At the moment we have around like 70% customers come from travel agents and corporate, and only around 30% of our customers come from walk-in or online channels...I mean this works for us during this period. But every business needs to change and adapt to gain better profits so in the future we want to reduce the number of customers from travel agents and increase the numbers of customers from online travel agents.” (Lai-Hotel Manager)*

It can be seen from the quotation above that hotels were aware of new opportunities that online markets could offer if they changed their business strategy from the traditional offline market to the online market. This is in line with the ‘recognition’ stage of EO (Shane and Venkataraman, 2000). However, the critical aspect of fully embracing EO is the ‘exploitation’ actions in which firms take activities with calculated risk-taking, proactive, and innovative approaches (Chiasson and Saurder, 2005). In the case of hotels in this group, the findings mainly showed hotels’ intention rather than actual exploitation of opportunities to grow their businesses.

### **6.2.2 Targeting Groups of Customers**

The nine hotels in the mass market group focused on group inclusive tourists as their target market. Specifically, their customers were tourists who travelled on group tours and these



tourists were referred to hotels by travel agents. Compared with hotels in the cost consciousness group, hotels in the mass market group had higher level of market orientation. Specifically, they exhibited a higher level of customer service and better knowledge of their competitors. As indicated by most hotels in the mass market group, the main reason why they chose group inclusive tourists as their target market was because they had more than 30 rooms, which made it challenging to fill occupancy by targeting free independent travellers. The quotation below is an example of how hotels in this group explained their target market focus.

*“Other hotels, which have less than 30 rooms, focus on attracting guests from online channels. In my hotel, there are 65 rooms, so we have to focus on markets from tours companies. The inbound tourists from travel agents account for 70% of our room occupancy; online markets account for only about 15%.”(Khiem-Sales Manager)*

According to Khiem, inbound tourists referred by travel agents and tour companies accounted for the highest number of bookings. Unlike corporate guests, who might have frequent business trips and tend to stay loyal to hotels, inbound tourists had less frequency of travelling to the same locations. When targeting inbound tourists who typically travel for leisure purposes, hotels had to deal with the low level of loyalty due to their infrequency of travelling to the same places (Bowie and Buttle, 2016). As such, hotels could not expect to generate a high occupancy rate from return customers. Rather, these hotels had to attract a wider customer base in order to achieve their booking targets and sustain their business. The main method that hotels in this group used to reach more potential groups of inbound tourists was to cooperate with a wide range of travel agents and tour companies.

Since offline, traditional travel agents were the main sources of booking, hotels showed a great effort to maintain regular contacts and build strong relationships with their stakeholders, aiming at a stable networking relationship. Specifically, traditional travel agents were considered strategic partners in supplying sustainable sources of tourists for hotels. The following response from Quynh provides us with more understanding of the nature of the networks and relationships between hotels and their offline travel agents.

*“When you started to cooperate with other parties such as travel agents. You maintain the relationships for many years, support each other for a long period of time. So we used to share with them and support them when they were struggle or had to face with difficulties in their business and vice versa they helped us when we need them.” (Quynh- Sales Manager)*

The effective relationship implies that a traditional networking practice of hotels and offline travel agents still provide significant mutual benefits for both parties. In contrast to the literature which indicates the conflict relationship between travel agents and hotels (Toh et al., 2011), this finding indicates the existence of a strong linkage, while little conflict between hotels and travel agents was found.

Networking with travel agents was essential for firms’ survival, and therefore the linkage strength between these hotels and their key strategic travel agents was significant. These hotels showed great efforts to choose the right partners to cooperate with and paid great attention to maintaining and developing a strong relationship with their partners. For example, the quotation

below from Kim-Sales Manager illustrates the importance of having the right partners to work with:

*“I think the relationship with travel agents is one of the most important things in our business, it's also true with other sectors, but for us to run a hotel, we have to work with many partners especially travel agents. So for me, I have to choose very carefully which travel agents I want to cooperate with, who do I trust and vice versa. When we can build up a good relationship, then everything else will run smoothly.” (Kim-Sales Manager)*

The hotel's emphasis on the significance of trust when choosing the right partners to work with is in line with the EM literature on networking. Some scholars also identify trust issues as among the central focus of networking activities (Smith and Lohrke, 2008). In the case of hotels in this group, trust was a prerequisite factor to help facilitate the selection of strategic partners and develop mutual relationships between hotels and travel agents. In this sense, the capability of firms in terms of building good marketing alliances led to a positive performance in value creation for both parties. Specifically, the value that hotels received was bookings from groups of tourist referred by travel agents. In turn, the value that those travel agents received came from the service that the hotels provided to enhance their customers' satisfaction.

Although most hotels in this group focused on maintaining offline networking with travel agents, the findings revealed that two participants (Loan and Lai) intended to move away from this offline network channels and achieve more potential markets from cooperating with online channels. This was in line with their intention to move away from group inclusive tourists and

approach free independent travellers as their target market. The online market was considered to have great potential for investment in the future. It is important to highlight that these two hotels in this group only showed the intention to expand their target market to free independent travellers who tend to book via online travel agents. Therefore, most of their marketing activities were similar to other hotels in this group. As such, these two hotels were categorised in the mass market rather than mass customisation categories (as presented in Section 6.3). The following quotation illustrates their intention to network with online travel agents:

*“In the future, we will open more online channels, for example, Agoda, Booking. Most of them are focusing on the European market. We will work more with online travel agents that focus on Asian markets as well. We can use online travel agents to run our marketing campaign, promotion and seasonal deals. We will try to expand our markets and attract more potential customers.” (Loan-Sales Manager)*

Since hotels in this group mainly cooperated with travel agents to advertise and generate booking sales from tourist groups, in order to approach a wide base of customers, they had to approach many travel agents. This might be challenging due to their resource constraints. A creative method of networking was adopted to overcome the issue of lack of financial resources to pay for travel agents to advertise their hotels. Specifically, they implemented a method of room barter which gave free rooms to their partners in exchange for referrals and advertisements to group tours.

*“Because we are a small hotel, we do not have much budget for advertisement so instead of paying travel agents to advertise for us by money, we offer them free*

*rooms in our hotel for a certain period, we call it room barter.” (Khai-Hotel Manager)*

Khai’s response illustrates how her hotel could manage to promote broadly with a low budget by using the room barter method as a novel solution. This creative method of promotion helped the firm to reach a wide range of strategic travel agents as their network actors. In this way, hotels could expand their image and attract more bookings. In line with what has been suggested by Fillis and Rentchler (2005), this finding illustrates that firms could overcome severe resource constraints by adopting creative ideas. This finding also supports the argument that resource constraints can facilitate firms’ creative capabilities rather than inhibiting them as found in the cost consciousness group.

The practice of exchanging goods or services without using money has attracted scholars of tourism and hospitality (e.g., Andriotis and Agiomirgianakis, 2014; McIntosh and Bonnemann, 2006) who refer to this practice of ‘barter exchange’ as a form of non-commercial hospitality. The findings from this study help enrich our understanding of another aspect of hotel business which uses room barter as a form of reciprocal exchange. By using this method, hotels in the mass market group could not only find an effective way to purchase advertising and marketing services when funds were restricted but also achieve maximum profit since bartering complemented the hotels’ systems which had perishable inventory (Bowie and Buttler, 2004).

### 6.2.3 Standardised Value Creation

The findings indicated that the nine hotels in the mass market category delivered both economic and psychological benefits for customers. The economic value for customers, by offering low room rates, was made possible since they could take advantage of cost reduction when most of their guests were referred by travel agents. Moreover, by delivering value to groups of customers, hotels could achieve cost efficiency as their products and services were standardised for most of their guests.

Although hotels might attract different types of guest depending on the season, most of them delivered the same kind of services for all kind of customers rather than individualising their services, as with the focus of hotels oriented to the mass customisation script or market leadership script. The following quotation from Khiem illustrates this common practice:

*“In autumn and winter we have westerner tourists, and in summer we have Asian guests. But our hotel uses the same method of service for all types of guests.”*

*(Khiem-Sales Manager)*

According to Khiem, her hotel had a wide range of customers from western countries to Asian countries. One might assume that different types of customers require various services, especially in this case these customers coming from two distinctive cultures: western and Asian. However, a standardised service was delivered for all types of guest. In this sense, hotels in the mass market group might assume that customers from different cultures had a similar perception or expectation about service that they would receive, hence, the same method of service was appropriate for all types of traveller. However, this perspective from hotel managers

might not always be in line with what customers perceive (Luo and Qu, 2016). Personal cultural orientation has been found to significantly impact the perception of intercultural service encounters (Sharma et al., 2016). For example, the findings from a study on service quality in hotels conducted by Tsang and Qu (2000) indicate that tourists' perceptions of service quality provided by hotels were commonly lower than hotels' expectation, and managers overestimated the service delivery compared with tourists' perceptions of actual service quality (Tsang and Qu, 2000). Therefore, it is important that hotel managers are aware of the gap in service quality perceptions between hotels and their customers in order to undertake proactive activities to address these shortfalls in service quality.

Since hotels in this group targeted customers from group inclusive tours, they paid significant attention to the value that group tours expected to receive. They were able to move beyond the economic value of offering low room rates to deliver more intangible benefits for their guests. The quotation from May-Sales Manager illustrates how her hotel could manage to attract customers with value beyond low room rates:

*“We have an excellent location which is close to the Old Quarter, close to Hanoi centre, near a shopping centre, near many tourist attractions [...] Also, a coach of 45 seats can stop in front of our hotel and we can take many groups of tourists. For hotels inside the centre of the Old Quarter, most of the 45-seat coaches cannot stop in front of the hotels because the roads are too small or the authorities restrict coaches from stopping there. In that case, guests have to walk a bit far from their hotels, and many of them do not really like this.” (May-Sales manager)*

Data from observations during interviews and online observations also supported what May indicated in the quote above about the benefits of hotel location. Most hotels oriented to the mass market script were located on the main road with easy access for big tourist coaches. Information on TripAdvisor and online travel agents such as Booking.com, Expedia.com indicated some of tourist attractions nearby these hotels such as West Lake, Vietnam Fine Arts Museum, Hanoi Temple of Literature, Dong Xuan Market. Most hotels in this category achieved high scores for location (more than 8.0 out of 10.0) based on reviews and evaluation from their customers on the websites of online travel agents.

In particular, the fact that their location allowed coaches to transport their customers efficiently rather than being restricted due to small roads brought huge benefit for their customers. According to May, many tourists did not want to walk a long distance from where the coach stopped to their hotels. Hotels in this group emphasised that this value could not be delivered by hotels inside the centre of the Old Quarter of Hanoi. In general, the benefit that hotels in this group were able to deliver came from their unique location for group of tourists. This finding is in line with the existing hospitality literature which indicates that location is found to be visitors' preference and location is among the most important successful ingredients of a hotel business (Aggett, 2007; Lim and Endean, 2009; Rogerson, 2010; Tajeddini, 2010).

Further evidence also indicates that hotels in this group tried to enhance psychological benefits for their customers by offering some personal touches. However, this was not the priority of most hotels in this group since their primary purpose was to reduce the costs for the hotels while still managing to deliver standard value for customers. For example, Khiem-Sales Manager



suggested that although personal treatment was considered a significant value for customers, her hotel tried to deliver this value at the lowest cost.

*“If they [the customers] have an anniversary, we will make something special for them. We will order flowers, cakes and fruits... For us, we only stop at the point that we care about our guests’ special days and we can give our birthday cake to them in front of their groups, but not too many details so that we can reduce our costs and save time for doing other things.” (Khiem- Sales Manager)*

It can be observed from Khiem’s response above that her hotel emphasised their standardised practice for customer value even on a personal occasion. As Khiem mentioned, her hotel could give flowers, a cake or fruit for those who had an anniversary but she also tried to minimise the cost of these extra services.

Although most hotels in this group delivered standard service to their targeted group tours, some effort in differentiation was found. For example, in the case of Luan’s hotel, it focused mainly on French group tours as a niche market. In order to differentiate their hotel from others, Luan’s hotel adopted a novel approach to receptionist recruitment. Specifically, she had a receptionist who could speak French to serve their target market more effectively. This case implies that creative activities are closely linked with a customer orientation approach in which hotels aim to exceed their customer expectation by providing staff who can speak their customers’ language. This approach was distinctive since most hotels in this group focused on offering a standardised service to customers.

*“Our receptionist is very good, and we have a receptionist speaking French. This is not usual in this area. Only some hotels have receptionists speaking Japanese or French. That had not always been the case in our hotel since we did not have resources for this. Because those who can speak French normally ask for a higher salary, especially those with lots of experience.” (Luan-Sales Manager)*

What we can also observe from Luan’s response is that the practice of having a French-speaking receptionist was not usual among hotels in this study due to the high cost involved when recruiting this type of personnel. As commonly seen in this study, most receptionists spoke English rather than any other languages, which made those who could speak French or Japanese highly valued. Since these hotels focused on inbound group tours, it was challenging to make sure that hotels could speak the language of their tourists. By employing receptionists who could speak French, Luan’s hotel could sort out any issues with communication with their customers and offer unique value to their target market.

In sum, nine hotels were found to orient to the mass market script to account for their marketing activities and behaviours. This group of hotels were aware of the uncertain business environments in the independent hospitality industry and managed to minimise such uncertainties by working mainly with offline travel agents to attract bookings from group inclusive tourists. These hotels showed capabilities of selecting the most appropriate resources available in their business structures to maintain and develop their businesses. The value delivered to their target customers were mainly standardised to appropriately attract customers traveling in groups.

### **6.3 Cost Consciousness Script**

Within the cost consciousness script group, marketing activities are mainly affected by resource constraints such as a lack of human and financial resources. Firms in the cost consciousness script group had an awareness of the factors that form the business structures within which they were embedded. For example, they acknowledged the severe competition issue, and the significant role of ICT that had transformed the practices of the hospitality industry. However, they were reluctant to follow the changes that had been happening in their industry. Most of the time, their capabilities for implementing marketing activities were constrained by limited resources, which resulted in marketing practice guided by the cost consciousness script. As such, firms oriented to the cost consciousness script wanted to maintain the same position rather than expanding their businesses. Their activities such as networking with travel agents and developing relationships with customers were limited. Value creation for customers focused on economic benefits with low room rates. There was no particular target market because their main focus was to achieve sales targets.

Since many scholars argued that EM is reflected via the implementation of proactive, innovative, and risk-taking activities (e.g. Morris et al., 2002; Mort et al., 2012), the firms in the cost consciousness script group exhibited low level of an EM approach. However, it can be seen that marketing of firms in this group is in line with the notion of lifestyle entrepreneurship in which firms did not aim to grow their business via entrepreneurial activities (Ateljevic and Doorne, 2000; Boonchoo et al., 2013; Getz and Carlson, 2000). Rather, hotels in this group wanted to maintain their traditional ways of doing businesses. However, it does not necessarily mean that firms in this group did not take risks. According to Dickson and Giglierano (1986), when addressing entrepreneurial risk-taking activities, the entrepreneurs should consider two

sides of the risk equation. One side is concerned with pursuing idea that might not be successful, or ‘sinking the boat’ risk. Another side is concerned with not pursuing potential opportunity, or ‘missing the boat’ risk (Dickson and Giglierano, 1986). In this sense, the firms in the cost consciousness script group took the risk of ‘missing the boat’ by not proactively pursuing actions to utilise business opportunities embedded in the business structures.

In general, this group of hotels exhibited limited actions in exploiting resources available in the business structures. Hotels in the cost consciousness script category regarded the business structures as constraining rather than enabling factors for their marketing adoption. The following sub-sections discuss the main characteristics of firms oriented to the cost consciousness script.

### **6.3.1 Maintain the Status Quo**

Firms oriented to the cost consciousness script tried to maintain their traditional ways of running businesses and exhibited risk-averse marketing behaviours. Since the change in business structures (e.g. advance in ICT, increasing competition) was mainly viewed as a constraining factor, hotels were reluctant to exploiting the new business opportunities available in these structures. For example, Long-Sales Manager revealed the reasons of not pursuing opportunities due to the risk involved in investing in new business and the issue of resource constraints. As such, he maintained his small business rather than trying to expand it.

*“It is very risky because at the moment if someone invests in a hotel they tend to have their own capital already ...So yeah what I mean was these people, they*

*already have enough financial resources, all types of resources to expand their businesses. This is something that I really struggle with.” (Long-Sales Manager)*

According to Long’s response above, business environmental factors were viewed as challenges for his firm to expand his businesses. This led to low engagement with the potential opportunities available within the business environment due to uncertainty. This lack of enthusiasm for growing their business is in line with what the literature terms the ‘lifestyle entrepreneur’ (Getz and Carlson; Ateljevic and Doorne, 2000). According to Getz and Carlson (2000), lifestyle entrepreneurs are those with low motivation to grow their business. A similar finding is found in Boonchoo et al.’s (2013) study on Thai hotels in which lifestyle entrepreneurs are those with a lack of growth aspirations. Other evidence also indicated that firms following the cost consciousness script had a lower level of proactiveness in relation to marketing activities. Specifically, they exhibited limited capability to react to threats from competitors, and they were less willing to adapt to advances in ICT to stay competitive. The following response from Ngoan-Hotel Manager illustrate these issues commonly found among firms in this group:

*“I think the competition is very severe. They can run their businesses very well and also have clear online strategies. I don’t know how can they do that, but they can make up lots of nice stuff for their website on the Internet. They have tricks to make them look great online. We are not good at this.” (Ngoan-Hotel Manager)*

Ngoan experienced difficulties in implementing online marketing activities which had largely adopted by her competitors. In particular, the responses of Ngoan saying “I don't know how

they can do that...” also indicates that although she had obtained general knowledge of their competitors’ strategies, she still lacked insightful information about how their competitors implemented actual online marketing activities. This suggests that firms in the cost consciousness group were aware of the significance of being proactive and innovative as important aspects of EM. However, they were struggling with enacting resources available in the online business structures to enhance their competitive advantage.

Low capabilities of utilising potential business resources might explain why hotels in this group were not able to maximise the advanced technology to compete with other players in this industry. Apart from a lack of knowledge about competitors’ activities online, the low level of technology adoption could be due to the issue of resource constraints, as explained by Long:

*“We do not focus on using TripAdvisor because we do not have enough staff to take care of this channel. In the past, we had part-time staff to take care of this, but now she left so no one is in charge of this anymore. Also at the moment, we focus on different types of marketing so we cannot take care of everything at the same time. For those hotels that rely on online customers, they work very hard on TripAdvisor; they care about rankings, reviews and they have to deal with everything that the customer says online. I don't think we have enough time and commitment for this kind of activity.” (Long-Sales Manager)*

We can observe from Long’s response that the lack of resources explained why he did not focus on using TripAdvisor as an innovative channel to engage with customers online. This lack of resources is also well acknowledged in the SME literature (e.g., Carson et al., 1985; Gilmore et

al., 2011), and the obstacles created by limited access to key resources is in line with what Adrich and Auster (1986) propose as ‘liability of smallness’. As such, firms in this group exhibited a very low level of innovation in their marketing activities. This finding is similar to what Irvine and Anderson (2004) describe as the ‘fragility of smallness’ in small hotels. In other words, the low engagement in product and service development might lead to the vulnerability of their business when facing challenges from fierce competition. In line with Morrison and Conway (2007), this finding suggests that the principal drawback in the marketing practice of this group was due to the lack of flexible utilisation of available resources embedded in the business structures.

The response from Long also indicates that other hotels had proactively utilised TripAdvisor to attract online customers. The existing literature on the role of TripAdvisor in the hospitality industry suggests that this online travel community significantly impacts customer decision-making due to its helpful reviews (Lee et al., 2011) and trust among users (Jeacle and Carter, 2011). This finding illustrates that the advancement of communication technologies has transformed the traditional practices of the hospitality industry (e.g., Anderson, 2011; Christodoulidou et al., 2010; Leung et al., 2014; Wen, 2009). The hospitality sector has been using social media channels such as TripAdvisor to engage with customers, and this method is among the most effective approaches to sustaining competitive advantage (Chan and Guillet, 2011; Daugherty and Hoffman, 2014). This might explain the fact that those who ignored the significance of technology adoption in this industry, such as hotels in the cost consciousness group, became laggards among other players.

Huyen-Hotel Manager also gave reasons as to why she did not enact resources from online channels such as TripAdvisor to make it a communication platform with her customers. She preferred to use traditional methods like face-to-face interactions to have more control over customer feedback and avoid unexpected circumstances involved with unfair customer reviews online. Although advances in ICT had transformed the traditional practices of the hotel industry in general (Law et al., 2010), hotels oriented to the cost consciousness chose not to enact this structural factor fully.

*“I don't really rely on TripAdvisor because the online reviews on this site are not always fair so if we depend on this channel then we will give too much authority to the customers. This will create the disadvantage for hoteliers like us. If other hoteliers were wiser, they should have used more traditional methods to deal with customers, like... use more face-to-face interactions with customers rather than online. Because when the guest is here, we should focus on making them happy, when they walk out from our hotel, it is their choice to make reviews, it might be negative or positive, but it is out of our control. So that is why I don't want to rely on TripAdvisor reviews when doing my business.” (Huyen-Hotel Manager)*

Often, firms in this group were cautious when proposing new methods of services to deliver to their customers. They were reluctant to change their current approach to delivering value to their customers. This low level of entrepreneurial approach reflected the lack of engagement to utilise the available resources embedded in their business structures. Instead of being a central actor in practicing EM activities and proposing proactive approaches to lead their customers (Morrish, 2009), these agents rather maintained their traditional ways of doing businesses and



were oriented towards a low level of risk-taking. For example, Ngoan-Hotel Manager was not clear about how customers might react to her new approaches to services; therefore, she chose to maintain traditional methods to avoid contingencies when adopting new business practices.

*“Most importantly we try to deliver services to meet our guests’ expectations. We don't want to try to do things that they might not need.” (Ngoan-Hotel Manager)*

The quotation above implies that hotels in this group were not willing to change or adopt flexible adjustment towards their customer orientation activities. On the one hand, this might help hotels to maintain the status quo when running their businesses. On the other hand, this might lead to low level of EO due to their unwillingness to take risks, being innovative, and proactive. Trying to maintain the traditional ways of running hotels was also reflected in the low commitment and engagement with creativity. For example, Ngoan-Hotel Manager expressed her concern about her hotel’s capability to implement creative ideas:

*“New ideas and changes are important. But this is difficult in a small hotel like us because adopting creative ideas requires certain conditions. It needs lots of effort and resources to adopt which we don't have right now.” (Ngoan-Hotel Manager)*

What we can observe from Ngoan’s response is that her hotel was reluctant to engage in creative practices that could provide new ideas for services or products or to cope with change. Similar to the reason why hotels in this group exhibited a low EO level, lack of resources remains a critical issue for firms in this group when focusing on developing creative capabilities. This finding contrasts with Fisher’s (2012) suggestion that resource constraints serve as sources of

enhancing the capabilities to be creative and innovative among firms. Sarasvathy (2008, p.81) also indicates that one can leverage “limited means in creative ways to generate new ends as well as new means” (Sarasvathy, 2008, p. 81). Since the managers of hotels in this group showed a low level of risk-taking behaviour, this might explain why they were very reluctant to implement new ideas and be innovative when running their hotel.

### **6.3.2 Sales Targets**

Generating bookings from various sources of customers to fulfil their targeted sales remained the primary focus of hotels oriented to the cost consciousness script. Due to their limited engagement with online channels, these hotels focused on generating bookings from a majority of offline sources such as travel agents, corporate, or walk-in guests. Instead of choosing a particular type of traveller, they were willing to take all types of guest to fulfil their occupancy target. The response from Huyen-Hotel Manager represents the typical MO of hotels in this category.

*“We don’t want to focus on any specific type of customers, they could be tourists, corporate or walk-in guests, and they could be inbound or domestic guests. We look for them from all sources to fill in our occupancy.” (Huyen-Hotel Manager)*

Hotels oriented to the cost consciousness script generated bookings from various sources of customers to fulfil their target sales. As suggested in Section 6.3.1, these hotels showed a low level of responsiveness toward competitors. All four firms in this group emphasised a sales focus in which they tried to exploit markets to mainly increase their occupancy. Due to the low

adoption of online channels to approach online travellers, these hotels focused on generating bookings from all types of offline sources such as travel agents and walk-in guests.

The findings also showed a limited focus on collecting market intelligence about current and potential customers among this group of hotels. This low focus on customer characteristics led to a lack of insightful understanding of customer needs and wants. Perhaps this poses a threat to the development of hotels in the cost consciousness group, since Sin et al. (2005) suggest that the long-term survival of hotels depends on their capabilities to have a good understanding of customer characteristics and meet customers' expectations efficiently and effectively. One might argue that hotels could obtain knowledge about customers by networking with their business partners such as travel agents or tour companies. However, hotels in this group paid limited attention to maintaining and developing relationships with these business partners. Instead, networks of travel agents were mainly utilised to maximise hotels' sales targets. Specifically, most hotels in this group focused on using networks of travel agents to increase room occupancy as illustrated in the response from Xoan-Hotel Manager below.

*“Travel agents are the main sources that bring customers to our hotel. Without them, it would be very challenging to fulfil our occupancy as you can imagine each time they refer guests to us, by working with them, we can have bookings from many groups of tourists coming from everywhere.” (Xoan- Hotel Manager)*

Regardless of this strategic role of travel agents, the hotels did not show strong linkage with this type of stakeholder. One reason might be the small size of the hotels, which did not require

a large number of group tours to fill their occupancy, as illustrated by the response from Ngoan-Hotel Manager below:

*“We also work with travel agents, but we don't really have a strong relationship with them. Because our hotel is small so we only take group tours which have a small number of guests.” (Ngoan-Hotel Manager)*

Apart from being a primary source of customers, travel agents also acted as a marketing channel for these hotels. The selling and marketing benefits of travel agents are illustrated below:

*“We have travel agents to help us advertise our hotel. They have their own selling channels which they give customers information about our hotel. They have the brochure of our hotel included in their tour package, so we already have a good advertising channel from travel agents.” (Long-Sales Manager)*

We can observe from Long's response that hotels following the cost consciousness script utilised the traditional principal-agent relationship (Tse, 2003) in the hospitality industry. This common intermediation practice between travel agents and hotels could be considered a win-win partnership (Hibbard et al., 2001). However, the relationship between hotels and travel agents can be disrupted because each party could take actions against the other. On the one hand, hotels might suffer from a negative response if they fail to maintain good partnership with travel agents. In those cases, travel agents might refuse to make an effort to market the hotels. On the other hand, disintermediation could stem from the fact that hotels try to take their

distribution channel back by focusing on online booking channels or what Tse (2003) suggests to be ‘destructive acts’.

### **6.3.3 Economic Benefits**

All four hotels following the cost consciousness script focused on creating and delivering economic benefits as the principal value for their customers. As such, firms could take advantage of increased sales, and the value for firms derived from maximising sales turnover while the value for customers was delivered mainly from economic aspects. Specifically, these firms increased the economic benefits for customers by offering low room prices or discounts. There was limited evidence of superior value creation while the main method firms in this group used was to attract customers by offering them attractive room rates. This practice of creating economic benefits to attract customers is reflected in the following response from Long-Sales Manager:

*“We have to use price strategies to compete with them [the competitors]. At the weekend we have to reduce the price a lot, it seems to be the best strategy for us to attract more customers so far.” (Long-Sales Manager)*

Although it is important to deliver economic benefits for customers by offering low prices, the literature indicates that the nature of value consumption is a complex and complicated aspect which consists of social, psychological, and economic components (Karababa and Kjeldgaard, 2014). This makes it challenging for hotels to meet customers’ demands and expectations. In particular, the nature of the hotel business in which hotels have to offer similar basic facilities makes it difficult to identify the unique selling point that distinguishes them from competitors. As such, “the dilemma for hospitality operators is that there are virtually no real differences

between the core products offered by rivals in the same product class. Generic products, which do not have any real differences, are described as commodity products” (Bowie and Buttle, 2004, p.102).

Data from online observations also revealed that customers evaluated these hotels as offering a good price and good value for money, although the services and facilities were not special. Some reviews on TripAdvisor reflected the value that hotels offered such as: *‘cheap but good location’, ‘good pricing’, ‘good prices and helpful’* (TripAdvisor, January 2016). These reviews illustrate that offering low room rates was a good strategy for these hotels to attract customers.

Although customers were attracted to these hotels by low room rates, findings suggested that the value for customers was too basic in terms of hotel facilities and services. Most hotels in this group focused mainly on providing accommodation rather than extra services such as a spa or restaurants, as typically found among hotels in other groups. Data from online reviews also indicated that the value offered by these hotels was not outstanding. Some reviews found on TripAdvisor supported this finding: *‘nothing amazing’, ‘facility is pretty basic’, ‘good standard of furnishing’* (TripAdvisor, January 2016).

In order to deal with the lack of extra services for the customers, these hotels indicated that they could recommend their guests to other service providers nearby. The response from Xoan-Sales Manager gives an example of this practice.

*“We don’t have massage or spa services but we can refer our guests to a high quality spa, and they feel happy with our recommendation.” (Xoan-Sales Manager)*

The practice of referring guests to other places for extra services is similar to what is found in boutique hotels in Turkey (Kurgun et al., 2011). However, this issue might reduce hotels’ competitive advantage. Although hotels in this group focused strongly on delivering economic value for customers, some evidence of psychological benefits was found. Nevertheless, these psychological benefits were limited to their attitude towards customers, such as treating customers with respect, rather than actual activities enhancing the customer experience. The quotation below from Ngoan-Hotel Manager is an example of these hotels’ view on creating emotional value for customers.

*“The attitude. No matter how good you are in terms of knowledge or experience, your attitude says everything. If you do not respect your guests, then you cannot maintain your business because they can feel that they are not being treated well.”*  
*(Ngoan-Hotel Manager)*

Having a good attitude towards customers and respecting them can be seen as an attempt to deliver positive psychological benefits. However, there is little evidence as to how this value was delivered in this group of hotels. Perhaps this is due to the lack of focus on the experience aspect of value creation among hotels as they remained their strong focus on economic value. The economic benefit was also reflected from the firms’ perspective in which the cost of delivering value to customers should be minimised to save expenses. For example, the quotation below from Xoan-Hotel Manager demonstrates how her hotel tried to interact with guests after

they checked out as an effort to maintain relationships with customers at the lowest cost for her hotel:

*“After guests check out, we send them an email and link for them to write reviews, and send them best wishes. We also send them an online card via email to save our costs. We have to use email because this is the most cost-saving method to communicate with customers.” (Xoan-Sales Manager)*

Xoan’s response above indicates that value creation for customers was restricted due to the lack of resources in her hotel. She stressed the priority of saving cost by sending an online card as an effort to maintain and develop a relationship with customers.

In general, four hotels in this study oriented to the cost consciousness script which mainly focused on achieving sales target by approaching a variety of different customers. Hotels in this group exhibited risk-averse behaviours and activities towards marketing practice. They were reluctant to adopt advances in ICT or to follow the recent change in the business structures of the independent hospitality in Hanoi. Instead of exploring and exploiting business opportunities and resources available in the business structures, these firms aimed to maintain their traditional methods of running their hotels. The value for the customers was mainly economic benefits provide by low room rates.

#### **6.4 Mass Customisation Script**

The hotels that oriented to the mass customisation script are distinctive from those in the cost consciousness and mass market groups. Specifically, the marketing activities guided by the



mass customisation script were more proactive, adaptive, and less risk averse than those in the former two categories. By enacting their script to achieve competitive advantage, hotels oriented in this group strongly focused on keeping up with changes in the business environments. In this sense, the formation of the mass customisation script was impacted by the interactions of the business context and the decision of firms to take proactive actions accordingly.

Firms in the mass customisation category targeted free independent travellers who commonly organised their trips themselves via online booking channels rather than relying on travel agents or tour companies. As such, these hotels focused mainly on cooperating with online travel agents and raising their profiles online by using social media channels such as TripAdvisor and Facebook. Firms in this category were able to offer their customers a wide range of personalised services that met individual customer needs and wants. By pursuing this approach, they aimed to achieve high customer satisfaction. Since they targeted individual customers, they focused on tailoring their services to match specific preferences of their guests. This practice is illustrated in their value creation activities with a focus on delivering psychological benefits and exceeding customer expectations. In order to develop their capabilities to deliver superior value, hotels managers or owners encouraged their staff to propose and adopt new ideas in daily practice. They communicated closely with their customers to continuously learn about the needs and demands of each individual. The knowledge obtained from these service encounters was used to adjust their service accordingly to enhance customer satisfaction. As such, the mass customisation script informed actions that the firms undertook in various aspects of marketing activities. Firms oriented to the customisation script proactively explored and exploited a wide range of resources available in the business structures and took advantage of the opportunities

as they emerged. Hotels belonging to the mass customisation script category positioned themselves as proactive actors who continuously enact resources available in the business structures to facilitate their EM practices.

Eleven firms oriented to a mass customisation script showed high entrepreneurial approaches in various marketing activities. Among 30 hotels taking part into this study, this group accounts for the largest number of hotels. This implies that small independent hospitality firms in this study represent agents with strong capabilities of interaction with the business structures within which they are embedded. Specifically, not only did these firms show great recognition of opportunities embedded in the business structures, but they also had the ability to pursue them. This approach helped them become innovative and proactive agents with a strong focus on continuous development of hotel facilities and services.

#### **6.4.1 Proactiveness to Opportunities**

A distinctive characteristic of hotels in this category that differentiate them from hotels in the mass market and cost consciousness groups is their high level of risk-taking and innovativeness towards business opportunities. This entrepreneurial approach was reflected in the way hotels invested their financial resources to stay competitive in the marketplace. The following response from Gam-Hotel Manager is an example of the high entrepreneurial activities that firms in this group adopted. Gam had invested high financial resources to renovate new facilities as a strategy to attract more customers.

*“Here we dare to invest the whole large amount of money in developing a good hotel like this. Most of us are very risky. We dare to borrow money and invest in a*

*small hotel in order to have great facilities and services. An outsider may think that we are stupid to spend too much investment in such a small hotel.” (Gam-Hotel Manager)*

Risk-taking strongly involved the practice of investing a large amount of resources into hotel businesses. In this case, hotels had to continuously renovate facilities and improve service quality to customise the needs and demands of their target market. As often indicated in the EM literature, risk-taking is a critical characteristic of entrepreneurial business to achieve high performance (e.g., Cromie, 2000; Morris et al., 2002; Lumpkin and Dess, 1996; Covin and Slevin, 1989). This might explain why hotels in this group achieve a high level of occupancy with an average of 80% throughout the year. However, some scholars argue that successful entrepreneurial businesses seek to reduce risk (Duchesneau and Gartner, 1990) or a high risk-taking propensity negatively impacts business success (Rauch and Frese, 2000). Perhaps the underlying reason for these contrasting findings is due to the various definitions of risk-taking among researchers. Most firms in this category were well aware of the possible losses or gains involved with their risk-taking activities. This suggests that entrepreneurs adopted calculated risk-taking in their marketing approach which is supported by scholars such as Lumpkin and Dess (2001) and Wagener et al. (2010). The capability of assessing the risk involved when investing a large amount of resources in a small hotel linked closely to the notion of agents' knowledgeability, suggesting that agents are purposeful and reflexive, and they are aware of the consequences of what they do in certain settings (Giddens, 1984; Sarason, 1995).

Compared with hotels in the cost consciousness group, which were more reactive to the business conditions rather than enacting them, hotels in the mass customisation script group adopted proactive business activities to grow their businesses. These activities suggest that

hotels were aware of the development in the hospitality and tourism industry and wanted to exploit this business opportunity. They considered industry developments as a positive structural factor that enabled them to expand their businesses. As suggested in the existing literature, this EO helps firms to achieve better performance in terms of growth and profitability (Green et al., 2008). The response below from Linh-Sales Manager illustrates that firms continuously looked for opportunities to expand their business. In a short period of time from 2011 to 2013, Linh's hotel increased its capacity from 38 to 66 rooms. The high speed of expansion suggests that this hotel was a very proactive agent who tried to maximise the opportunities enabled by the growth of the tourism industry. The responses from Linh illustrates the rapid expansion of firms in this category:

*“My hotel was established in January 2011. At that time we only had 38 rooms, after two years of running the business, we increased our capacity to 60 rooms in 2013. Two years later we continue to expand, and we have 66 rooms now.” (Linh-Sales Manager)*

Hotels oriented to the mass customisation script focused on independent travellers as their target market. This required them to engage closely with online channels to attract this type of customers. A common practice of firms in this group was using TripAdvisor to generate customer reviews. However, using TripAdvisor might also create a negative impact on a hotel's reputation due to unfair or negative feedback. In this sense, the online platform as an aspect of the business structures not only provided business opportunities for hotels but also posed threats from negative reviews. In other words, the structure of online platforms could both enable and constrain firms' marketing practices (Giddens, 1984; Chiasson and Saunders, 2005). The

response from Giang-Sales Manager illustrates the benefits and drawbacks of using social media:

*“There are always risks here. When we use social media, there are two outcomes: First, if we do well, our hotel will attract lots of customers, leading to the development of the hotel. Second, if we do not perform well, it will make our reputation bad online due to reviews from unsatisfied customers. When the customers are unhappy, all their feedback online will not be good and so the number of guests we try to attract bookings from will decrease. It is a double-edged sword.” (Giang-Sales Manager)*

As reflexive agents, hotels in this category proposed novel ideas to address the challenges posed by the negative impact of adopting online social media. One example which shows how hotels learned to protect their businesses from customers’ threats to write unfair online reviews is illustrated below.

*“We have our way to protect ourselves. For example, recently we had a female guest who reported wrong information about us. But we have her address, her email and other personal information so we can send out this information to a TripAdvisor administrator and request TripAdvisor to remove her review. So the most important thing to handle the situation like this is based on our experience and having good problem-solving skills is the key in every case.” (Linh-Sales Manager)*

Similarly, how hotels acted with respect to the constraints they faced was also reflected in their activities of dealing with unexpected environmental factors. Those unexpected factors might be the extreme seasonality issue, political conflicts, economic downturn, or disease outbreaks which led to a rapid decrease of tourist arrivals. In those cases, the firms showed their capabilities to alter their script, which in turn led to structural change. For example, when facing the rapid decrease of inbound tourist arrivals due to economic downturn, hotels in this category temporally adjusted their marketing practice by offering low prices and promotions to attract customers.

The capability of altering EM practice suggests that agents always “have the possibility of doing otherwise” (Giddens, 1989, p.258). As such, when it was time to respond to the change of the markets, firms could temporarily reform their script, in doing so, reshape their business structures. In this sense, these firms acted as proactive agents who were ready to take the initiative and be at the forefront to modify their marketing script to deal with the threats posed by external structural factors instead of being reactive towards those challenges. The quotation below illustrates how firms adjust their marketing activities to survive or sustain competitive advantage under the uncertain business environment due to economic downturn.

*“Under economic downturn, the money that our customers spend for travelling will be reduced, so we have to use different strategies, think differently to make our business work efficiently based on our guests’ budget.” (An-Sales Manager)*

What can also be observed from An’s response above is that firms oriented to the mass customisation script viewed contingencies as sources of opportunities. Marketing decisions

were made based strongly on what they had as resources and what they learnt from their experiences. Then they took proactive, flexible action rather than being controlled by uncertain external factors. This practice is in line with the effectuation approach suggested by Sarasvathy (2001). Effectuation is considered a critical aspect of EM in which firms manage to run their business mainly by utilising available resources that they have in order to cope with uncertainty, instead of trying to control unexpected risks from external factors (Morrish, 2009).

Adjusting marketing activities to survive and maintain businesses throughout the difficult time can be seen as ‘uncommon scripts’ that hotels in this category adopted (Chiasson and Saunders, 2005). The use of such ‘uncommon scripts’ helped firms restructure their marketing activities during contingencies (e.g., repositioning themselves as hotels for low-budget guests for the period of the economic downturn). This finding provides further insight into the interrelationship between entrepreneurial firms and their business structures. Specifically, hotels in this group could adjust their script to be able to fit with change occurring in the business environments, and this alteration of their script led to a change in their business structures (Chiasson and Saunders, 2005). This emphasises the reciprocal relationship of firms’ interactions with the environment. From an EM perspective, this gives us more insight as to how firms use effectual logic by utilising the available resources they have to overcome uncertainty.

#### **6.4.2 Targeting Individuals**

Due to the small number of rooms (hotels in this category commonly had fewer than 30 rooms), hotels oriented to the mass customisation script could generate bookings mainly from free

independent travellers rather than group inclusive tourists. As such, they targeted individual tourists as indicated by Nhung-Sale Manager:

*“We don't want to focus on GITs [group inclusive tourists] because with the total of 30 rooms we cannot take all the guests from big group tours. We focus on FITs [free independent travellers] as our target market.” (Nhung-Sales Manager)*

Free independent travellers commonly use online channels to organise their trips and book hotels. This type of market has been increasing rapidly in recent years with the advance of ICT which has helped facilitate individuals organising their own holidays (Lee et al., 2011). Free independent travellers are also called ‘ICT-skilled tourists’ (Jeacle and Carter, 2011). Hotels guided by the mass customisation script were well aware that this type of customers used certain online hotel booking websites developed by online travel agents to manage their bookings. As such, these hotels identified the most popular online travel agents that their target market used and chose these agents to become their strategic partners. This implies that firms as agents are “purposeful, knowledgeable, reflexive and active” (Sarason, 1995, p.48). When orienting themselves towards the mass customisation script, these hotels enacted the structural resources that could facilitate the best outcome for their businesses.

The following responses illustrate the capabilities of hotels to select their target markets, and strategic partners that could facilitate bookings in accordance with their markets focus. In this sense, hotels (as agents) were capable of enacting the most suitable resources among others embedded in the hospitality business structures.



*“For bookings from free independent travellers, we only work with partners focusing on tourists from Poland, Belgium... I mean East European Countries and Spain.” (Nhung-Sales Manager)*

*“Each site for room selling [online travel agents] fits with a certain target market of each hotel. For example, some hotels focus on Asian customers, which means they mostly work with Agoda.com. We focus on European and American customers, so our first choice is to work with Booking.com.” (Giang-Sales Manager)*

The interactions between agency and structure are also reflected in the relationship between hotels and their strategic partners. A mutual network of relationships between hotels and online travel agents is essential to obtain bookings from the target market successfully. This finding supports the EM literature which suggests that a strong linkage between MO and networking strategy is a critical indicator for firm performance (Gilmore et al., 2006).

Firms adopting the mass customisation script showed their engagement with extensive network actors such as a wide range of online travel agents, tour providers, and customers. Hotels in this group had a broad network of actors, a proactive approach to networking activities, and a strong linkage with their strategic stakeholders. Apart from working closely with online travel agents, they considered customers as key network actor who need high level of engagement and interaction to maintain strong relationship. This implies the complexity of various actions that firms take into consideration when applying the mass customisation script. In a similar vein, EM scholars suggest that EM activities are not mutually exclusive but intertwined under dynamic interactions (Mort et al., 2012; Morris et al., 2002).

Hotels in this category shifted from a traditional offline agent-principal relationship to an online agent-principal partnership. However, similar to what has been observed in the literature, there is a hostile relationship between hotels and online travel agents since these agents have become dominant players in generating the highest number of hotel bookings (Yacouel and Fleischer, 2012; Lee et al., 2013; Law et al., 2004). As such, hotels in this group had to rely heavily on online travel agents to boost their occupancy rates and revenue. In this case, hotels (as agents) had very little power to impact online travel agents (as structures) which have a dominant role in booking management. In other words, the duality of structure in which structure can both enable and constrain agency (Giddens, 1984) is illustrated in the benefits of and challenges posed from working with online travel agents. This was considered a critical issue for hotels guided by the mass customisation script.

What we can observe from the response below by Manh-Sales Manager is that his hotel's networking activities depended largely on the types of partner they were involved with. Overall, it was important to have a professional manner and give a good commission to strategic partners so that hotels could maximise the benefits of booking sales generated from these networks.

*“It depends on the partners that you work with online. I think this is not easy because if you do not work professionally, your partner might reject you. For example, Agoda.com is one of our main online partners and Booking.com as well, we give them good commission so that they help us to boost our selling capabilities and attract guests to book our hotel.” (Manh-Sales Manager)*

Apart from networking with online travel agents, hotels in this group also focused on building a good relationship with their customers during their stay and after they checked out. This activity helped them to enhance customer engagement which might lead to positive WOM. Hotels in this group utilised both offline and online activities to develop a close relationship with their customers. From the offline networking perspective, they engaged with customers during their stay by focusing on customer care. From the online networking perspective, they utilised social media to maintain the relationship with customers as part of online marketing activities. As such, hotels in this group managed to enact resources from both online and offline structures to facilitate their EM practices. The mass customisation script guides hotels to select and utilise the most beneficial resources available to enhance customer satisfaction. Similar to what has been found by Inversini and Masiero (2014), social media platforms are used to increase interactions with customers and deliver social benefits as a distinctive aspect of value creation to enhance the customisation effect.

Hotels in this group utilised social media to nurture a personalised relationship with its customers. This demonstrates that hotels managed to incorporate online communication tools into their networking activities. High engagement with customers online can improve consumers' attitude towards hotels and their decision-making process (Vermeulen and Seegers, 2009). In contrast with the findings from Dwivedi et al. (2011) which suggest that hospitality firms continue to struggle with using online interaction tools, hotels in this group illustrated a high level of success in their interactive networking activities using social media. Therefore, the success of engaging with customers online demonstrated the capability of hotels in enacting and utilising online resources that can facilitate their mass customisation script.

### 6.4.3 Customised Benefits

Since mass customisation was the script that guided hotels' marketing activities in this category, delivering superior customer services in accordance with customer needs and wants was regarded as an essential method of enhancing customer satisfaction. Hotels following the mass customisation script emphasised the significance of understanding customer demand in order to deliver high quality services. By having regular, informal conversations with their customers during their stay, hotels could learn about their guests' expectations or any issue that might occur. They used this knowledge to then promptly address any problem that guests might have to make sure that their customers felt satisfied. As suggested by Giddens (1984, p.22), "agents possess and apply knowledge in the production and reproduction of every encounter", hotels (as agents) in this case apply their knowledge of market intelligence gained via informal service encounters to facilitate their mass customisation script. Furthermore, the capabilities of agents in modifying or adjusting their actions depending on circumstances was illustrated via the process of creating, delivering, and customising value for their customers. This is a distinctive characteristic that represents hotels following the mass customisation script. Specifically, this script is enacted via actions of delivering psychological benefits for customers during their stay.

The responses below are examples to illustrate that hotels in this category highly valued customer service quality and were willing to invest in customer care activities. These activities helped them deliver superior value for customers as the most effective way to sustain competitive advantage.

*"Depending on the types of customers you know, each nationality or region has a different communication style. We can talk to them about where they from, how do*

*they feel, is everything OK with their stay. Even when they come downstairs for breakfast, we ask them how they feel. Because some of them might not really want talk to us about their problems so when we keep talking to them, we can understand their need.” (Phuong-Hotel Manager)*

*“Sometimes when our guests first arrive at our hotel, they want to have a SIM card for their phone to call home. We do not supply SIM cards, but we can go and buy it for our customers. I even consult my guest on what kind of SIM card they need, do they want to make only phone calls or do they want to use the Internet 3G or 4G as well, how long do they need the SIM for and other information. From that, we know how to deliver the best solution for our customers. Some only need to make one call, others might need to call a few times ... so we have to find out which service provider is the best for them... Or recently someone needed to find the way to Mu Cang Chai [a province in the North of Vietnam], we had to show them very carefully on the map because it is very difficult to get there. We also contacted someone at the destination to pick them up.” (Giang-Sales Manager)*

Delivering superior value by offering psychological benefits for their guests differentiated the hotels oriented to the mass customisation script from those in the two previous categories. These benefits were delivered successfully for their customers since the findings showed that the firms were able to tailor their services for individual guests. Consistent with the literature, personalised services, attentive care, and high quality of service are the characteristics that differentiate hotels from their competitors (McIntosh and Siggs, 2005). The customisation benefits that hotels offered helped their customers enhance their positive experiences during

their stay. By focusing on emotional benefits for their customers, hotels in this group could also encourage customers to spread positive WOM and eWOM – a common marketing practice used by entrepreneurs (Stokes, 2000).

Data collected from online observations on the social media sites used by the hotels in this group revealed the positive impact of superior value creation on customer satisfaction. The hotels' profiles on TripAdvisor received mostly positive reviews while the negative reviews were very rare. For example, customer feedback illustrated the positive effects of hotels' services on enhancing customer satisfaction: *'amazing service', 'always went above and beyond', 'can't be beat'* (TripAdvisor, January 2016).

The mass customisation script is also enabled via the continuous effort to exceed customer expectations by encouraging the practice of value co-creation. The process of tailoring services to specific individual customers was enacted from the first contact point when customers booked a hotel until they checked out. The hotels provided services that went beyond the traditional hotel practice of offering accommodation. These extra services were tailored based on the requests from customers before they arrived or during their stay at the hotels. In other words, hotels in this group encouraged their customers to identify any extra services that they might need and then acted upon these needs to enhance customer satisfaction. As such, hotels in this group no longer adopted a traditional, top-down approach to value creation in which firms generate value for consumers. Rather, hotels used a co-creation approach in which value creation was generated by understanding specific customer needs, and they tailored their service accordingly to provide superior value for customers. This practice supports the argument made by Morrish (2011) that both customers and entrepreneurial firms are central factors of EM activities. The co-creation activities enacted within the mass customisation script are the result

of the interactive relationship between firms and their customers. The following response from Chinh-Hotel Owner and Manager illustrates this type of value co-creation offered by hotels in this group:

*“We take care of our guests’ requests, giving them services such as car hiring, airport pick up, bus transfer, and all other services that they may require. From the first moment when we start to know about customers until they arrive in Vietnam, we deliver a more caring service based on their request. For example: taking care of their meals, their sleep, their transportation, etc.” (Chinh-Hotel Owner and Manager)*

The adoption of the mass customisation script encouraged hotels in this category to make a strong effort to producing new ideas to enhance customer services. Continuously providing new and useful ideas was regarded by these firms as essential to stay competitive. There was strong encouragement for all staff across departments as well as managers to think and act creatively. This approach facilitated co-creativity from all the staff and helped develop a high creative competency in the organisations. In this sense, hotels could benefit from incremental innovation (Madjar et al., 2011) to improve their business practice. By focusing on minor modifications to existing practices and service delivery, the impact might be very positive. When firms continuously proposed and implemented new ideas for their business practice, they could reform their business structures at least from the firm level. In this case, they could enhance their service quality, value creation, staff empowerment, and develop a culture of creativity in daily practice. As indicated in the EM literature, having creative capacity helps firms enhance their competitive advantages (Fillis, 2000). In other words, creative ideas helped to reform the

firms' structures and facilitate the mass customisation script to which the firms selected to account for their marketing activities and behaviours. The following quotation shows an example of how a hotel manager highly valued the creative capabilities of his employees and how they could impress their guests by organising a birthday party for their guests or giving them a small gift when the guests checked out.

*“The staff can do something to impress our guests, for examples they organise birthday party for the guests [...] Some of my staff have very creative ideas such as giving our guests small gifts when they check out ... you know, a traditional Vietnamese souvenir... so that our guests will remember our hotel more.” (An-Hotel Manager)*

Data from online observations on the website of online travel agent Booking.com indicated that hotels oriented to the mass customisation script achieved above 9.0 out of 10.0 for their average customer service rating. Moreover, the ranking of these hotels on TripAdvisor was at a very high level in which most hotels were ranked above 60 out of 591 hotels in Hanoi (observations made during January 2016). Some reviews illustrated the customised services that these hotels provided: *‘personal and tailored check-in’, ‘cake for us when we checked out’, ‘provided us with great gifts’ (Booking.com, January, 2016).*

In order to deliver high level of personalised services to customers, hotels in this group allowed their staff to have a flexible working environment. In doing so, these hotels encouraged new ideas and proactive methods to create value for guests. The response below from Dieu-Hotel Manager illustrates the important role of being creative when running a hotel:



*“We only have basic guidelines for our staff. For anything else, we encourage them to be creative, even the high level managers are very creative people. We encourage our staff to share new ideas, and if we think the ideas are interesting, we start to apply them immediately. By doing this, the staff also think that they are being respected and it also creates good habits that everyone feels free to contribute their ideas.” (Dieu-Hotel Manager)*

This activity of proposing and adopting new ideas helped firms to deliver value which went beyond customer expectations and triggered customer delight (Bowie and Buttle, 2004). In doing so, the mass customisation script was achieved by the continuous actions of firms in selecting and using various activities in creative ways. Giving surprise gifts to their guests for special occasions such as birthday, anniversary were among the methods that the hotels used to enhance their customers’ satisfaction. Some examples of special treats for customers are illustrated in the responses from An and Giang below:

*“For example when they [customers] come here for a honeymoon or when they have birthdays, we would order cake and give them chocolate and decorate their rooms a bit more special on that day to make them feel that they are being cared personally.” (An-Hotel Manager)*

*“One special thing we do is giving them good night cake, and we write something to wish them a good night sleep. This is an additional service, and this makes our guests feel very special. We write a message along with good night cake such as:*

*have a sweet dream, have a good night. Each day we change our message differently.” (Giang- Sales Manager)*

What was described by An and Giang was the hotels’ effort to give customers a “pleasurable level of consumption-related fulfilment” (Zeithaml and Bitner, 2003, p.86). In doing so, hotels could make their guests feel special during their stay. This is a critical intangible feature in the service industry in which firms can differentiate them from competitors by focusing on psychological benefits for their guests. By showing a personal touch, the customers can experience the fulfilment and unexpected pleasure during their stay.

In sum, the hotels oriented to the mass customisation script to account for their marketing activities exhibited high level of proactiveness towards new business opportunities available in the business structures. These hotels selected free independent travellers as their target market since they had a small number of rooms which could be filled by individual bookings. Online travel agents were considered strategic partners to help the hotels attract free independent travellers who used to books hotels via these agents. TripAdvisor was used the key platform to generate online reviews while Facebook was used as a supplementary online platform to socially engage with customers. Offering customised services in accordance with individual needs and demands was among the main methods for these hotels to stay competitive in a severe competition marketplace.

## **6.5 Market Leadership Script**

Six firms oriented to the market leadership script as a principal way of accounting for their marketing activities. The key characteristics of these hotels were their advanced levels of

entrepreneurial approaches in marketing practices. In particular, they passionately anticipated and pursued new opportunities, aimed at expanding their business in the future. These firms were willing to take risks in order to maximise their resources and exhibited a strong emphasis on becoming and maintaining the market leader position in this industry by adopting advances in technology to achieve first mover advantage. Marketing activities of firms in the market leadership category were constructed based mainly on their aim to stay ahead of the industry. Firms in this group clearly showed their strong intention to sustain their position as pioneers in the independent hospitality industry.

They adopted a more selective method towards their strategic target markets and network actors. For example, they focused mainly on English-speaking customers, and they carefully chose the most appropriate online travel agents to cooperate with. In order to achieve their aim to be the market leader, they adopted novel ideas such as offering customers authentic services that focused on a family-oriented style with friendly, informal staff.

From a structuration perspective, hotels oriented to a market leadership script actively sought to change the business structures. They can be viewed as agents of change who were capable of embracing new business opportunities and enacting them successfully. The agent's knowledgeability was reflected in the actions that firms undertook to construct their marketing activities proactively and innovatively. In being agents of change, they had to deal with the risks involved when adopting new ideas for product or service development. However, firms in this category demonstrated their high capabilities of transforming the business landscape of the hospitality industry in Hanoi area by their EM activities. The sub-sections from 6.5.1 to 6.5.3 elaborate on the characteristics of firms oriented to the market leadership script.

### **6.5.1 Challenge the Status Quo**

Firms oriented to the market leadership script considered unexpected business situations or contingencies as being part of the nature of this industry. Although the unpredictable business environment was challenging for the hospitality industry in general, these factors were viewed as conditions which brought firms in this group new and potential business opportunities. These firms utilised resources that they had in creative ways to maximise the value for their businesses. The capability of leveraging contingencies creatively helped firms in the market leadership group to be proactive agents in response to any circumstances and to challenge the status quo of traditional hotel businesses. Findings are in line with previous studies which indicate that entrepreneurially creative response is an alternative approach for firms under changing business environment (Fillis, 2010; Fillis and Rentschler, 2005). Compared with hotels in the cost consciousness, mass market, and mass customisation groups, these firms showed significantly higher levels of both desire and capability to explore and exploit new opportunities under the uncertain business environment. In particular, they passionately anticipated new business ideas, aimed at establishing and maintaining their market leadership position.

One outstanding characteristic of firms in this group was their continuous adaptation of advanced technology and communication to stay ahead of competitors in their businesses. This might explain why they were able to maintain their position as the first mover, the innovator, and the pioneer in the small independent hospitality sector in the Hanoi area. Among these six hotels, one of them was the first adopter of TripAdvisor – the most popular and influential user-generated content site in the tourism and hospitality industry, and another hotel was the first adopter of Airbnb – an online peer-to-peer accommodation renting service. The following

responses from Hoang and Nam illustrate their advanced adoption of technology in the hospitality industry in Hanoi area:

*“We were the first hotel to adopt TripAdvisor for doing business in Hanoi in 2006, from then on, lots of hotels have learned from us, and nowadays it has become such a phenomenon in this area.” (Hoang-Hotel Manager)*

*“You know I learned about Airbnb 3 years ago and at that time I was the only one and the first one who had our property listed on Airbnb, and now it becomes like thousands of hotels listed on Airbnb already.” (Nam-Hotel Manager)*

The responses above reveal that hotels oriented to the market leadership script were extremely proactive and innovative in their marketing practice. This practice helped them achieve incremental innovations (Miles and Darroch, 2006) to stay on top of the industry. This finding also supports the fact that small firms focus on incremental innovations to stay competitive under the severe competition (Miles and Darroch, 2006; Stokes, 2000). Moreover, adopting advances in technology also helped hotels in this group benefit from their radical innovation; that is, applying new ideas of products and services that had not been practised before in the industry. In doing so, these hotels (agents) managed to transform the business structures surrounding them. For example, when using Airbnb to generate bookings from customers, hotels could minimise their dependence on online travel agents and avoid the hostile relationship between hotels and online travel agents due to the high commission as found in the mass customisation group. Furthermore, hotels can review their customers on Airbnb rather than only being reviewed by them when using TripAdvisor. This can protect hotels from being

controlled by customer reviews online and reducing the negative impact of fake, unfair, or biased reviews which most hotels in the mass customisation group had to suffer due to their reliance on TripAdvisor. The following quotation illustrates how firms in the market leadership group gained power by adopting Airbnb.

*“On TripAdvisor, I can reply to them [customer reviews], but I cannot review them. Let’s say here on Airbnb when the guests come they review our hotel, our service and everything, and we can also review our guests. Let’s say if the guests do not comply with our policies, and they make the room dirty, we still can review the guests as bad guests, and that also affects the guests’ status when they want to hire or book in other places.” (Nam-Hotel Manager)*

Since these hotels were the first-movers, they had to face the threats or risks that might lead to unexpected consequences of being the innovators. However, these firms were not afraid of such risks. Instead, they looked at these negative factors as opportunities to develop their businesses and learn from their mistakes. One example of this behaviour is the way in which Chinh viewed online negative reviews or issues with customers’ complaints, he felt confident about his hotel services and considered negative reviews as an unavoidable issue or part of the nature of hospitality business:

*“I mean I think this [negative review] would not be a problem for us because we care about our authentic service so I mean like there is nothing fake here. Of course, I cannot say that I can make 100% of our guests satisfied but let say that for most*

*of them they are all right and I'm not afraid of them giving me negative reviews, and I think this is the way it should be.” (Chinh-Hotel Owner and Manager)*

As Chinh said about negative reviews: ‘this is the way it should be’, the hotels in this group acknowledged that even they made great efforts into delivering the best experience for their customers, the issues with customer complaints could still happen. Customer complaints might range from unsatisfactory services to hotel facilities. Data from interviews, observations during interviews and online observations indicated that most hotels in the Old Quarter had to face the issue of having many rooms with no window. This was mentioned by many customers in their reviews as a negative characteristic of most hotels. Chinh’s hotel was not an exception. Houses and buildings in the Old Quarter area were built at high density and hotels were not allowed to change the structure of their buildings. This is the authorities’ rule to protect the traditional and historical value of the ancient architecture of the Old Quarter. Although small and high density of buildings were an iconic characteristic of the Hanoi Centre, which is considered one of the most attractive characteristics for tourists, it also led to the issue of the lack of space for hotels to develop their facilities.

New ways of doing things are reflected in the process of improvisation when dealing with daily business issues among hotels in this group. As illustrated below, Nam-Hotel Manager emphasised the role of having improving problem-solving skills to deal with issues every day. This improvisation approach was regarded as the crucial way to address any issues they might unexpectedly encounter when running their businesses:

*“When you run a hotel business, it’s more about how you deal with the daily situation. It’s more about improvisation like you have a good skill of improvisation to deal with unexpected issues every day” (Nam-Hotel Manager)*

The hotels in this group also pursued new business opportunities under an extremely competitive business environment by thinking outside the box. The business conditions in Hanoi – the capital of Vietnam were considered unfavourable to open new hotel businesses due to severe competition. As such, one hotel manager expressed his view on pursuing a new business opportunity in a different area rather than in Hanoi. This view on new and potential business opportunity also implies that the hotels aimed to target a niche market which had not been largely exploited.

*“My dream is opening my own hotel, but it does not necessarily have to be in Hanoi. There are different areas that still lack good hotel services and development. I can open a hotel in Sapa for example because the hotel business there is not like here, it has a lot of potential, not like in Hanoi. Hotels here have been running for a long time, and they know all the tricks of the trade. If I have enough money to open my own hotel, then it will not be here.” (Hoang-Hotel Manager)*

### **6.5.2 Selective Target Markets**

The six hotels in the market leadership group carefully selected their target markets to sustain their competitive advantage and become the leaders in this sector. In order to approach their targeted customers, the hotels cooperated with extensive networks, including online travel agents, tour providers, and informal hotel associations. These hotels showed great effort into



dealing with unfair issues with online travel agents and focused on developing strong relationships and commitment with their key partners. Strong emphasis on networking activities with key partners helped firms to enhance booking sales, receive advertisement benefits, generate market information, and attract customer feedback or reviews.

Firms in this group were labelled as having a selective online target market in which hotels aimed to attract free independent travellers from certain areas. Although their MO was similar to hotels in the mass customisation group (Section 6.4), they were more selective when choosing the right target and this was determined by the fit between the market and the hotel business model. The findings indicated that these hotels were able to deliver distinctive products and superior services based on a well-founded understanding of the market, customer information, and competition issues.

The selective target market was reflected in the way that hotels chose specific online travel agents to approach their inbound guests. As mentioned by Ninh below, his hotel focused on only three main partners Expedia.com, Booking.com, and Agoda.com to sell rooms online to free independent travellers. These partners were considered as the hotel's strength in generating online bookings.

*“We are focusing on online markets in which the customers book our rooms via our Online Travel Agent partners including Expedia, Booking and Agoda. These sites are our strength to sell for foreign guests.” (Ninh-Hotel Manager)*

By selecting specific online travel agents to target certain inbound tourists online, hotels in the market leadership group differentiated themselves from other groups. Hotels in the mass customisation group utilised a wide range of online travel agents rather than selecting them. The findings suggest that hotels in the market leadership group had a more selective approach towards MO compared with other groups of hotels in this study. By networking with online travel agents, hotels could gain access to resources that they lacked. In this case, online travel agents provided hotels with great sources of potential customers to generate bookings. Therefore, a positive relationship between hotels and travel agents could enhance firm performance (Gilmore et al., 2006). Similarly, in a study on hotels in Thailand, Boonchoo et al. (2013) suggest that networking is a critical element of EM practice in hotels to leverage resources and achieve better performance. Given the significant role of online travel agents for hotels in the market leadership category, it was not surprising to find that this group of hotels aimed to choose the most suitable online travel agents as their strategic partners. They also emphasised the role of building trust and maintaining strong relationships to achieve long-term business commitment and enhance value creation with online travel agents.

Another example shows how firms in this group paid high attention to the selection of the most suitable network actors to be more distinctive from their competitors. The following quotation from Nam is an example of how hotels selected their online strategic intermediaries.

*“Actually, all other online travel agents like Expedia, Booking or Agoda, they are more industrial and more for business cooperation, but for us, Airbnb is more suitable for our business concepts.” (Nam-Hotel Manager)*

Hotels in the market leadership group strongly utilised industry and professional networks to facilitate their marketing activities. This finding contrasts with that normally found in the literature in which small firms rely on their own managers' personal network (Gilmore et al., 2006; Carter, 2008; Rocks et al., 2005). Perhaps the nature of the industry explains these different approaches in leveraging networks of actor. While Gilmore et al.'s (2006) study indicates the significant role of personal networks conducted in the manufacturing sector which requires a close supplying chain system, hospitality industry requires hotels to expand their networks beyond the personal network and seek potential market from other countries.

While some hotels in this group networked with Airbnb to minimise conflict from unfair commission when working with online travel agents, other hotels still suffered from unfair competition when relying on online travel agents. Although online travel agents provided hotels with great sources of online bookings, this partnership also led to conflict between hotels in the same area due to unfair competition. This happened when some hotels gave extremely high commission to online travel agents in order to receive preferential treatment such as high ranking on travel agents' websites and better advertising benefits. In order to address this issue, these hotels formed an informal association to protect themselves from competition in the area:

*“Recently we just have a meeting with other hotels in our association about issues with online travel agents and finding ways to deal with these problems. Lots of hotels in this area are not having a fair play in terms of competition. They offer online travel agents 100% commission from their room rate which is ridiculous because if these hotels do so then, online travel agents will only focus on advertising these hotels. You know some hotels do not need to sell rooms, they just need guests*

*coming to stay so that they can sell tour packages and gain profit from selling the tour packages.” (Hieu-Hotel Owner and Manager)*

Hieu’s response illustrates that hotels in this group managed to form their own association which consisted of hotels in a similar situation to address the issue of unfair competition from other hotels. This finding suggests an unconventional approach to networking among hotels in this group since a lack of horizontal-network association was commonly found in this industry. As indicated earlier in the business structures (Section 5.3.2.1), hotels in this study did not have a formal association to protect themselves. Even though an informal hotel association was formed, there was a lack of engagement and support to develop this association. However, the findings from the market leadership group suggest some evidence of cooperation among hotels in their informal network. This might be due to the extreme pressure from the unfair competition which required them to unite and come up with solutions to protect their businesses.

### **6.5.3 Authenticity**

The hotels in this group emphasised the significant role of being authentic to distinguish themselves from others and stay ahead in this industry. Their authenticity was reflected in what they considered to be unique services and products to sustain their leading position in this industry. As the following quotation from Nam shows, the hotels focused on human and service factors to create distinctive characteristics of their hotel images.

*“Actually, all the hotels in the Old Quarter claim that they have uniqueness. But again it depends on how you view about uniqueness. Of course, not every hotel is*

*the same. For example, in our hotel, we have Mr Vinh [customer service manager] here is our uniqueness [laugh] and we are very focused on the service quality of family life characteristics to make guests feel that they are part of our family.”*  
(Nam-Hotel Manager)

Hotels oriented to the market leadership script obtained detailed knowledge of their competitors. In doing so, they could identify the different characteristics that they can offer to achieve competitive advantage. For example, the quotation below from Doan illustrates that his hotel classified their competitors based on location, price range, services, and TripAdvisor ranking. Compared with hotels in other categories, which commonly identified competitors by star ranking or location, hotels in this group identified their competitors by name. This illustrates their great knowledge of the competition.

*“Our main competitors are [names removed - 3 hotels] in terms of location, price range. In terms of services, [name removed - 2 hotels], they are our biggest competitors. They also compete with us on TripAdvisor. They ranked [number removed – top ranking]. But we distinguish ourselves in the way we make customers feel about us. For example, we have a very informal communication style with our customers, and we do not have any specific requirements for them, we make them feel like home away from home.”* (Doan-Hotel Owner and Manager)

What can also be observed from Doan’s response above is that his hotel differentiated itself from its competitors by emphasising the experience aspect for customers during their stay. They embraced the principles of an informal communication style, to make customers “feel like home

away from home” as their key competitive advantage. By understanding their competitors and their strategies, hotels could identify and provide key points of differentiation (Lea, 2002) in order to exceed customer expectations and maintain their leadership position in this industry. Many scholars also indicate that the family-oriented hotel style is a key theme to help small independent hotels achieve competitive advantage (McIntosh and Siggs, 2005; Olga, 2009).

Psychological and emotional benefits delivered to customers were further observed in this group of hotels. For example, their customers received special care such as preferential treatment with extra attention and personal recognition. Personalised benefits for customers were offered to meet the particular needs of each customer. Based on an understanding of customer requirements, the hotels were capable of tailoring products and services to meet the customer needs. As a result, the hotels in this group had distinguished themselves from others in terms of superior value for customers. They showed higher level of delivering value for customer compared to hotels in mass customisation group by adopting novel approaches to make guests feel at home and showing intimacy. Instead of being led by the market and customers, this group of hotels believe in adopting proactive and novel marketing approaches to create unique superior value for their target markets. Superior value delivered to the customer arises from service differentiation. As stated by Hoang-Hotel Manager, they differentiated themselves from other hotels in terms of being professional, but they still maintained a high level of friendliness to customers. The following response reflects this common practice among hotels in this group.

*“You should be professional but not over professional, friendly but professional. If you are too professional like five-star hotels, everything is not flexible anymore.*

*Here we are professional in a very friendly way. We talk to our customer every day, and we know their names. After they check in we already remember their names and their room numbers, so the next morning when they come down for breakfast we can all greet them by names.” (Hoang-Hotel Manager)*

As we see from Hoang’s response, he emphasised the role of engaging with their customers in an informal manner and delivering a professional but friendly service. This practice goes beyond what has been commonly found in traditional hotels which are described as ‘mainstream’, ‘the same wherever you go’ (McIntosh and Siggs, 2005). This is a unique feature of value delivered by boutique hotels that enhances positive experiences for customers during their stay (Aggett, 2007). In a similar vein, personal recognition was another type of psychological benefit that hotels in this group delivered to their customers. These hotels paid great effort into developing a family-oriented style to engage with their customers.

*“I think that the most important policy of ours is that we remember our customers by name, I think it's like a kind of melody, kind of like singing a song to our customers. So once they come to our hotel, we try to make them feel like home, so we always say like home away from home. We always have a slogan to ourselves which is ‘come as guests, stay as family’. So you come over, you feel like family. Sometimes I invite them to my house to have some kind of drinks and food, and it's kind of like, you know, a way to care for our customers.” (Nam-Hotel Manager)*

Nam illustrates their unique approach to creating and delivering value to their customers. This type of value was shaped by a clear business model and philosophy such as the policy of remembering customers’ names and a clear slogan of ‘come as guests, stay as family’ to guide

customer service activities. As indicated by Nam, he sometimes even invited guests to his house for food and drinks. This illustrates that this hotel incorporated both psychological and social value to enhance the customer experience. This finding is in line with the characteristics of small boutique hotels proposed by McIntosh and Siggs (2005). Specifically, the key dimension of value creation that gave hotels in the market leadership group a unique position in the marketplace is their “personalised or personal touch”, the “homely feel of the accommodation” (McIntosh and Siggs, 2005, p. 77). The impact of such a personalised service style offered in these hotels resulted in a unique, superior value for customers (Lehman et al., 2014).

Authenticity was also reflected in the capabilities of adopting creative ideas in services or hotel designs. The evidence showed that the firms were creative from the core facilities of their hotels such as decoration or furniture, to soft skills such as staff attitude and service encounters. To develop a creative culture, these hotels encouraged staff to propose creative ideas and adopt novel solutions in unexpected situations. This might explain why managers and owners in these firms tend to select staff based on their potential for being creative among other characteristics. In general, hotels in this group focused on both incremental and path-breaking radical ideas and strategies. In doing so, these hotels not only showed creative approaches in marketing but also demonstrated their advanced level of creativity-based capabilities in terms of having a philosophy for staying creative.

Distinctive hotel design was among the most evident themes found in the market leadership group which illustrates how hotels adopted radical ideas when establishing their businesses. Compared with other hotel categories, these hotels distinguished themselves by having their



own particular styles to decorate their interior facilities and furniture. For example, Hieu's hotel used a very special decoration style of mother of pearl inlay furniture to attract customers:

*"It [the decoration] follows the traditional, oriental style and this furniture is unique. You can see the picture on the wall is also made of mother of pearl inlay, our chairs and tables in restaurant area all were made of wood so this creates a very cosy environment for guests. And so far this style of decoration makes our guests very happy." (Hieu-Hotel Owner and Manager)*

Authenticity could also be found in the way hotels in this group utilised their existing resources and altered their marketing practices in accordance with these available resources to create their own distinctive characteristics. This strategy could help hotels to reduce cost and identify new opportunities. For example, in the case of Hieu's hotel, she retained the decoration from the previous hotel that she had bought rather than investing huge financial resources in changing the hotel design. She then oriented the marketing strategy to attract budget customers who wanted to experience a boutique hotel style. The following response illustrates her practice of using available resources.

*"With this hotel, if someone has more financial capital than me, they can renovate and change all the existing décor to something very new, luxurious, and modern. For me, I want to focus on budget customers who love to stay in a small boutique hotel with reasonable prices, that why I maintain this type of traditional, oriental décor." (Hieu-Hotel Owner and Manager)*

Hieu utilised the facilities from the hotel she bought as an invaluable resource. She then identified the target market suitable for her hotel style. This finding is in line with the component of means-driven action in the effectuation approach (Sarasvathy, 2001) used among hotels in the market leadership group.

In general, hotels oriented to market leadership script represented agents of change in this study. These hotels showed great capability of exploring and exploiting resources available in business structures in novel ways. In doing so, they were the pioneers of implementing advances in ICT in hospitality businesses to stay ahead of the competitors. In contrast to the intention to maintain traditional ways of doing businesses exhibited in hotels in cost consciousness script group, hotels in this category challenged the old ways of doing things. They were proactive and innovative in adopting new methods to run hotel businesses. For example, they were the first adopters of TripAdvisor or Airbnb to facilitate their EM activities. Target markets and strategic partners were selected carefully to meet with the value of their businesses (e.g. family-oriented, friendly, authentic approaches).

## **6.6 Linking EM Scripts to EM Elements**

This section discusses how the four EM scripts developed from the data analysis reflect the EM elements established in the literature. In doing so, the findings on how firms adopted EM scripts are linked closely to the existing EM literature to provide a more comprehensive understanding of EM adoption among firms. Table 6.2 summarises how EM scripts can be applied to the EM elements in the literature:

**Table 6.2 Linking EM Scripts to EM Elements**

<b>Scripts EM Elements</b>	<b>Mass market (9 hotels)</b>	<b>Cost consciousness (4 hotels)</b>	<b>Mass customisation (11 hotels)</b>	<b>Market leadership (6 hotels)</b>
<i>EO</i>	Reactive approach	Resource constraints	Main focus	First mover
<i>MO</i>	Group target focus	Various markets; Sales focus	Online focus; Individual focus	Online focus; Selective individual focus
<i>Networking</i>	Restrictive actors; Proactive networking level; Strong offline linkage	Limited actors; Reactive networking level; Weak linkage	Extensive actors; Proactive networking level; Strong online linkage	Selective actors; Proactive networking level; Strong offline and online linkage
<i>Value creation</i>	Standardised value	Economic benefits	Psychological and social benefits	Service differentiation
<i>Creativity</i>	Extensive creativity	Reactive creativity	Incremental creativity; Co-creativity	Radical and incremental creativity; Creativity philosophy
<i>Effectuation</i>	Causation; Affordable loss; Pre-commitments	Causation; Pre-commitments	Experimentation; Flexibility; Pre-commitments	Means-driven activities; Pre-commitments; Uncertainties as opportunities

Table 6.2 indicates the extent to which six prominent elements of EM found in the literature can be mapped onto the four scripts developed in this chapter. Below is the discussion of how firms adopt each element of EM.

### **(1) EO**

EO is perceived as the process, practice and decision-making activities to pursue new opportunities in entrepreneurship (Lumpkin and Dess, 1996). Covin and Slevin (1989) identify the three most common elements of EO: proactiveness, risk-taking, and innovation.

The nine hotels in the mass market script category exhibited a reactive approach towards EO. These firms showed intention to pursue new opportunities, however, careful examination was undertaken before making any decision and this might restrict their capabilities of adopting entrepreneurial activities. Hotels in this group understood the significance of being entrepreneurial in doing marketing and the role of ICT in the hospitality industry. However, the restriction of their target market and the scope of their business (focus on groups of customers referred by offline travel agents) might lead to their lack of interest in implementing online marketing activities.

EO among the four firms in the cost consciousness script category was hindered by lack of resources and a risk-averse attitude. As such, they showed limited entrepreneurial approach towards their marketing activities and behaviours. They were reluctant to adopt new business ideas since these activities require high investment, commitment and might link closely with the risk of failure. In other words, they showed a low level of innovativeness, proactiveness and risk-taking in their marketing practice.

Compared to the hotels oriented to the mass market and cost consciousness scripts, the hotels in the mass customisation script category had a stronger focus on EO. Specifically, not only did these firms show a great recognition of opportunities, but they also had high capabilities to pursue new opportunities, emphasising being innovative and proactive with continuous development on a variety of business ideas, products and services. A high level of risk-taking and innovativeness were reflected in the way hotels used resources to stay competitive in the marketplace.

The six hotels in the market leadership script group achieved their first-mover advantage by adopting an advanced level of entrepreneurial approach in marketing activities and behaviours. In particular, they passionately anticipated and pursued new opportunities, aimed at expanding their business in the future. These firms were willing to take risks in order to maximise their resources and exhibited a strong emphasis on adopting technology to facilitate EM. One outstanding characteristic of firms in this group was their continuous adaptation of advanced ICT to stay ahead of competitors in the area. This explains why they were able to maintain their position as pioneers in the small independent hotel sector in the Hanoi area. Among these six hotels, one of them was the first adopter of TripAdvisor – the most popular and influential user-generated content site in the tourism and hospitality industry, another hotel was the first adopter of Airbnb – an online peer-to-peer accommodation renting service.

## **(2) *MO***

MO consists of three main components: customer orientation, competitor orientation, and cross-functional coordination (Narver and Slater, 1990). Based on these three components, Narver and Slater (1990) argue that MO is an organisational culture that can create superior value for customers and as such, enhance performance for firms.

The hotels in the mass market script group focused on group inclusive tourists as their target market. Specifically, their customers were those who travelled in group tours and were referred to hotels by travel agents or tour companies. Firms in this group acknowledged the significance of customer service and responsiveness towards their competitors in order to stay competitive in the marketplace.

The hotels categorised in the cost consciousness script group focused on generating bookings from various sources of customers to fulfil their target sales. These firms had a basic understanding of their markets and competitors. However, limited actions were taken to proactively engage with change in market needs and demands. This lack of engagement with customers restricted the capability of gaining good knowledge of competitors and customers among hotels in this group.

The hotels oriented to the mass customisation script focused on targeting individual travellers who commonly use online channels to organise their trips and book hotels. Hotels in this group had a clear target market, good knowledge of their customer needs and demands. They exhibited a high level of MO – a critical aspect to enhance their competitive advantage in the severe competitive business environment.

The six firms in the market leadership script category were labelled as having selective online target markets. Although their MO was similar to hotels in the mass customisation group, they were more selective when choosing the right target market, and this was determined by the fit between the market and hotel business model. The findings indicated that these hotels were able to deliver distinctive products and superior services based on a well-founded understanding of the market, customer information, and competition issues.

### ***(3) Networking***

Networking has been acknowledged as a means to leverage resources and to develop networks and relationships (Collinson and Shaw, 2001). Gilmore et al. (2001) state that SME networking

activities means firms utilise different types of network built around owner/managers' interactions and activities.

Since the hotels in the mass market script group focused on targeting customers from group inclusive tours, they exhibited restrictive networking activity by focusing mainly on offline travel agents as their strategic network actors rather than utilising online networks. These hotels strongly leveraged their networks of travel agents to reach out to new potential customers and increase hotel bookings. The linkage strength was strong with their offline travel agents, these hotels focused on developing relationships with their travel agents for long-term business cooperation. As such, the nine hotels in this group were considered as having proactive networking and strong offline linkage with their strategic network actors.

The four hotels in the cost consciousness script group showed limited, reactive networking and weak links with their network actors. Networks were utilised to maximise hotels' sales targets rather than focusing on maintaining relationships with their stakeholders. Similar to hotels in mass market group, most hotels in cost consciousness group focused on using networks of travel agents to increase room occupancy. However, these hotels did not emphasise networking activities to strengthen their relationship with travel agents.

The hotels in the mass customisation script group showed their engagement with extensive network actors such as a wide range of online travel agents, tour providers, and customers. Compared with hotels in the previous two groups, hotels in this category had broader network actors, a more proactive approach to networking activities and stronger linkage with their strategic stakeholders. Apart from working closely with online travel agents, they considered

customers as another key network actor which required high level of engagement and interaction. These hotels exhibited a strong focus on maintaining online linkage with their key network actors. The main reason was because hotels in this group targeted free independent travellers who mainly use online search and booking tools to organise their own trips.

The six hotels in the market leadership script group carefully selected their key partners to work with to sustain their leadership position in this sector. Their networks were extensive, including online travel agents, tour providers, and customers. Networking was used for various purposes such as: increasing booking sales, generating market information, and encouraging customer feedback or reviews. They paid close attention to the selection of the most suitable network actors to be more distinctive from their competitors.

#### ***(4) Value creation***

Value creation can be viewed as firms' capabilities in understanding how customers value products or services, and how firms practice marketing that can deliver value to customers (Jones and Rowley, 2009). Value creation has been acknowledged as a central aspect of EM practised among firms (Morris et al., 2002; Morrish et al., 2010; Morrish, 2011; Hills et al., 2008).

The hotels in the mass market script group made an effort to deliver both economic and psychological benefits for customers. These hotels were aware of the significance of the emotional value that they should offer to their guests. Economic value for customers, by offering low room rates, was made possible since they could take advantage of cost reductions when most of their guests were referred from travel agents. Also, by delivering value to groups



of customers, hotels could achieve cost efficiency as their products and services were standardised for most of their guests.

The hotels belonging to the cost consciousness script group focused mainly on creating and delivering economic value to customers. As such, the value for firms was derived from maximising sales turnover while the value for customers was delivered mainly from the economic benefits. There was limited evidence of superior value creation since the main method firms in this group used was to attract customers by offering them good room rates. The value for customers was basic hotel facilities rather than extra services such as spas or tailored services as normally found among hotels in mass customisation group.

Value creation is among the most distinctive EM elements that differentiated hotels in the mass customisation group from those in the previous two groups. The hotels in this group focused on delivering superior value from increasing psychological and social benefits for their guests. These benefits were delivered successfully to their customers since the findings showed that the firms were able to tailor their services for individual guests. The psychological benefits that the hotels often helped their customers enhance their positive experiences during their stay. By focusing on emotional benefits for their customers, hotels in this group could also take advantage of value co-creation with their customers and encourage positive WOM and eWOM. These hotels paid attention to specific types of customers they had and adjusted the service accordingly to enhance customer satisfaction. Also, some firms in this group were able to deliver social benefits for their customers by building a friendship with their guests. This practice was uncommon among hotels in the previous two groups.

The six hotels in the market leadership script group stressed the role of service differentiation and authenticity to enhance the experience for their guests. As a result, hotels in this group distinguished themselves from others in terms of superior value for customers. They showed novel approaches to delivering value such as making guests feel at home, showing intimate and family-oriented style. Instead of being led by the markets and customers, this group of hotels believed in adopting proactive and novel marketing approaches to create unique value for their target markets.

#### ***(5) Creativity***

Creativity helps firms to enhance their capability to respond to new opportunities, solve business problems, and achieve sustainable competitive advantages (Fillis, 2000, 2004). Having creative capability is crucial for hotels to overcome challenges posed by constraining structural factors. Having creative approaches to practice EM can provide firms with means to go beyond the traditional ways of doing businesses and produce new ideas for products or services to enhance business performances.

The hotels in the mass market script group had capabilities in producing and implementing new ideas in various aspects of their business to stay competitive. Their extensive creativity-based activities were reflected in a wide range of methods and strategies such as interior decoration, occupancy management and advertisement methods. Their creative approaches were highly consistent with the expectations of tourist groups as their target markets.

The findings indicated that hotels in the cost consciousness script group were well aware of the significance of being creative in marketing activities. However, they showed reluctance to adopt

new ideas due to lack of experiences, knowledge, and resources. In general, hotels in this group exhibited limited focus on being creative when running hotel businesses. Creativity was not their priority since they mainly focused on delivering a basic level of products and services for their customers and fulfilled target sales.

The hotels in the mass customisation script group showed strong capabilities in producing and applying new ideas to customise their services. There was strong encouragement for all staff across departments as well as managers to think and act creatively. This was a distinctive feature of creativity in this group compared with the hotels in the mass market script and the cost consciousness script.

Creativity was viewed as a part of business culture and philosophy of the hotels in the market leadership script group. Firms adopted creative approach in a wide range of marketing activities, from setting up core facilities (such as decoration or furniture) to developing soft skills (such as staff attitude and service encounters). In order to sustain a culture of creativity, these firms encouraged staff to continuously adopt novel solutions in daily situations. Managers and owners in these firms tended to select staff based on their potential for being creative, among other characteristics. Since creativity was considered a crucial element of running hotels, these hotels stressed the significant role of proposing and implementing new ideas. This creative competency contributed an important role for these hotels to maintain their pioneer positions in this industry.

### ***(6) Effectuation***

Effectuation refers to the act of entrepreneurs taking a set of means as a given and focusing on selecting possible effects that can be created with that set of means (Sarasvathy, 2001; Morrish, 2009). This decision-making process exhibited among entrepreneurs is in contrast with causation processes in which managers take a specific goal as a given and identify the means needed to achieve the goal. EM scholars acknowledge that a better understanding of effectuating reasoning versus a causational approach can develop the EM literature regarding how entrepreneurs make marketing decisions (Morrish, 2009; Hills and Hultman, 2011; Bjerke, 2017).

The hotels in the mass market script group used a combination of causational and effectual approaches to practice marketing. On the one hand, these firms acknowledged that there were many uncertainties when running a business in the hotel industry, as such, they strongly relied on partnership and making plans to overcome uncertainty (causation). On the other hand, firms were willing to take an ‘affordable loss’ when implementing a strategy that could minimise uncertainty such as upgrading rooms in other hotels for guests who suffered from overbooking (effectuation).

The hotels in the cost consciousness script group mainly adopted causation rather than effectuation logics when implementing marketing activities. Although a causational approach was mainly used, they focused on using pre-commitments to achieve their planned strategies in terms of sales target. Specifically, pre-commitments were used by cooperating with offline travel agents so that these agents could refer their guests to book with hotels. As suggested by Sarasvathy (2001), pre-commitment is a component of effectuation. However, the findings in

this study illustrated that pre-commitment was also exhibited in hotels that followed causational approach. In a similar vein, Chandler et al. (2011) also suggest that entrepreneurs use pre-commitments to achieve their business plan when taking a causational approach. This suggests that pre-commitment is not only exhibited in firms using effectuation, as the literature has largely acknowledged (e.g., Dew et al., 2009; Sarasvathy, 2001; Read et al., 2009), but is also found in firms following causation logic.

The firms in the mass customisation script group viewed contingencies as sources of opportunities rather than challenges. Their effectuation approach was reflected in marketing decisions which were based strongly on what they had as resources, what they learnt from their experiences, then how they could take proactive, flexible actions rather than being controlled by uncertain external factors. Another feature of the effectual activities of hotels in this group that distinguished them from others was their strong focus on the trial-and-error principle or experimentation. This experimentation approach is in line with the EM literature in which entrepreneurs use a bottom-up rather than a top-down approach when making marketing decisions (Bjerke, 2000). These hotels were open to mistakes and learning new things to be better at their business practice. In general, this group showed strong levels of flexibility, experimentation, and pre-commitment which represent effectual logic in marketing activities and behaviours. The hotel emphasised learning and trying new methods as a process of business development. This implies a close relationship between flexibility and experimentation, both dimensions of an effectuation approach (Sarasvathy, 2001; Chandler et al. 2011). Fisher (2012) also highlights the overlaps between these two dimensions of flexibility and experimentation when studying the actions of entrepreneurial firms.

The firms in the market leadership script group considered unexpected situations or contingencies as part of the nature of this industry. Although the unpredictable business environment was challenging for the hospitality industry in general, these factors were viewed as conditions which brought firms in market leadership group new and potential business opportunities. These firms utilised resources that they had, to maximise value for both hotels and customers. This capability of leveraging contingencies helped firms in this group to be proactive in their response to any circumstances. Similar to hotels in the mass customisation script group, these firms focused on flexibility and pre-commitment to minimise uncertain business conditions. The hotels in this group utilised their existing resources and altered their marketing practices in accordance with these available resources.

## **6.7 Conclusion**

This chapter presented findings on the variations of EM activities and behaviours adopted by small independent hotels in Vietnam. In general, the various implementations of EM had led to the development of a typology of the four EM scripts: mass market, cost consciousness, mass customisation, and market leadership. The process of forming four distinctive EM scripts can be examined through the lens of structuration theory. Three key aspects constituting the formation of EM scripts are: (1) the business context consist of the structural factors that both enabled and constrained firms' actions. Details of these business structures and their impact on the EM tactics were discussed in Chapter Five; (2) the enabling and constraining impact of the structures on agency led to the formation of EM scripts; (3) these EM scripts were characterised via the selection and modification of marketing activities among firms. The findings in this chapter reinforce the relevance of Giddens' (1984) structuration theory as a lens to better understand EM. In particular, the concept of EM scripts gives a more complete picture as to

how and why firms adopt EM. The difference in terms of the selection and use of EM scripts led to the development of the four categories of EM adoption. The findings on the four EM scripts suggest that the hotels in each group responded differently towards the business structures in which they were embedded. As such, the capabilities of enacting EM scripts among hotels help explain why such a variation in EM activities was exhibited in the four groups of hotels.

Although a classification of the four EM scripts was developed in this chapter, firms could implement these scripts in a dynamic manner. While hotels chose to orient primarily to one EM script, they could also adjust and adopt other scripts at a certain point in time. As such, the four EM scripts were not mutually exclusive. This dynamic orientation towards EM scripts was determined by the change in their business structures and the extent to which agents reacted to or enacted resources embedded in these structures.

When the four EM scripts were developed from the data analysis, it was observed that each EM script reflected the elements of EM found in the literature to various degrees. As a result, a discussion followed on how EM scripts can be linked to the key elements of EM in the existing literature. In doing so, the findings of this chapter provided a more insightful understanding of how EM elements were adopted by firms in this study. The findings on the degree to which each EM element was practised among the four categories develops the EM literature, which has focused largely on exploring EM elements rather explaining the extent to which each EM element is implemented.

While Chapter Five explored the EM activities that hotels used from a tactical perspective, this chapter examined the EM adoption from a strategic level and developed the four EM scripts that firms selected to account for their EM activities and behaviours. As such, the findings in this chapter enhance the EM literature by conceptualising the EM adoption via the notion of EM scripts.

Based on the empirical findings and discussions presented in Chapter Five and this chapter, Chapter Seven will draw conclusion and discuss the implications of this thesis.



## **CHAPTER SEVEN: CONCLUSION**

### **7.1 Introduction**

This chapter concludes my thesis by providing a summary of findings, discussion on research contributions, limitations, and implications. This thesis provided a comprehensive analysis of EM adoption, the role of business context, and the reciprocal relationship between firms and business context in which EM occurs. This chapter starts by discussing how the aim and objectives of my research have been addressed (Section 7.2), followed by the discussion in terms of theoretical contribution (Section 7.3) and methodological contribution (Section 7.4). Managerial implications are outlined in Section 7.5. The limitations inherent in the research are discussed in Section 7.6. Suggestions for future EM research are provided in Section 7.7. Finally, the chapter is concluded in Section 7.8.

### **7.2 Revisiting the Research Aim and Objectives**

As discussed in the Introduction Chapter (Section 1.1), the EM field has developed over the last 30 years and produced a significant body of research. While EM research has covered a range of contexts in terms of industry, size of organisation and geographical location, the literature review demonstrates conflicting and diverse theoretical approaches to study EM. As such, EM scholars have called for a synthesis of EM theories from previous research to develop this field. However, the existing EM literature remains divided into two main approaches: (1) the interface approach focuses on researching firm capability in adopting EM from various ways of interpreting the concepts of entrepreneurship and marketing, (2) the contextual approach emphasises the role of business contexts on EM adoption, and suggests that EM should be studied in specific business contexts (e.g. SMEs or large firms). Failure to develop an integrated

view in EM research has led to fragmented findings and restrict the development of this field (Hansen and Eggers, 2010; Hills and Hultman, 2013; Whalen et al., 2016). This thesis suggests that a synthesis of the diverse approaches in recent EM research can provide a holistic view to study EM. In doing so, this thesis incorporated business context and firm aspects to form a comprehensive approach to study EM. As such, three objectives were proposed: (1) to examine how the business context influences the adoption of EM among firms; (2) to investigate how firms adopt EM within the specific business context surrounding them; and (3) to examine how the interplay between the context and firms results in specific tactics to facilitate EM. The following sections revisit how these three objectives were addressed.

### **7.2.1 The Influence of Business Context on EM Adoption**

The first objective of my thesis was to examine how the business context influences the adoption of EM among firms. The findings revealed that the business context of the independent hospitality industry plays a critical role in understanding EM adoption. As discussed in Chapter Five, business contextual factors (structures) could provide firms with potential opportunities to run their businesses, while posing challenges for marketing practice at the same time. This enabling and constraining role of business structures is in line with the concept of the duality of structure proposed by Giddens (1984). In this thesis, firms were embedded in the dynamic business structures which could be examined from firm and industry levels. Five main structural factors were found in the context of the independent hospitality industry in Vietnam:

- (1) Uncertain business environments (e.g. due to political conflict, economic downturn, natural disasters, and disease outbreak which lead to sudden decrease in tourist arrivals)
- (2) Extreme seasonality (the number of inbound tourists decreased significantly during summer)

- (3) Severe competition (e.g. many new hotels being opened in recent years)
- (4) Network actor diversity within the industry (e.g., travel agents, online travel agents, and online social networks)
- (5) Diverse, wide range of markets (e.g. group tourists, independent tourists, inbound or outbound tourists, corporate guests, western tourists, Asian tourists, and domestic tourists)

From the firm level, the structural factors consisted of severe competition, network heterogeneity, and diverse market characteristics. From the industry level, the structural factors include a wide range of uncertain external business environments (the fluctuating number of tourist arrivals, lack of support from the relevant authorities, corruption) and extreme seasonality. These environmental issues significantly impacted on how hotels adapt EM to survive and maintain their competitive advantage. The resources available in the business structures provided the conditions for EM activities to be formed and reformed within the dyadic relationship between firms (as agents) and business environments (as structures).

While the findings of the business structures were specific in the context of independent hospitality industry in Vietnam, the conceptualisation of the enabling and constraining impact of the business structures can be applied broadly to other research settings in different industries or countries. However, it is important to apply the concepts of enabling and constraining structures flexibly to identify the distinctive structural factors depending on the nature of each business setting under investigation.

As knowledgeable agents (Giddens, 1984), firms recognised that they had to operate their businesses in very complex business structures. These structures continuously changed over

time which required firms to adjust and adapt their marketing activities in order to respond accordingly to changes occurred in the business environments. The enabling impact of business structures was observed through the various available resources embedded in the business context. For example, firms could select the most appropriate target market among the various types of tourists (e.g. free independent travellers, group inclusive tourists, western or Asian inbound tourists). A variety of travel agents and was another key factor in the hospitality networks which allowed firms to select their strategic partners and facilitate their sales.

The enabling role of business structures was also evident in resources embedded in online platforms. In particular, firms that targeted free independent travellers considered online social networks and online travel agents as key strategic stakeholders in implementing marketing activities. The role of online reviews from the travelling community of TripAdvisor was highly valued. Thus, online social networks could benefit firms in terms of improving the image of their hotels, attracting a greater number of potential customers, or increasing occupancy rates.

Although the issues with lack of regulation and authority corruption were regarded as constraining factors, it is noteworthy to acknowledge that firms could also benefit from these negative issues. Some firms managed to sell tour packages for their guests although this was not officially authorised by the authorities. This practice was made possible due to the lack of comprehensive guidance and official policy for the small independent hospitality sector. On occasion, evident corruption allowed firms to maintain this unethical business practice since they could bribe the local authority to keep selling tour packages. However, this practice did not provide firms with a long-term and sustainable strategy to stay competitive in this industry.

The constraining impact of business structures posed challenges for firms to implement EM. Severe competition, uncertain business environment, and extreme seasonality were the main structural factors that hindered firms from running their businesses. Due to contingencies of the business structures, it was challenging for firms to predict what might happen in the future. For example, an uncertain business environment could result from unexpected incidents such as disease outbreak, political conflict, or economic downturn. Thus, firms had to proactively take actions and enact resources available in the businesses structures to survive under these contingencies.

Although extreme seasonality was a more predictable factor compared with unexpected incidents within this industry, this did not mean that firms could easily deal with off-peak issues. Instead, extreme seasonality required firms to proactively maximise available resources during off-peak season to maintain their survival. Specifically, during summertime, there was a significant decrease in the number of inbound tourists coming to Vietnam. As such, firms suffered from very low occupancy rates. In this case, domestic tourists provided firms with complementary sources of customers to fill the vacant rooms. Another tactic to help firms overcome the issue of extreme seasonality was to use promotion programmes such as discounts, free airport pick-up services, and low room rates to attract more customers. These practices illustrated the proactive role of agents (firms) to explore and exploit the available resources embedded in the business structures to deal with the constraining forces of structures (Sarason, 1995).

### **7.2.2 EM Adoption among Firms within the Business Context Surrounding Them**

The second objective of this thesis was to investigate how firms adopt EM within the specific business context surrounding them. The findings suggested that the nature of EM adoption was varied due to the different responses to the impact of the business structural factors. These responses were reflected in the four EM scripts to which firms aligned their EM activities and behaviours. Based on the work of Barley (1986), the concept of EM scripts was introduced to empirically examine the reciprocal relationship between firms' EM adoption (as agency) and business context (as structure). The development of four EM scripts suggested that firms were knowledgeable and reflexive agents, and they were capable of utilising the resources available in the business structures to underpin their EM scripts. The four EM scripts were (1) mass market (nine hotels), cost consciousness (four hotels), mass customisation (11 hotels), and market leadership (six hotels). The different EM adoption that firms took via four scripts represented the degree to which firms were reactive or proactive towards the enabling or constraining impact of the business structures.

Findings revealed that nine hotels oriented to the mass market script. Their target market was the customers from group inclusive tours. As such, traditional offline travel agents were their strategic network actors since these agents referred the most number of guest bookings to these hotels. Due to the strategic role of offline travel agents, hotels in this category tried to maintain and develop a close and strong relationship with these agents. Firms following the mass market script commonly adopted standardised services and facilities for their groups of customers. Although firms in this category acknowledged the significant impact of advances in communication technology and its role in changing the landscape of the hospitality and tourism industry, they did not prioritise the adoption of this technology for their marketing activities.

Rather, firms focused on maintaining their marketing practice in offline business environments by working closely with offline travel agents.

Within the cost consciousness script (four hotels), EM adoption was mainly impacted by the issues of resource constraints. Most firms in this category indicated that they have to face a lack of human and financial resources which leads to a reactive response toward opportunities available within the business structure. Although firms in the cost consciousness script group had a strong awareness of the enabling impact of the business context they were embedded in, they were reluctant to proactively engage with resources available in their business structures. Firms acknowledged the significant role of TripAdvisor and Facebook in enhancing their competitive advantage. However, little was done to take advantage these channels. This was due to the limited resources, which resulted in the marketing activities guided by the cost consciousness script. Thus, firms oriented to the cost consciousness script exhibited a risk averse attitude toward the impact of business structures and tried to maintain the traditional ways of managing their hotels and minimised the change.

The marketing activities constructed by hotels following the mass customisation script (11 hotels) were more proactive and innovative in relation to the business structures compared with those oriented to mass market and cost consciousness scripts. Hotel firms in this category showed strong engagement with the dynamic changing business context surrounding them and exploited resources available within the business structures. The adoption of the mass customisation script was reflected via the interactions of business contexts and the decision of firms to take marketing actions accordingly. Firms in the mass customisation category targeted free independent travellers. As such, these hotels focused mainly on cooperating with online

travel agents and engaging strongly with online social networks by using social media channels such as TripAdvisor and Facebook to raise their image and reputation online. A wide range of personalised services was designed and offered to each individual customer to increase the psychological benefits for their customers. The capabilities of delivering superior value creation were made possible by constant communication between hotel staff and their guests to identify aspects for enhancing service quality. This proactive engagement with customers during the service encounter helped increase customer satisfaction. In this sense, firms oriented to the customisation script proactively explored and exploited a wide range of resources available in the business structure and took advantage of the opportunities as they emerged.

The fourth group of hotels identified in this thesis oriented to the market leadership script (six hotels). The hotels following this script were characterised as having strong capabilities to reform the business structures by adopting novel ideas to their marketing activities. They were the first movers in utilising resources available in online environments to maintain their market leadership position in this sector. For example, firms in this category were the pioneers in adopting TripAdvisor and Airbnb to approach new potential target market. By doing so, they reshaped the market condition and competitive environments in the independent hospitality industry. The hotels in this group exhibited a great passion for anticipating and pursuing new business opportunities by combining resources available in the structures in creative ways to distinguish themselves from others. Although being the pioneers in adopting ICT advances might involve lots of risks, they were willing to take these challenges in order to stay ahead of their competitors. They were the agents of change who could embrace new business opportunities and enact potential resources to facilitate their businesses successfully. As such,



the notion of agent knowledgeability (Giddens, 1984; den Hond et al., 2012) is illustrated through the actions of firms in constructing proactive and novel EM activities.

### **7.2.3 EM Tactics**

The third objective of this thesis was to examine how the interplay between the context and firms results in specific tactics to facilitate EM. The findings showed that tactics implemented by small hospitality firms were impacted by the constraining and enabling role of business structures. Specifically, firms were able to explore and exploit resources available in their business structures to facilitate their marketing capabilities while trying to minimise the negative impact of constraining structural forces. This illustrates that firms were reflexive and knowledgeable actors (Giddens, 1984), and they could determine how to use appropriate tactics to facilitate their EM activities.

The enabling effect of structural factors allowed firms to combine a wide range of resources embedded in business structures in various ways to facilitate their marketing practice. The actions of firms in altering their EM activities in accordance with the conditions of business structures suggested a reciprocal interplay between firms and the business context in which EM occurred. For example, firms selected the most appropriate target market among the various types of tourists, and then determined the appropriate strategic partners (ranging from offline travel agents to online travel agents) in accordance with their target markets. Tactics that firms used to cope with uncertain business environments and severe competitors illustrated their capability to response to the change in business structures. As such, firms were capable of continuously altering their marketing activities in responding to the impact of structural forces.

Furthermore, the activities of firms online illustrated the significant role of technology in EM practice. In line with the concepts of AST (Desantis and Poole, 1994), findings suggested that the advanced ICT formed another type of structures in which firms were embedded in the online environment. To enact resources provided by various stakeholders in online environments (e.g. online travel agents, online social networks, online travel networks), firms utilised appropriate structural features and the spirit features (Desantis and Poole, 1994) of online platforms. Specifically, online travel agents were utilised mainly for generating bookings, TripAdvisor was used for encouraging customer reviews, while Facebook was used for supporting social engagement with customers.

In general, the interactions between business context and firms took place in dynamic business structures of the independent hospitality industry. On the one hand, these business structures formed a complex context which provided firms with a variety of resources to facilitate EM. On the other hand, structural factors posed challenges for firms due to uncertain business environments and severe competition. In responding to the enabling and constraining effect of business structures, firms adopted various tactics to facilitate EM. The actions of firms in adopting tactics to facilitate EM illustrated the dynamic interplay between structure and agency, and showed how agents can change the structures through their actions. As such, the notion of duality of structure (Giddens, 1984) is reflected via the ongoing actions-interactions between firms and business context in which EM occurred.

### **7.3 Theoretical Contribution**

The EM literature suffers from a lack of an integrated approach to understand the EM phenomenon comprehensively. A gap remains as to how to acknowledge the dichotomy in EM

research while forming a coherent view among prior research to develop this field. This thesis provides a synthesis of diverse approaches to research EM in the literature to address this gap. As such, a reconciliation of diverse approach to EM research by incorporating business context and firm aspects to form a comprehensive approach to study EM is the most substantial contribution of the thesis.

Section 7.3.1 discusses the most prominent theoretical contribution of this thesis by emphasising how diverse approaches to EM research can be reconciled via the enabling theory of structuration. The reconciliation of EM was made possible by applying the concept of EM scripts (as discussed in Section 7.3.2) which were introduced in this thesis to empirically investigate the reciprocal relationship between firms and business context. The unifying approach in EM suggests an alternative view to study EM which is discussed in Section 7.3.3. Since this thesis applied a social theory of structuration as a sensitising device to reconcile EM, it contributes to the expansion of the EM boundaries from a cross-disciplinary approach (as discussed in Section 7.3.4). What is essential is the recognition of the interplay between structure and agency. While the structural challenges faced by firms may be the same, the EM adoption depended on the various ways agents responded to these structural forces. This thesis selected the independent hospitality industry in Vietnam as the context to study EM from a comprehensive approach. In doing so, the findings contribute to the knowledge of EM via the development of a holistic model to understand EM in the independent hospitality industry from a structuration perspective (as discussed in Section 7.3.5). The findings from this empirical research also develop the EM literature in the context of emerging markets (as discussed in Section 7.3.6).

### **7.3.1 Reconciling the Diversity of EM Research Approaches**

The main theoretical contribution of this thesis lies in its role of reconciling the diverse approaches in EM research. This thesis unifies the dichotomy of EM research by using the enabling theory of structuration while valuing the diversity of EM studies at the same time. Since the EM concept is developed from the interface of the two distinct domains: entrepreneurship and marketing, the heterogeneous interpretations of both domains has led to the four different perspectives to research EM (Hansen and Eggers, 2010): (1) the marketing and entrepreneurship perspective which looks at the commonalities between both disciplines; (2) the entrepreneurship in marketing perspective in which entrepreneurship issues are viewed through a marketing theoretical lens; (3) the marketing in entrepreneurship perspective in which marketing issues are viewed through an entrepreneurship theoretical lens; (4) the unique concepts that evolve out of the combination of entrepreneurship and marketing (Hansen and Eggers, 2010). By incorporating the contextual aspect in understanding EM, this thesis unifies these four perspectives of EM via the theoretical lens of structuration (Giddens, 1984).

This contribution addresses a critical question proposed by EM scholars in Charleston Summit meeting: “is EM a more abstract and malleable concept that could apply to more than one or even all perspectives?” (Hansen and Eggers, 2010, p.49). Under the lens of structuration theory, my thesis argued that EM should be viewed as an abstract concept in which all the four perspectives can be applied. The role of structuration theory in reconciling the diverse approaches of EM research is illustrated by empirical findings in this thesis.

*(1) EM is both enabled and constrained by the structure (the marketing and entrepreneurship perspective)*

The notion of structure can both enable and constrain agency is represented mainly via the findings on the mass market script. Structures enable firms oriented to the mass market script to choose groups of tourist as their target market. This selection of a specific market led to hotels' enactment in networking with offline travel agents and tour companies who often acted as their strategic partners and referred guest bookings to increase hotel occupancy. From a structuration point of view, hotels following the mass market script demonstrated their agents' capabilities of selecting appropriate resources available in their business structures to match their script orientation. Under the entrepreneurship and marketing perspective in EM (Hansen and Eggers, 2010), we can study EM among firms by looking at how structures can both hinder and facilitate EM. In doing so, we can examine the commonalities of entrepreneurship and marketing aspects (Whalen et al., 2016) as the results of the reciprocal relationship between structure and agency.

*(2) EM is constrained by the structure (the entrepreneurship in marketing perspective)*

The entrepreneurship in marketing perspective often views EM as being impacted by external business environments. In this case, the business environments (structures) play a dominant role in determining how firm implement EM activities (agency). This perspective is reflected mainly via marketing by firms oriented to the cost consciousness script in this study. Findings revealed that marketing activities underlying cost consciousness script were characterized by the constraining structure and lack of resources. Instead of pursuing EM activities to react to environment hostility or change in advance technology (social media, online travel agents), firms oriented to the cost consciousness script were reluctant to adapt regardless of their strong

awareness of the changing business structure. Most of the time, their capabilities of enacting scripts were constrained by limited resources, which resulted in the marketing activities guided by cost consciousness orientation. As such, the entrepreneurship in marketing perspective can benefit from examining how structure plays a dominant role in forming EM practice. This perspective is specifically relevant to study firms in industries that have strong structural forces.

*(3) EM is enabled by the structure (marketing in entrepreneurship perspective)*

Under the marketing in entrepreneurship perspective, EM elements represent the entrepreneurial aspects of agents such as proactiveness, innovativeness, risk-taking (Hills and Hultman, 2011). This perspective is in line with the evidence found in firms oriented to the mass customisation script. Specifically, hotels in this category positioned themselves as proactive actors who continuously enacted business structures and perceived them as the enabling sources for their marketing practice. The marketing activities guided by mass customization script were more adaptive toward the change of business environment, and these agents were willing to take calculated risks by utilising available resources embedded in their structures. In this sense, the formation of the mass customisation script was reflected in the dynamic interactions between business context and firms that took marketing actions in responding to the business contextual factors.

*(4) EM is formed by novel combinations of resources embedded in the structure (unique interface concepts)*

The unique interface concepts perspective of EM emphasises aspects that evolve out of the combination of entrepreneurship and marketing. In line with the findings on the market leadership script, firms in this category demonstrate that agents' knowledgeability can help

create unique elements of EM by leveraging resources embedded in the business structures in creative ways. As such, the fourth perspective of EM which emphasises the unique concepts evolved from the interface research can be examined via the notion of agents' knowledgeability. Firms oriented to the market leadership script utilise the business structures in novel ways that had not been done previously by their competitors to becoming market leaders in this industry. Their novel marketing activities were mainly based on adopting advances in technology to achieve first mover advantage (first adopter of TripAdvisor and Airbnb in their area). The agents' knowledgeability is reflected via their effectuation (Sarasvathy, 2001) and bricolage (Kickul et al., 2010) approaches to combine various available resources. Firms oriented to the market leadership script maintained their continuous adaptation of advance in ICTs to stay ahead of the competitors.

From a structuration perspective, hotels oriented to the market leadership script actively sought to reshape the business structures by their novel marketing practices. They can be viewed as agents of change which were capable of embracing new business opportunities and enacting them successfully. In being agents of change, they had to deal with risks involved when adopting 'uncommon script' such as new ideas for product or service development. However, firms in this category demonstrated their great capabilities of transforming the business landscape by using this 'uncommon script' (Chiasson and Saunders, 2005) to continuously explore and enact business opportunities embedded in the business structures.

### **7.3.2 The Introduction of the Concept of EM Scripts**

Section 7.3.1 highlights the main contribution of this thesis; that is, reconciling the diversity of EM research by applying structuration theory to provide a comprehensive approach to

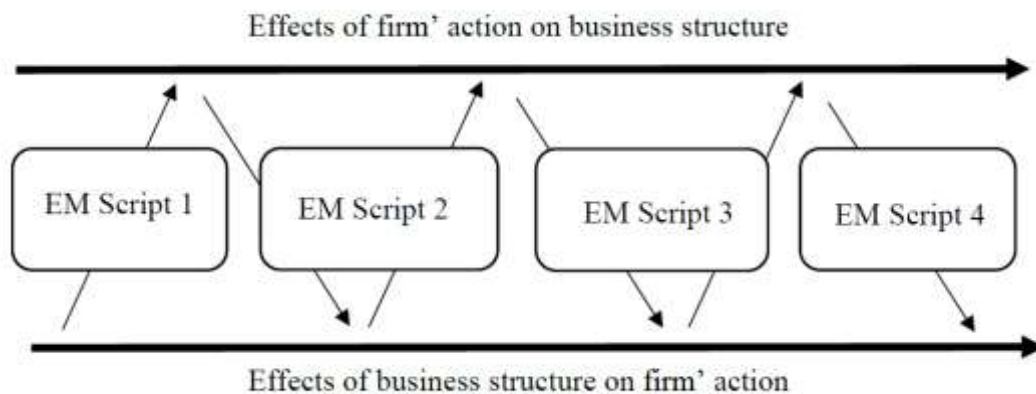
understand EM. Critics of structuration theory have argued that it is challenging to apply this theory in specific empirical research settings. Specifically, Stones (2005) and Pozzebon (2004) indicate that structuration theory is more appropriate to address social phenomenon from ontological aspect due to its high level of abstraction. In order to address this issue, Barley (1986) develops the concept of scripts to empirically examine the reciprocal relationship between structure and agency. The concept of scripts has been applied in various research contexts such as career scripts in organisation (Duberley et al., 2006) and business scripts in entrepreneurship (Chiasson and Saunders, 2005). In a similar vein, this thesis introduced the concept of EM scripts to provide a basis to empirically examine the dynamic relationship between firms and the business context in which EM occurs.

The concept of EM scripts was used to refer to a series of ongoing activities and practices that firms carry on in the marketing implementation under the business structures that they are embedded. The application of the concept of scripts to empirically examine the duality of structure was useful to show how firms form certain EM scripts under the specific business environmental factors. As such, the introduction of the concept of EM scripts offers a holistic way to explore and understand EM phenomenon which has not provided by previous approaches in the existing EM literature. The concept of EM scripts can be further applied in future research to examine EM in different contexts. As illustrated in Figure 7.1, the extent to which firms form various EM scripts is determined by an ongoing actions-interactions between the business structures and firm' actions. Therefore, it is important for future researchers to apply the concept of EM script flexibly depending on the context of each study. In other words, EM scripts can be emerged and the number of EM scripts can be different from the findings in



this thesis. In Figure 7.1, EM script 1 to EM script 4 was only shown as an example rather than a fixed number of scripts.

**Figure 7.1 The Formation of EM Scripts from a Structuration Perspective**



### 7.3.3 An Alternative View to Study EM

Although EM has been researched from diverse approaches, researchers have not always explicitly identified which EM perspective they adopted in their studies. In order to have a clear position for the contribution of EM studies in the literature, scholars urge future researchers to specify their perspective when conducting their studies (Hansen and Eggers, 2010; Kraus et al., 2012). However, by advocating future researchers to identify the EM perspective before conducting study, researchers might have a narrow view and pre-assumptions on the findings or expectation of their research. It might not be useful to explicitly identify a specific perspective prior to empirical research because this approach can restrict a flexible interpretation of EM and prevent rich and insightful data to be emerged due to the restriction of a specific EM perspective chosen in advance.

This thesis argues for a more flexible view compared to the suggestion of positioning a specific EM approach prior to conducting research. As discussed in section 7.3.1, each perspective of

EM is not mutually exclusive and findings of the four EM scripts in this study can apply into all four EM perspectives. As such, it can be argued that EM is an abstract concept. This suggests a broader and open approach to researching EM which can provide more venues for future research. Instead of arguing for one approach over another, this thesis suggests that in order to develop the EM field, a unifying approach to studying EM can provide further insights into EM to develop this field.

#### **7.3.4 The Value of Using a Cross-Disciplinary Approach to Expanding the EM Boundary**

The application of a social theory of structuration to explore and explain the EM phenomenon illustrates the significant value of using a cross-disciplinary approach to EM research. In doing so, this thesis expands the boundary of the EM field which has traditionally focused on the interface of two central concepts of entrepreneurship and marketing or the context of SMEs. This thesis contributes to the debate between EM scholars as to whether or not EM should be integrated with aspects of other disciplines (Hansen and Eggers, 2010; Hills and Hultman, 2011; Whalen et al., 2016). Given the significant value of structuration theory to understand EM comprehensively, my thesis addresses this debate by suggesting that a cross-disciplinary approach is indeed essential to develop this field.

Little empirical evidence of cross-disciplinary approaches was found in the existing EM literature. However, some conceptual studies have attempted to incorporate social theory to examine EM. For example, Gross et al. (2014) suggest a 'rethinking' approach to EM from social practice theory, Webb et al. (2011) incorporate the institutional theory to provide insights into how institutional factors (e.g. law, regulations, society's norms, values) impact on EM adoption. While Webb et al. (2011) have largely ignored the power of agents to enact resources

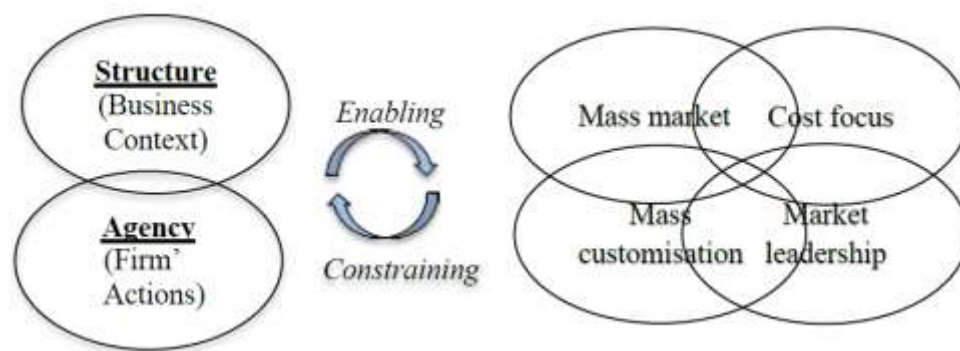
available in the business structures and the notion of duality of structure in EM phenomena, this thesis address this gap by applying structuration concepts to emphasise the reciprocal actions-interactions between firms and institutional context. As such, this thesis contributes to the EM literature by emphasising the critical value of using a cross-disciplinary approach to expand the EM boundaries.

### **7.3.5 A Holistic Model to Understand EM in the Independent Hospitality Industry in Vietnam**

Through the comprehensive investigation of the EM adoption and the role of business context in the independent hospitality industry in Vietnam, the findings were synthesised to develop a model to study EM in the independent hospitality industry from a structuration theoretical lens. In doing so, my thesis developed a theoretical model for conceptualising EM scripts in the independent hospitality industry in Vietnam. As can be seen in Figure 7.2, the model demonstrates that EM in hospitality firms occurs as a result of reciprocal interactions between business context (structure) and firm's action (agency). Business structures play both enabling and constraining roles in determining EM outcomes. In turn, the actions of firms to pursue certain EM activities impact the business structures surrounding them. This reciprocally interacting process between hotels and business structures creates distinctive EM adoption reflected via a typology of the four EM scripts: mass market, cost consciousness, mass customisation, and market leadership. These four EM scripts were not mutually exclusive, hotels may choose to orient to various scripts depending on how they responded to the enabling and constraining role of the business structures within which they were embedded. The development of the four EM scripts extends our knowledge of the various EM activities adopted among small independent hospitality firms. As a sensitising device (Duberley et al., 2006), the

theory of structuration (Giddens, 1984) helps to explain the dynamic structure and interactive context of the independent hospitality industry in which EM occurs. Therefore, it is argued that structuration theory gives a more holistic explanation as to how and why small independent hospitality firms in Vietnam adopt EM.

**Figure 7.2 A Holistic Model to Understand EM in the Independent Hospitality Industry in Vietnam**



### **7.3.6 The Development of the EM Literature in the Context of Hospitality Industry in Emerging Markets**

EM activities and behaviours are different depending on types of firm, industry, society, or economy (Schwartz and Teach, 2009; Whalen et al., 2016; Jones, 2010). Therefore, scholars are encouraged to research EM in various contexts to enrich the EM literature. Studies of EM have focused on a wide range of contexts such as technology (e.g. Jones and Rowley, 2008; Jones et al., 2013), art (Fillis, 2004; Fillis and Rentschler, 2005), born global firms (Mort et al., 2012), or social enterprises (Shaw, 2004). Within the context of the hospitality industry, some studies have been conducted in Thailand (Boonchoo et al., 2013) or Turkey (Kurgun et al., 2011). While Boonchoo et al. (2013) examined the hospitality industry by studying firms regardless of sizes and regions in Thailand from a quantitative approach, Kurgun et al. (2011) investigated EM in boutique hotels in Turkey by applying Morris et al.'s (2002) framework of

seven EM elements using a qualitative methodology. However, the reciprocal relationship between structure and agency was not addressed in these studies. This thesis advances EM knowledge in the context of the hospitality industry by taking into account both business structural factors and firms in relation to EM adoption to provide a more comprehensive approach to study EM. Furthermore, a study of EM in Vietnam with the distinctive characteristics of the socio-economic system and a rapid development of entrepreneurship contribute to the development of EM literature in emerging markets. Findings indicated that institutional disadvantages (e.g. lack of official guideline for the independent hospitality industry, corruption), in combination with a high level of uncertain business environments had become critical structural factors that determine EM adoption of independent hospitality firms in Vietnam.

#### **7.4 Effectiveness of Methodology**

This thesis adopted flexible methods to analyse data in order to arrive at a comprehensive understanding of EM in the context of the independent hospitality industry in Vietnam. By applying constant comparative data analysis techniques and the conditional/consequential matrix, the research objectives were thoroughly addressed. Specifically, the flexible application of these data analysis methods have provided a comprehensive view of the role of business context, the adoption of EM among firms, and the interplay between business context and firms in relation to EM. The methodological contributions are further discussed below.

##### **7.4.1 The Adaptation of Constant Comparative Data Analysis Method**

This thesis adopted a constant comparative data analysis method (Glaser and Strauss, 1967) which would allow the data to be analysed comprehensively. When applying this method,

researchers could stay close to the data with any observation made placed carefully in context (Corbin and Strauss, 2008). In a similar vein, Glaser and Strauss (1967) argue that a constant comparative analysis method allows a more flexible approach to developing theory. Thus, this data analysis method enables a holistic and inductive approach to develop themes and categories which were more in line with the objectives of this thesis.

When using the constant comparative analysis method, the data was structured by following the work of Corley and Gioia (2004). In this study, the ‘first order’, ‘second order’ and ‘aggregated dimension’ concepts were used to explain the process of structuring the data to arrive at the final themes. This data structure process allowed findings to be presented in a clear and logical manner.

#### **7.4.2 The Role of Conditional/Consequential Matrix in Studying the Business Context**

Besides the application of constant comparative data analysis method, this thesis adopted the conditional/consequential matrix (Corbin and Strauss, 2008) to examine the role of contexts to give an explanation for the implementation of EM adoption. This application allowed the complex and dynamic business contexts of the independent hospitality industry to be examined thoroughly. This was made possible since the conditional/ consequential matrix takes into account the interactive relationships between conditions, actions-interactions, and consequences. As such, a wide range of conditions and range of possible outcomes were identified. This matrix provided a useful data analysis approach to draw a complete picture of business structures to address research objectives of this study.

Furthermore, the use of the conditional/consequential matrix was in line with the concepts of structuration theory. Similar to the view of Giddens (1984) in his structuration theory, Corbin and Strauss (2008) argue that context or condition is the fundamental aspect that needs to be taken into consideration if we are to understand why certain actions take place. This argument plays a critical role in the development of the conditional/consequential matrix as a data analysis tool (Allen, 2010).

### **7.5 Managerial Implications**

As the literature review revealed (Section 2.3.2), there are a variety of elements that constitute EM such as EO, MO, Value creation, Networking, and Creativity. However, it remains unclear as to how firms should practise EM and which elements are appropriate for EM adoption. This issue was due to the lack of engagement with the contextual business factors that impact on how firms adopt EM elements. My thesis addresses this paucity in the existing EM literature by incorporating firm and business contexts to understand EM comprehensively. In doing so, the findings provided more insightful suggestions for businesses when adopting EM. Specifically, I argued that in order to implement EM successfully, firms must take into consideration both their marketing capabilities and the role of business structures in which they operate the businesses. The findings provided firms with knowledge of the enabling and constraining role of the business structures, and the power of firms to explore and exploit resources available in these structures to facilitate EM. Hoteliers could benefit from a wide range of resources available in the business structures, while they should try to minimise the negative impacts from structural forces at the same time. Among constraining structural factors, lack of support from the authorities to develop the independent hospitality industry in Vietnam, and corruption raised critical concerns. Therefore, the following sections discuss

recommendations provided for both hoteliers and policy-makers based on the findings of this thesis.

### **7.5.1 For Independent Hospitality Firms**

Independent hospitality firms can reflect on the model of EM developed in this thesis (as shown in Figure 7.2, Section 7.3.5) to identify which EM script that they primarily orient to and determine which script can be the most appropriate to account for their marketing adoption. In order to assist hotels to identify their EM scripts, the main characteristics of each EM script are summarised below to provide a practical guideline for firms to reflect on their marketing practices:

*(1) The main characteristics of firms oriented to the mass market script:*

- Hotels commonly have more than 30 rooms
- Target group inclusive tourists
- Cooperate mainly with offline travel agents as strategic partners to generate bookings
- Form partnership with offline travel agents is also a tactic for firms to avoid uncertainty or changes that might happen in the marketplace by having pre-commitments on bookings
- Being reluctant to fully exploit opportunities provided by ICTs
- Deliver standardised value to customers (e.g. similar services for all types of guest)

*(2) The main characteristics of firms oriented to the cost consciousness script:*

- Hotels commonly have less than 30 rooms
- Target various types of customer to achieve sales



- Cooperate with travel agents to generate booking but do not develop or maintain strong, close relationship with these agents
- Having knowledge of the change in market structures (severe competition, impact of ICTs) but reluctant to adopt proactive activities due to resource constraints
- Aim to maintain the small businesses rather than trying to grow by expanding or investing into new opportunities
- Deliver economic value to customers (low room rates)

*(3) The main characteristics of firms oriented to the mass customisation script:*

- Hotels commonly have less than 30 rooms
- Target free independent travellers
- Sell tour packages as important source of revenue
- Form partnership with online travel agents
- Strongly adopt TripAdvisor to generate online review, utilise Facebook to socially engage with customers
- Deliver customised, tailored services, aim at enhancing psychological value for customers
- Use various creative ideas in terms of designing, facilities, service delivery, communication tactics to differentiate from competitors

*(4) The main characteristics of firms oriented to the market leadership scripts:*

- Hotels commonly have less than 30 rooms
- Select specific target markets (e.g. customers from English speaking countries)
- Cooperate with selective online travel agents
- Pioneers in adopting ICTs to facilitate marketing practice (e.g. TripAdvisor, Airbnb)

- Continuously and passionately explore and exploit new business opportunities by utilising available resources in novel ways to maintain leadership position in the industry
- Create authentic experience to customers (friendly, family-oriented styles)

The first group is more in line with the concept of SME marketing in the literature when firms have to rely heavily on networking activities to facilitate their businesses. The second group is in line with the notion of lifestyle entrepreneurship in which firms commonly aim to maintain their small businesses rather than growing them. The last two groups which consist of firms orienting to the mass customisation and market leadership scripts are in line with the most common view about EM which focuses on entrepreneurial aspect of marketing activities and emphasises the role of being proactive, innovative, and risk-taking when running businesses.

Small independent hospitality firms could evaluate which EM script they primarily orient to by using the basic guideline developed from the empirical findings in this study. When an appropriate EM script is identified, firms should maintain consistent marketing activities underpinned by their primary script. However, they should also be aware and try to take advantage of being knowledgeable and powerful agents to proactively alter their scripts in accordance with the change of business structures. This is a critical area that has been largely ignored in the existing EM literature. When firms take power to shape and reshape the business structures surrounding them and utilise the available resources embedded in the business structures, they can enhance their competitive advantage. If firms oriented to the mass market script and cost consciousness script aim to reform their marketing practices, they can take actions to alter their scripts to belong to the groups of the mass customisation or market leadership scripts.

The findings acknowledged the various approaches towards EM practices and appreciated the different ways in which firms responded to the business environmental factors which led to the selection of a particular EM script. Although adopting the mass customisation or market leadership scripts provide firms with high levels of competitive advantage, this does not necessarily mean that all firms should follow these approaches. Rather, findings suggested that firms should acknowledge the diverse approaches towards EM scripts since this diversity reflects the extent to which they wanted to respond to the business structures. As knowledgeable agents, firms were aware of their activities and the consequences of their marketing practices.

#### **7.5.2 For Policy-Makers**

The issue of corruption is among the most negative structural factors that constrained firms' businesses. As such, the local authority and the government should take this issue into consideration and develop good policies to address the corruption issue. Lack of support from the authorities for small independent businesses posed another challenge for small hospitality firms in this study. Findings revealed that many firms played unfair business practice by giving online travel agents maximum commission rate. This unethical practice constrained a sustainable development of the hospitality industry in the future. To address this, the authority should develop an official and complete guideline for small independent firms, setting rules and regulations for professional practice to provide a fair competitive business environment.

A formal association for the independent hospitality industry with support from the authorities was also suggested to help firms in this study develop their businesses. Although the government had built a hotel association to assist businesses in the hospitality industry, this association focuses mainly on big corporations and state-owned firms. As such, small

independent hospitality firms required further support. Findings revealed that firms raised their concern of being treated as the underdog by the authorities in this study. Given the rapid development of entrepreneurship in hospitality sector in Vietnam after the renovation of the economy, it is critical to support the small independent hospitality sector as among the main drivers for Vietnamese economic development.

## **7.6 Limitations**

Despite the strengths of the research conducted in this thesis, it must be acknowledged that several limitations apply, which could be addressed in future research. Therefore, this section outlines the key issues of this thesis and the efforts used to minimise the negative impacts of these issues.

Lack of access to small independent hotels to collect data proved to be a major limitation of this thesis. In a number of cases, firms were unwilling to participate in the research owing to reasons of confidentiality or the transparency of their businesses. Some firms were reluctant to reveal issues with corruption and lack of support from the authorities since they wanted to prevent themselves from having any trouble as a consequence. Lack of transparency and freedom of speech posed challenges for approaching potential participant to collect data. Despite these obstacles, I was able to secure access to 30 participants and these were likely to reflect those of other small independent hospitality firms due to the saturation reached in my data set. While the sample used cannot be claimed to be representative of the whole population, theoretical sampling was used to provide me with confidence that the main types of EM activities were thoroughly examined.

The language issue when conducting this research was another limitation. The main language used in most interviews was Vietnamese. Only four participants used English during the interviews. As such, the process of transcribing and translating the interviews from Vietnamese to English might not be able to reflect the full meaning of every participant. In some cases, it was difficult to find the equivalent phrases in English to translate the metaphors used by participants. In order to retain meaning as much as possible, the verbatim quotes were translated to reflect local speech rather than necessarily accurate grammatical sentences. As a native speaker, and doing my own translation, I was able to translate the meaning as closely as possible.

When conducting this study, participants were guaranteed as to their confidentiality and anonymity. However, this practice on data protection restricted my presentations of findings from online observation data since these findings can be used to trace back to the hotels. Specifically, images taken from websites which include names, information, and facilities of hotels were not presented although they formed part of the data set that I used. Also, online reviews of customers on TripAdvisor or Booking.com were not extracted as full quotations because one can use these quotations to search for the original sources which could reveal the profile of hotels that participated in this thesis. As such, only keywords or titles of online reviews were used to illustrate the reviews of customers. This reduced my ability to gather greater insight into the meaning of information provided by customers online. However, observations were used for the purpose of data triangulation, as opposed to single sources of data, and thus findings from observations were considered supplementary.

## **7.7 Suggestions for Future Research**

Future research in EM can build upon the significance of structuration theory in studying EM from different industries and countries. While the findings in this study can reconcile the diverse perspective of EM research, it is also suggested that we should value this diversity and further elaborate on this aspect to develop EM literature. Thus, adopting structuration concepts can provide further insights into each perspective of EM. Specifically, how the business environment can both constrain and enable EM scripts (the entrepreneurship and marketing perspective); how business environments impact on the selection of EM scripts (the entrepreneurship in marketing perspective); how agents can enact resources embedded in the business structures (the marketing in entrepreneurship perspective); or how novel scripts can be formed by agents' knowledgeability (the unique interface concepts perspective).

As the findings in this thesis suggested, firms showed intention to change the EM script orientation, and this intention might depend upon their knowledge about the business structures and how they chose to enact resources embedded in the structures. However, it was not clear as to how this process occurs in this study. As such, a longitudinal study might help to develop our understanding of how the selection, alteration, and transformation of scripts take place among firms. Findings can provide insightful knowledge into how the actual process of structuration in EM takes place under specific business structures.

Another aspect to consider for future EM research is to examine the agency-structure duality in the online environment. As my findings revealed, firms oriented to mass customisation and market leadership scripts illustrate strong enactment toward resources embedded in online platforms to stay competitive. To extend our understanding on scripts in online structures,

researchers could apply adaptive structuration theory (Poole and Desautels, 1994), an expansion of Giddens' (1984) concepts, to study the structures embedded within technology, and examine the duality of structure available in online business context. In doing so, we can develop our knowledge of the interrelationship between agents and structure online.

Findings on the significant role of business context suggests that further EM research should take this business context into account when studying EM. Although scholars have largely acknowledged the impact of business environment on EM adoption, there is paucity in empirical evidence as to how contextual factors impact on firms in relation to EM. Evidence from this thesis suggested that firm capabilities in implementing EM cannot be studied as an isolated phenomenon. Rather, EM elements and how they were adopted should be examined in the business context surrounding firms. Future studies can further explore the role of business structures in various business settings to enrich our understanding of the business context in which EM occur.

Since the unity of analysis of this thesis is at the firm level, the scope of this thesis did not cover the individual level when examining the duality of structure-agency in relation to EM. This provides another venue for future research to investigate the reciprocal actions-interactions between entrepreneurs and their business context to gain more insights into how entrepreneurs practice EM under specific business settings. Therefore, future researchers can identify the most appropriate methodology to investigate the personal characteristics of entrepreneurs and how these characteristics interact with the business context in which they are embedded. For example, a qualitative psychology-inspired methodology of Interpretative Phenomenological Analysis (Cope, 2011) can be useful to examine entrepreneurs' attitudes and the relationship

between their attitudes and the business structures to enhance our knowledge of EM activities and behaviours.

This thesis illustrates that a social theory of structuration can expand the boundaries the EM literature to provide a more comprehensive understanding of EM phenomenon. Therefore, future research should pay more attention to engage with interdisciplinary theory and go beyond the traditional boundaries when studying EM to advance literature in this field. This suggestion is in line with the ideas proposed by other EM scholars who advocate for a future direction to develop EM field which has been restricted by lack of expansion to incorporate theories from other disciplines (Hills and Hultman, 2013; Gross et al., 2014; Whalen et al., 2016).

## **7.8 Conclusion**

This chapter has provided a summary of my thesis by revisiting the empirical findings, discussing thesis contributions, highlighting the limitations, and suggesting areas for future studies in EM. This thesis investigated EM from a comprehensive perspective which takes into account both firm and context aspects to arrive at a holistic knowledge on EM. By applying structuration theory, findings advanced our understanding as to how and why EM occur in a specific business context. An interpretive approach was employed, and a qualitative methodology was used to address the three research objectives of my thesis. As my thesis has come to the conclusion, it might be useful to reflect upon the journey of how the ideas of this thesis was developed, what it aims to achieve, and what is the most significant contribution that this thesis makes to the EM field.



During the last three decades, EM research has been divided into various perspectives depending on how scholars approach the two fundamental disciplines of entrepreneurship and marketing to frame their interface studies. A lack of a coherent view to reconcile this dichotomy in EM research has resulted in a fragmented field with no common agreement on which elements constitute EM nor in which context EM occurs. As a result, rethinking EM is essential to provide an alternative approach to address the diversity of EM research and develop this field. To address this need, my thesis was proposed to synthesise the theoretical aspects from the previous EM studies into a comprehensive view to examine EM phenomenon. By applying an enabling social theory of structuration, the findings indicated that EM should not be viewed from separated perspectives since they showed complementary role for each other. Therefore, by forming a coherent view and reconcile the dichotomy in EM research, this thesis addresses the gap of the existing literature in EM which fail to form a coherent view for the variety of EM research. In doing so, the most significant contribution of this thesis lies in its role of reconciling the diverse approach to research EM during the last 30 years which has led to further theoretical contributions to be made.

In Charleston Summit meeting in which a number of leading EM scholars discussed the past, present, and future of this field, one important suggestion was made: “the future is in the past” (Hansen and Eggers, 2010, p.44). Following this guidance, my thesis has built upon the previous theoretical perspectives of EM to develop a holistic knowledge of EM and provide an alternative view to move this field forward. Since this thesis has been completed, it became a ‘past’ in the EM literature, it is expected that future studies could build upon theoretical approach that my thesis proposed and advance EM field by expanding its boundaries. After three decades of diversity which has led to a slow progress of this field, it is time for EM

scholars to have a more flexible and open approach to study EM. Continuously recognise research gaps and provide novel approaches to address these gaps in the EM literature can ensure a sustainable development of this field and enrich our knowledge of EM.

## APPENDICES

### APPENDIX 2.1 DESCRIPTORS OF FIFTEEN ELEMENTS IN EMICO FRAMEWORK

- **Research and development** – Descriptors: level of emphasis on investment in R&D; technological leadership and innovation.
- **Speed to market** – Descriptors: competitive stance – collaborator, follower, leader, defensive, etc.
- **Risk taking** – Descriptors: calculated risk taking; preparedness to seize opportunities; preference for incremental and transformational acts; reliance on intuition and experience.
- **Proactiveness** – Descriptors: commitment to exploiting opportunities, inherent focus of recognition of opportunities, a role for passion, zeal and commitment.
- **Proactively exploiting markets** – Descriptors: vision and strategy are driven by tactical successes; planning, or lack of it, in short incremental steps; proactively exploiting smaller market niches; flexible, customisation approach to market; marketing decisions linked to personal goals and long-term performance.
- **Market intelligence generation** – External (to the firm) intelligence gathering, informal market research generation, gathering marketing intelligence through PCNs and web-based IT networks.
- **Responsiveness towards competitors** – Descriptors: responsiveness to competitor innovations and NPDs, niche marketing strategies, differentiation strategies using software quality, software innovation, quality and responsiveness of software service support, competitive advantage based on understanding of customer needs.
- **Integration of business processes** – Descriptors: closely integrated functions, R&D, marketing, etc; sharing of resources; product/venture development is interactive; formal processes, project planning, project management; marketing that permeates all levels and functional areas of the firm.
- **Networks and relationships** – Descriptors: resource leveraging; capacity for building network and business competence; use of social networks (PCNs); creation of value through relationships/alliances; intra-firm networks; market decision making based on daily contact and networks.
- **Knowledge infrastructure** – Descriptors: formalised IT-based knowledge infrastructures; formal and informal policies, procedures, practices and incentives; gathering and disseminating information.
- **Propensity to innovate** – Descriptors: processes for sustaining and shaping the organisations culture to stimulate and sustain creativity and innovation; covering all innovation types – i.e. new product, services, process and administration.

- **Responsiveness towards customers** – Descriptors: responsiveness to customer feedback and behaviour; speedy reaction to shifts in customer preference.
- **Communication with customers** – Descriptors: strives to lead customers; formal and “informal” feedback gathering mechanisms; ongoing dialogue with customers to build long term relationships; delivery to customers, customer confidence with marketing based on personal reputation, trust and credibility.
- **Understanding and delivering customer value** – Descriptors: organisation driven by customer satisfaction; understanding of how customers value products/services; closely linked to innovation practices; often two-way marketing with customers; customer knowledge often based on market immersion/interaction.
- **Promotion and sales** – Descriptor: a focus on sales and promotional activities.

Source: Jones and Rowley, 2009, p.20, 21

## **APPENDIX 4.1 INTERVIEW GUIDE**

### **Profile information about participants (Questions 1-4)**

1. Could you describe your job role in your hotel?
2. What is your business experience?
3. What are your qualifications?
4. What is your age?

### **Profile information about the firms (Question 5- 9)**

5. How old is your hotel?
6. How many rooms in your hotel?
7. How many staffs working in your hotel?
8. What types of products and services do you offer?
9. What is your hotel occupancy rate?

### **General business activities and business environment (Question 10-16)**

10. What are your business objectives in recent years and over the next 5 years?
11. What do you do to grow your business?
12. Can you describe the issues and challenges that you have?
13. How do you overcome these challenges?
14. Where do your customers come from?
15. Why do they visit your hotel?
16. How do you do to make your guests special?

### **Information on marketing activities and behaviours of the firms (Questions 17-22)**

17. What do you think about new opportunity in your business?
18. How do you respond to the market? Competitors?
19. What do you think about your partners/ stakeholders? How do you manage relationships with them? What are the benefits and challenges when you work with them?
20. How do you create value/ benefit for your customers?
21. What activities you do to stay competitive in the marketplace?

22. How things have changed and how to respond to these changes; How do you come up with business strategies

**The use of online platforms in marketing practice (Questions 23-27)**

23. Do you use any online platform/ social media to facilitate your marketing activities?

24. Do you use social media? If yes, which social network sites do you use? Which social media channels have been more successful than the others?

25. What are the benefits of using online platforms for your business?

26. Do you think using online platforms helps to develop customer relationships? If so how exactly?

27. What issues and challenges posed by online platforms?

## APPENDIX 4.2 CONSENT FORM

### CONSENT FORM

**Researcher:** Miss Emily Luong Ngan, [REDACTED]

#### ***Fair processing statement***

This information is being collected as part of a research project concerned with the entrepreneurial marketing in small independent hotels in Vietnam. The information which you supply and that which is collected as part of the research project will be kept confidentially. The data will only be accessed by authorised persons including the researcher, her supervisors, authorised staff of University of Birmingham and the examiners. The information will be retained by the University of Birmingham and will only be used for the purpose of writing PhD thesis and publications. By supplying this information you are consenting to the researcher storing your information for the purposes stated above. The information will be processed by the researcher in accordance with the provisions of the Data Protection Act 1998 and University's Code of Practice for Research. No identifiable personal data will be published.

#### ***Statements of understanding/consent***

- I confirm that I have read and understand the Participant Information Sheet for this study. I have had the opportunity to ask questions if necessary and have had these answered satisfactorily.
- I understand that my participation is voluntary and that I am free to withdraw within the time limit provided by the researcher without giving any reason. If I withdraw, my data will be removed from the study and will be destroyed.
- I understand that my data will be treated confidentially, my personal data and my hotel data will be anonymised in the research findings.
- The use of data in this research for the purpose of writing PhD thesis and publications has been explained to me.
- I understand that authorised persons including the researcher conducting this study, her supervisors, authorised staff of University of Birmingham, and the examiners of the PhD thesis will have access to this data.
- Based upon the above, I agree to take part in this research.
- I, along with the researcher, agree to sign and date this informed consent form.

Name of Participant:.....

Signature..... Date.....

Name of Researcher:.....

Signature..... Date.....

## APPENDIX 4.3 ILLUSTRATION OF OPEN CODING STAGE

**R: Researcher**

**P: Participant – Mr Giang (Pseudonym)**

1. R: Could you tell me about your job role?
2. P: I'm the sales manager of this hotel. I'm not the one who set up the hotel but my boss does, my boss is very young and enthusiastic. She also set up all the facilities for this hotel. As a sale manager, I work with other businesses, selling rooms and selling tour as the main responsibilities. Besides, I observe, supervise staff as a Front Office Manager. We have our own customer service staff so I do not take charge this role; these personnel take care about customers such as their check in, check out or their queries.
3. **MEMO 1**
4. **Concept: Flexible management**
5. Sub-concepts: sale manager as main job role, staff supervisor and FO manager
6. R: What is your age?
7. P: I was born in 1989
8. **MEMO 2**
9. **Concept: Young manager**
10. Sub-concept: Born in 1989 (27 year-old)
11. Notes: This data could lead to the need for further exploration about the age of managers/owners of hotels in Hanoi centre. **Questions** to be asked include: How different ages manage? Are there any differences in marketing approaches based on their ages?
12. R: What is your experience?
13. P: I started to work in this field since 2012; first I worked as a waiter for about one year when I was studying at Opened University, Hospitality major. From waiter, I then worked as a receptionist. After that I got an internship in Singapore for more than 1 year, this is the exchange program of my university with one university in Singapore, I got through the interview round so I was able to do this internship. After coming back Vietnam, I worked as customer service manager for also 1 year and now my position is sale manager.
14. **MEMO 3**
15. **Concept: Work experience**
16. Sub-concepts: 4 years in this field; waiter; internship in Singapore; service manager; sales manager
17. Notes: Notice that this sale manager started to work since he was in his university, similar to the fist interview. This could be further explore to examine by asking



**questions** in future interview: Is this a common thing to work early during university to gain experience in this field and what does that mean for their career?

18. R: How old is your hotel and how many rooms and staff do you have?

19. P: This hotel opened 3 years ago

20. We have 16 rooms, 15 staff, you know typical boutique hotel in Hanoi.

**21. MEMO 4**

**22. Concept: Hotel background**

23. Sub-concepts: young, small, typical boutique hotel

24. Notes: This hotel is also young and very small hotel, similar to the first two interviews. For further interviews, I need to explore further by asking **questions**: Is small and young boutique hotels the common thing in this area? Why they are so small and young? Whether or not being small and young impact on their marketing strategies?

25. R: Can you tell me about the card “let’s protect environment” which appeared in your hotel website’s video?

26. P: “Let’s protect environment” card is a reminder for customers to save energy and protect the environment. We do not apply any specific green policy in our hotel but the Ministry of Culture has some requirements on saving energy so we follow their basic rules because they [authorities from Ministry of Culture] can come and check up on our business practices anytime.

**27. MEMO 5**

**28. Concept: Creative communication**

29. Sub-concept: using card to imply hotel green policy; saving energy; protecting environment; following authority rules

30. Notes: This question was asked because I have looked at the hotel website before interviewing this manager. The video show a card written “Let’s protect environment” and this card was put on the desk of hotel room. I consider this as a creative way this hotel is doing compared to the other hotels’ videos which did not show anything outstanding like this, rather those hotels focus on showing their good facilities, room quality and friendly staff

31. R: How do you see opportunities of doing business in this sector?

32. P: Oh there are many opportunities, especially in recent years when hotels in Old Quarter like my hotel can build up reputation by offering good services, then the guests will know about our name and so we can develop our business and career better. I can also have more choices in terms of where to go and what to do with my career

**33. MEMO 6**

**34. Concept: Business opportunities – building reputation**

35. Sub-concepts: Building good reputation; developing personal career

36. R: Could you be more specific about what kind of opportunities for your hotel?
37. P: In Old Quarter area, hotels care a lot about customer services in order to survive, we use online channels such as Agoda, Expedia, TripAdvisor, and most of hotels that have high reputation rely on these channels. When we receive guest bookings from online channels, we can also contact them via emails and address any issue that they have before coming to stay with us. When we can show them how good we can take care of them, they will refer us to other potential customers and that is why our booking will increase and this helps our business develop more. The use of online business, marketing online and social media strongly developed about 2-3 years ago. Before that, about 5 years ago these things did not have much role in our hotel business at all. Although online business has been used a lot abroad but not here. Recent years using online channels started to reach its mature stage I think. This method was developed very fast and the peak time where everyone could gain profit from online markets was 2-3 years ago.
38. **MEMO 7**
39. **Concept: The importance of working with online channels**
40. Sub-concepts: using OTAs, social media, strong use in recent years
41. Notes: This data has lots of meanings, which shows a great example of how the Internet can bring opportunities to hotel business. This is worthy to further explore by asking **question** whether or not other hotels focusing on using online networking as this hotel
42. **MEMO 8**
43. **Concept: Customer service methods**
44. Sub-concepts: contacting via email; addressing issue; taking care of them
45. **MEMO 9**
46. **Concept: Utilising WOM**
47. Sub-concept: customers could refer to potential customers
48. R: Why you hotel use TripAdvisor?
49. P: Because we mainly work with online markets so we have to focus strongly on social media such as TripAdvisor. You know, nowadays most tourists check online before booking their hotels and TripAdvisor is the most popular website for them to look at reviews about hotels and compare among different hotels to make decisions.
50. **MEMO 10**
51. **Concept: The significant role of social media (TripAdvisor) for online markets**
52. Sub-concepts: customers normally check reviews online on TripAdvisor before booking hotels; TripAdvisor is the most popular online review site. Notes: This data suggests further exploration in terms of the rapid use of social media and the role of this channel by asking **questions**: how social media has been adopted so quickly and why? How hotels in this area learn from others in terms of using social media?

53. R: Which types of OTAs do you use, which sites do you focus on and what kind of activities do you do on social media?
54. P: Each site for room selling depends on the quality of each hotel. For example, for some hotels focus on Asian customers, they use mostly Agoda. We focus on European customers and American so our first choice is Booking. And we will have returned customers from this website. When we have regular and returned guests, we can focus more on customer services so that they can enjoy great time with our hotel, or have great time in VN. When they have great experience here, the next thing we target is to encourage them to write reviews on TripAdvisor.
55. **MEMO 11**
56. **Concept: Selective partnership**
57. Sub-concept: making choice of using booking as main online travel agent partner
58. **MEMO 12**
59. **Concept: The link between OTAs and social media**
60. Sub-concepts: building up bookings from OTAs first, then encouraging guests to reviews on social media (TripAdvisor) when they enjoy their stay
61. Notes: This data is helpful to further explore by asking **questions** in future interviews: how could hotels utilise both OTAs and TripAdvisor to develop their competitive advantage?
62. R: You mentioned about Agoda for Asian customers, why don't you target both Asian and European markets?
63. P: It depends on the target strategy of our hotels in which we look at the budget of customers. One reason is that Asian customers do not have as big budget as European. Another reason is that Asian customers care too much about facilities; amenities of the hotels and these things in our hotel cannot fully meet their expectations. But European customers consider facilities as small part of a hotel. They care more about our breakfasts, our meal, or the service of our hotels. These are the two most critical points that our hotel focus on European customers.
64. **MEMO 13**
65. **Concept: Target market – European customers**
66. Sub-concepts: customer budget, customer preferences, hotel target strategy
67. Notes: This data suggest further exploration about market of other hotels in future interview by asking **questions**: Are there any hotels focusing on Asian customers? If yes then how and why they focus on Asian market? Are there any differences in their marketing strategies?
68. R: Do you focus on high-class customers?
69. P: No we focus on medium income customers and they have capabilities to pay for our service and products. Also these customers do not focus on the facilities of the hotels

since Old Quarter does not have big or fancy design hotels but they focus on the service. Our service is equal to 5 stars hotels. That means service value for money.

**70. MEMO 14**

**71. Concept: Delivering customised value for customers**

72. Sub-concepts: service quality fit customer budget, service value for money

73. R: How do you view about challenges that your hotel has to deal with?

74. P: There is always risk when we do business here. For example, when we use social media, there are two possible outcomes: First, if we do well on social media, the hotel will attract lots of customers and we will gain more revenue and profit. Second, if we do not perform well on social media, we have bad reputation with unsatisfactory customers, unhappy customers will give us negative feedback and reviews and so the number of booking will decrease. Social media is a double-edge sword; it is the trade-off when we focus on online markets rather than working with Travel Agents. Other hotels' strategies focusing on the guests from agents don't have to worry about online reputation that much. When they use this strategy, their hotel facilities is standard, their service quality is moderate). But for the online guests we need to care so much more so that we can guarantee to meet guests' demand and increase their satisfaction.

**75. MEMO 15**

**76. Concept: Risks involves when using OTAs and social media**

77. Sub-concepts: double-edge sword, bad reputation, trade-off with using travel agents, meeting customer demand

78. Notes: This hotel use the same strategy with OTAs and social media like the previous hotels. This concept needs to be further explored by asking **questions**: how to deal with negative sides of OTAs and social media? Why hotels take risks of relying on these channels when doing businesses? Are there any hotels that focus on working with offline Travel Agents rather than Online Travel Agent? If yes then how and why they approach Travel Agents? What are the differences in their marketing strategies?

79. R: You mentioned about hotels using guests from travel agencies. Could you explain in more detail?

80. P: They take guests from travel companies. But for us we take guests from online channels. That is the difference you see.

81. R: How do you collect information about your customers and how do you use this information to develop your business?

82. P: When we first know about guests who just finish booking with us, we send a welcoming email with services that we can offer them before arriving our hotel and of course this will make them feel happy. Normally the guests know about our hotel from selling room sites and our hotel has good reputation and credibility. Then the guest will response to our email, they ask questions or make requests. Then, we take care of their requests, giving them service such as hiring car, airport picking up, and all other services

that they may require. From the first moment when we start to know about our customers until they arrive Vietnam, we have to make sure that we offer them good care. Hiring car to pick them up at the airport, taking care of their meals, their sleep, and transportation when they stay with us, etc. When the guests feel that they have interesting experience. Then they will again give us good feedback online, it is like a circle of giving and receiving. For those customers who have not decided to book with us, we send invitation email for potential customers who are looking online for hotels in Old Quarter area.

**83. MEMO 16**

**84. Concept: Customer service process**

85. Sub-concept: send welcoming email, offer services before arriving hotel, take care guests' requests, after-sales services

**86. MEMO 17**

**87. Concept: Linking between the use of customer information and value creation**

88. Sub-concepts: welcoming email with services offered before guests arrive, address guests' requests before their arrival, receiving guests' good feedback

**89. MEMO 18**

**90. Concept: Value creation leading to value co-creation**

91. Sub-concept: the circle of giving and receiving

92. R: How do you know if any guests looking to book a hotel in Old Quarter to send them an invitation email?

93. P: We have the sources from online booking websites and so we know if anyone is interested in hotels in Old Quarter so we send them offers. If they believe us and are interested in staying with us, they will response; otherwise they can just ignore our offer and invitation for them. That the way we do business.

**94. MEMO 19**

**95. Concept: Pro-active search for potential customers**

96. Sub-concept: sending invitation to attract more bookings

97. R: What is your view on the role of creativity in your hotel?

98. P: Being creative is very important especially for hotels in this small area of Hanoi. Hotels in Old Quarter do not have many rooms but we can actually manage to meet the requirement of a four star hotel in terms of facilities and services. First is bed, second is other facilities in room such as safety box, wardrobe, mini bar, fridge, smoking, non-smoking, Jacuzzi, bathroom, etc. They are all fit in and the quality is as equal as four-star hotels. I have experiences hotels in Thai, Singapore. What they called hostel is really a hostel, nothing but the bed, maybe a small TV. Wi-Fi we have to pay. Everything else we have to pay. For the hotels in Old Quarter, everything is ready for the guests, they only need to come and experience it. The facilities and services are equal to luxury hotels abroad although maybe the size of the room is not as big as their hotels.

**99. MEMO 20**

**100. Concept: Creative use of small space**

101. Sub-concepts: managing to set up hotels in accordance with four-star hotel standard, using high quality facilities

102. R: Do you use any creative ideas for your hotel style?

103. P: Yes, we do. Since we are in Hanoi, we use things that show traditional Hanoi culture such as painting, other little things about Hanoi. You could see on the wall we use paintings about Hanoi as decoration. Our owner set up styles for decoration and room facilities.

**104. MEMO 21**

**105. Concept: Special style of decoration**

106. Sub-concepts: use traditional Hanoi culture paintings

107. R: How do you make your guest feel special?

108. P: Okay, if you stay in a 5 star hotel, they have turndown service. Boutique hotels in Old Quarter at 3 stars do not normally apply turndown service but we are applying this kind of thing. Turndown service mean every day at 6pm we will change all the towel that guests have used after a day. Another special new thing we do is good night cake, we write thing to wish guest a good night sleep and we give them a small cake to eat at night. This is an additional service and this make guests feel that they are being taken care of very well and special. We write message along with good night cake such as: have a sweet dreams, have a good time. Each day we change the message differently. In the past we use different cake each day but it creates confusion and too much work so now we use similar cake everyday but we keep the message different each day.

**109. MEMO 22**

**110. Concept: Enhancing value for customers**

111. Sub-concepts: Applying turndown service, offering cakes with messages

112. R: Why do you decide to apply turndown service, as this is the service for a five star hotel?

113. P: It actually increases our expense but all these things can increase our guest satisfaction. If we follow a tight budget strategy, we would never use turndown service, goodnight cake or messages.

**114. MEMO 23**

**115. Concept: Delivering superior value for customers while increasing cost for hotels**

116. Sub-concept: turndown service cost more expense but increase customer satisfaction

117. R: How do you come up with these kind of creative ideas?

118. P: It comes from the process of working, we see which one is good to apply and we can make decision ourselves, I mean for small things like how to serve customers better, we don't have to ask our boss permission to adjust those things. Our boss encourages all of

us to propose any new ideas that we have and we can try the ideas that seem to be the most potentially successful. If they work well for our hotel then we will maintain them, if not we will not use them again.

**119. MEMO 24**

**120. Concept: Creativity process**

121. Sub-concepts: ideas come from working process, new ideas highly encouraged to try, flexible adoption of new ideas, creativity for the sake of customers (for value creation), encouraging staff to propose new ideas, flexible adjustment of ideas

**122. MEMO 25**

**123. Concept: Try and error when implementing new ideas**

124. Sub-concept: try new potential ideas, maintaining the ideas that work and removing ideas that did not work

125. Notes: This data is relevant for effectuation logic, it is important to explore in future interviews to develop the concept of effectuation by asking **questions** how other hotels behave in uncertain business situations.

126. R: Do you encourage your staff to propose new ideas?

127. P: Oh yes, especially for the sake of the guests. It depends on the seasons and types of guests we have. For example in the past we use chocolate but in summer it might melt down so we change to cake. So we are flexible do deal with different situations and we still make sure that we deliver great services for our guests.

**128. MEMO 26**

**129. Concept: Adjust value to customers depending on situations**

130. Sub-concepts: Being creative for the sake of customers, value creation depending on seasons or types of guests

131. R: Does social media assist your business in terms of being creative?

132. P: We based everything on customer feedback. We monitor customer reviews to see which comments are good, which ones are not good enough so we filter them and then examine them. Some ideas can be proposed to address negative issues from guest reviews and they can be applied for long period of time but some ideas can only use for short time so it really depends on situation. We check reviews everyday; especially we look at negative feedback so that we can learn not to make this mistake again with future guests.

**133. MEMO 27**

**134. Concept: Links between social media and creativity (Social media facilitating creativity)**

135. Sub-concepts: monitoring customer reviews to learn from negative reviews, proposed new ideas to address negative issues.

136. Notes: This data is very important because it show evidence of social media that can facilitate new ideas to be proposed, based on customer reviews. It is important to further

explore in future interviews by asking **questions:** to what extent social media facilitate EM, MO, Networking, Value-creation, and Effectuation?

137. R: I do not see any negative reviews on your hotels. How do you learn from customer feedback when they do not complaint at all?

138. P: Oh there are always some minor negative things in positive reviews. So we read and learn from them to develop our services. We don't have secret, we based on real customer experience. If they satisfy they will recommend us to the others online. If they are not satisfied we will have to check things again and see what went wrong to learn for the future.

**139. MEMO 28**

**140. Concept: Customer reviews facilitating customer service**

141. Sub-concepts: finding minor negative things in positive reviews, improving services for future, replying negative reviews, eWOM

142. R: Do you answer the reviews on TripAdvisor?

143. P: We rarely answer. I could see in western hotels they tend to only reply to negative reviews or not answering at all. We choose the reviews that we think they may need our response such as negative ones, along with promise to be better next time.

144. R: Do you use other social media sites?

145. P: We use Facebook for the purpose of customer care. We can take photos, add friends with customers, and comment on their reviews on our Facebook. Keep in touch! We have lots of fans on Facebook. My daily job include replying mails, chatting with guests online to build up relationships so that our guests would be more willing to recommend us for their friends or family.

**146. MEMO 29**

**147. Concept: Social media adoption - using Facebook to network with customers**

148. Sub-concepts: take photos with customers, posting photos on FB, having lots of fans on FB page, chatting online, eWOM

**149. MEMO 30**

**150. Concept: Interacting with customers on social media**

151. Sub-concepts: take photos, add friends with customers, keep in touch on Facebook

152. R: Do you use Twitter?

153. P: No, we don't

154. R: Why not?

155. P: Because I don't think twitter is popular. When we use social media, we aim at the most beneficial channel for us to focus on. And it should be the most popular one for all of us you know. Twitter is not popular in Vietnam. We heard about Twitter but we have not applied yet. Maybe in the future we will think about that.



**156. MEMO 31**

**157. Concept: Choices of social media sites**

158. Sub-concepts: using popular social media sites, adopting the most beneficial site for business

159. R: How do you do to maintain and develop your business in challenging situations such as high competition or unexpected situations?

160. P: We use price strategies. We based on different seasons and circumstances. Room selling rates is very different among seasons. In off-peak season we use low price strategies, lower than 10-15% compared to high-peak season. We also use discount, promotion, and deal on social media. We struggle to survive in low season actually. High season is from October like this time of the year season until April. From May the number of tourists is very low.

**161. MEMO 32**

**162. Concept: Flexible and proactive strategies to deal with uncertainty**

163. Sub-concepts: adjust price for off-peak season, use discount, promotion, deal on social media

164. R: How do you deal with room occupancy in off-peak season?

165. P: We look for corporate guest, business guests, so that we can maintain capacity of the hotel. They can also contact us themselves. We have about 10% loyalty guests.

**166. MEMO 33**

**167. Concept: Extend partnerships in off-peak season**

168. Sub-concept: corporate guests, business guests

169. Notes: This data suggests further exploration in future interviews to examine by asking **questions**: how other hotels view off-peak versus high-peak season? How do they deal with the issue of seasonality as a nature of their business? How do they deal with uncertain business environment such as economic downturn, financial crisis, natural disaster, and diseases outbreak?

**170. MEMO 34**

**171. Concept: Seasonality**

172. Sub-concepts: Off-peak season from May to September; high-peak season from October to April

173. R: Do you receive lots of support from authorities when doing business?

174. P: No, not really. Most of the time they come to check up on us and always try to find mistakes from the way we do business. They do not support but they create more burdens for us.

**175. MEMO 35**

**176. Concept: Unsupportive authorities**

177. Sub-concepts: authorities create burdens for business
178. Notes: There was no mention about any business supporting scheme as the last interview indicated. Further **questions** to be asked include: What kind of activities that authorities do to support hotel businesses? If the authorities are not helpful, explore how and why?
179. R: Is this family business?
180. P: No, it's a private business. There is family business in this area but I am not quite clear which hotels use family business model.
- 181. MEMO 36**
- 182. Concept: Private business**
183. Notes: Need to ask future **questions**: how about hotels following family business model? Are there any differences in the way they use marketing or run businesses?
184. R: How about your future intention?
185. P: I will look for trend in the market in this area and depending on how it is going to adjust my career. It seems that the number of hotels in Old Quarter is increasing while the number of guests is decreasing, more and more competition out there. So I will keep maintain my position as a sales manager at the moment. If the business trend is good I will open my own private hotel. It's difficult to predict, depends on market trend, competition, world economy.
- 186. MEMO 37**
- 187. Concept: Proactiveness – monitoring business environment**
188. Sub-concepts: Looking for the trend in business, opening his own hotel if conditions are good, competition, world economy
189. Further **questions** to be explored: how about the other managers' plan in terms of their future career? This is useful to examine if they are entrepreneurial or not.
190. R: What are the qualities that you think help managers to be successful?
191. Well, I think working hard, being passionate about your job, and keep learning. That how I learn from my experience for the last few years working in this sector.
- 192. MEMO 38**
- 193. Concept: Characteristics to be successful entrepreneur**
194. Sub-concepts: hard-working, passionate, learning orientation

\*\*\*END OF CODING \*\*\*

**(1) List of the codes**

1. Flexible management
2. Young manager
3. Work experience

4. Hotel background
5. Creative communication
6. Business opportunities – building reputation
7. The importance of working with online channels
8. Customer service methods
9. Utilising WOM
10. Concept: The significant role of social media (TripAdvisor) for online markets
11. Selective partnership
12. The link between OTAs and social media
13. Target market – European customers
14. Delivering value for customers
15. Risks involves when using OTAs and social media
16. Customer service process
17. Linking between the use of customer information and value creation
18. Value creation leading to value co-creation
19. Pro-active search for potential customers
20. Creative use of small space
21. Special style of decoration
22. Enhancing value for customers
23. Delivering superior value for customers while increasing cost for hotels
24. Creativity process
25. Try and error when implementing new ideas
26. Adjust value to customers depending on situations
27. Links between social media and creativity (Social media facilitating creativity)
28. Customer reviews facilitating customer service
29. Social media adoption - using Facebook to network with customers
30. Interacting with customers on social media
31. Choices of social media sites
32. Flexible and proactive strategies to deal with uncertainty
33. Extend partnerships in off-peak season
34. Seasonality
35. Unsupportive authorities
36. Private business
37. Proactiveness – monitoring business environment
38. Characteristics to be successful entrepreneur

## **(2) Codes indicating Background/ Context**

Severe competition

The significant role of social media (TripAdvisor) for online markets

The link between OTAs and social media

Linking between the use of customer information and value creation

Social media facilitating creative ideas

Customer reviews facilitating customer service

Young manager

Work experience

Hotel background

Characteristics to be successful entrepreneur

### **(3) Reflections on EM elements in the literature**

- Entrepreneurial Orientation: This hotel shows high level of innovativeness, proactiveness and risk-taking, similar to other two previous hotels
- Market orientation: High level of customer orientation, competition orientation and all staff are well co-ordinated when running the business. Similar to previous hotels
- Networking: High focus on OTAs, only use TAs and corporate guests during off-peak season to fill in their low occupancy during summer time. Similar to other previous hotels
- Value creation: Stress on creating value for customers, although the cost might be higher than other hotels due to downturn services offered and good night cake but this enhance value co-creation. The results lead to high level of value co-creation from their customers
- Creativity: hotel was creative in many aspects such as communication, service delivery, and decoration style. Staffs were encouraged to proposed creative ideas and flexibly adopt these new ideas to deliver better services for their customers
- Effectuation: High level of effectuation, similar to other previous hotels, this hotel relies on experiences of managers and utilise the existing resources that the hotel has to implement strategies that can enhance competitive advantages. Especially the try and error strategy of adopting new ideas is a very good example of effectuation logic.

### **(4) Comparison with previous interviews**

- Like the previous interviews, this hotel has high-level adoption of EM
- More properties for main concepts was identified:
- High willingness of doing extra help and services for customers e.g., turndown services; good night cake with messages on card for guests
- Look for markets from corporate/ business during off-peak seasons
- High-level managers and staff are all creative and encouraged to work creatively, proactively.
- Adopt potential new ideas to see if they work well or not
- Strong evidence in strategies of managing guests complaints, off-peak seasons by utilizing his hotel's resources
- Social media was used similarly to previous hotels with the same purpose of doing business such as online networking, encouraging guests' reviews, eWOM

### **(5) Provisional EM type: Mass Customisation EM**

### **(6) Questions to be explored in future interviews**

- How different ages manage? Are there any differences in marketing approaches based on their ages?
- Is this a common thing to work early during university to gain experience in this field and what does that mean for their career?
- Are small and young boutique hotels the common thing in this area? Why they are so small and young? Whether or not being small and young impact on their marketing strategies?
- Whether or not other hotels focusing on using online networking as this hotel
- How could hotels utilise both OTAs and TripAdvisor to develop their competitive advantage?
- How to deal with negative sides of OTAs and social media? Why hotels take risks of relying on these channels when doing businesses?

- Are there any hotels that focus on working with offline Travel Agents rather than Online Travel Agent? If yes then how and why they approach Travel Agents? What are the differences in their marketing strategies?
- How other hotels behave in uncertain business situations?
- How social media has been adopted so quickly and why? How hotels in this area learn from others in terms of using social media?
- How other hotels view off-peak versus high-peak season? How do they deal with the issue of seasonality as a nature of their business? How do they deal with uncertain business environment such as economic downturn, financial crisis, natural disaster, and diseases outbreak?
- What kind of activities that authorities do to support hotel businesses? If the authorities are not helpful, explore how and why?
- How about hotels following family business model? Are there any differences in the way they use marketing or run businesses?
- How about the other managers' plan in terms of their future career? This is useful to examine if they are entrepreneurial or not.

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